



ROYAL COMMISSION
ON
LABOUR IN INDIA.

EVIDENCE.

Vol. IX.

LONDON.

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NOTE TO PART 1.

In this part is reproduced the bulk of the evidence submitted to the Commission in the form of written memoranda in reply to the list of subjects circulated in August 1929. In preparing this volume the Commission have sought to retain all matter likely to be of permanent interest to students of the subject, and not available elsewhere. Material supplied to the Commission which has already been printed and published elsewhere has in general not been reproduced. Where memoranda have been abridged all considerable omissions have been indicated in the text.

TERMS OF REFERENCE.

“ To inquire into and report on the existing conditions of labour in industrial undertakings and plantations in British India, on the health, efficiency and standard of living of the workers, and on the relations between employers and employed, and to make recommendations.”

NOTE.—“ Industrial undertaking ” for the purpose of the Commission is interpreted as in Article I of the Washington Hours Convention, which is as follows :—

“ For the purpose of this Convention, the term ‘ industrial undertaking ’ includes particularly :—

- “ (a) Mines, quarries, and other works for the extraction of minerals from the earth.
- “ (b) Industries in which articles are manufactured, altered, cleaned, repaired, ornamented, finished, adapted for sale, broken up or demolished, or in which materials are transformed ; including shipbuilding and the generation, transformation and transmission of electricity or motive power of any kind.
- “ (c) Construction, reconstruction, maintenance, repair, alteration, or demolition of any building, railway, tramway, harbour, dock, pier, canal, inland waterway, road, tunnel, bridge, viaduct, sewer, drain, well, telegraphic or telephonic installation, electrical undertaking, gaswork, waterwork or other work of construction, as well as the preparation for or laying the foundations of any such work or structure.
- “ (d) Transport of passengers or goods by road, rail, sea, or inland waterway, including the handling of goods at docks, quays, wharves or warehouses, but excluding transport by hand.”

* * * * *

The competent authority in each country shall define the line of division which separates industry from commerce and agriculture.

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* This word should be read as indicating generally the changes in composition of the labour staff of an undertaking.

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PART I.

Written Evidence.

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ROYAL COMMISSION ON LABOUR IN INDIA.

Mr. HAROLD E. CLAY, National Secretary, Passenger Services Group, Transport and General Workers' Union, and Joint Secretary, National Joint Industrial Council for the Tramway Industry.

Letter to the witness dated London, the 8th June 1930.

I am directed by the Chairman of the Royal Commission on Labour in India to communicate with you in regard to the desire of the Commission to hear evidence in regard to experience in this country of the establishment and operation of Works Committees or Works Councils by arrangement and in collaboration with Trades Unions.

The Chairman thinks it would be convenient both to you and to the members of the Commission if you would cast some account of your experience and opinions on the subject in the form of a memorandum to be circulated to the Commission, and to give your evidence on the basis of this memorandum at a later date.

He would therefore suggest, if that be practicable, that any written matter might be made available to the Commission not later than the third week in June.

MEMORANDUM.

Establishment and Operation of works committees by arrangement and in collaboration with trade unions.

The Passenger Services Group of the Transport and General Workers' Union, is a group consisting of over 97,000 road passenger workers.

The National Joint Industrial Council for the Tramway Industry is widely representative of the various tramway undertakings.

My personal experience of the formation and operation of Works Committees is mainly confined to the road passenger industry. In this industry, in common with many others, detailed consideration of what might be regarded as minor problems is essential to smooth working on the various undertakings.

The agreements on wages, hours of labour, and general conditions of service in the Tramway Industry are of a national character and are negotiated through the National Joint Industrial Council for the Tramway Industry.

The agreements covering hours of labour and conditions of service in this industry lay down certain general principles. The application of these agreements to the varying conditions on the different undertakings, and the consideration of detailed problems not covered by these agreements, is regarded by the National Council as of paramount importance.

As one of the means for the consideration of these questions provision has been made within the Constitution of the National Council for Works

Committees. The Constitution of these Bodies, as approved by the National Council, is here given :—

Objects.—1. To provide means whereby the workpeople may be given a wider interest in, and greater responsibility for, the local conditions under which their work is performed.

2. To promote the welfare of the workpeople and to endeavour to maintain good relationship between them and the management.

3. To secure the observance of all collective agreements entered into by District Councils and the National Council in all departments of the undertaking to which they apply.

4. To promote the efficiency and success of the undertaking, and to secure the co-operation of all concerned to those ends.

5. To promote the efficiency of the services and the investigation of circumstances tending to reduce efficiency, or in any way interfering with the satisfactory working of the undertaking.

Constitution.—1. The Works Committee shall be composed of (a) representatives of the workpeople, and (b) representatives of the management.

2. The members on the workpeople's side must be employees of the undertaking and shall, as far as possible, be representative of all branches or departments of the undertaking.

3. The Works Committee shall have powers to appoint, or to arrange for the appointment of Sub-Committees where deemed necessary.

Officers.—4. The Works Committee shall appoint a Chairman and a Vice-Chairman, representative of each side as in the case of the National Council. Each side shall appoint its own Secretary, and if a Secretary is not employed on the undertaking he shall have power to take part in the discussions, but shall not vote. The Secretaries shall hold office for one year and be eligible for re-election, and should a vacancy occur a successor shall be appointed within a reasonable period.

(a) *Workers' Side of Committee.*—1. The number of representatives shall be determined locally.

2. The representatives shall be elected by the members of Trade Unions catering for employees on the traffic staffs and the semi-skilled and unskilled men employed in the undertaking.

NOTE.—A Works Committee may, where deemed desirable give representation to the workpeople who are members of the Craft Unions.

3. The representatives shall hold office for one year. They shall be eligible for re-election.

4. Should a vacancy occur, a successor shall be appointed within a reasonable period.

(b) *Management Side of Committee.*—1. The number of representatives of employers shall be determined by the management, but shall not exceed the number of the representatives of the workpeople.

2. The representatives of the employers shall hold office for one year. They shall be eligible for re-election.

3. Should a vacancy occur a successor shall be appointed within a reasonable period.

Procedure.—1. Meetings of Works Committees shall be held at regular intervals of about four weeks. The meetings shall be held during office hours.

2. The agenda of business shall be submitted by the Secretaries to each member of the Committee at least * hours before a meeting.

*(Each Committee will make their own arrangements.)

3. No business other than that appearing on the agenda shall be transacted at any meeting unless both sides agree to its introduction.

4. Reasonable facilities should be provided for meetings of the workers' side of the Committee in the undertaking, normally after working hours or during meal hours.

5. The Manager shall give the Secretary of the Workers' side reasonable facilities to carry out the duties for which he is appointed.

6. The workers' representatives should be paid at their ordinary rate for wages lost in attending meetings of the Works Committee.

7. The administrative expenses of the Works Committee shall be defrayed in equal shares by the two sides of the Committee.

8. Duplicate books of Minutes shall be kept, one by the Secretary of each side; all Minutes of the Works Committee shall be agreed by the two Secretaries.

9. Copies of the Minutes of all meetings of the Works Committees signed by the Chairman must be sent to the Secretaries of the District Council within seven days of the meeting.

10. No recommendation shall be regarded as made, or resolution passed, unless it is approved by a majority of the members present on both sides of the Works Committee.

11. The Works Committee shall not have any power to come to an agreement inconsistent with District or National agreements.

12. The Works Committee shall not address any communication directly to Government Departments.

Special Functions.—The consideration of the following matters:—

1. Working hours, time-recording, duty schedules, running schedules and similar matters
2. The payment of wages (time, form of pay-ticket and method of payment).
3. Arrangements for holidays.
4. Questions of physical welfare (provision of meals and suitable rooms, drinking water, lavatories and washing accommodation, cloak-rooms, ventilation, heating and sanitation, accidents, safety appliances, car equipment, first-aid, ambulance, and similar matters.
5. Improvements in methods and organisation of work, and of safeguarding the rights of workpeople inventing or designing improvements in machinery.
6. The arrangements for collections for Hospitals and kindred institutions.
7. The arrangements for carrying out of medical examination, where such examination is a condition of employment.
8. Such rules and regulations as may be issued from time to time so far as such Rules and Regulations affect the objects of Works Committees.

Though all undertakings have not set up Works Committees, a good number have done so and these in the main have been very successful. Those instituted are under the constitution laid down by the National Council.

A reference to the composition, procedure and work of certain of these Committees will answer some of the points the Commission had in mind in requesting evidence on this subject.

LONDON COMPANY TRAMWAYS.

In London there are three Tramway Companies,—Metropolitan Electric Tramways Ltd., London United Tramways Ltd. and South Metropolitan Tramways and Lighting Co. Ltd. The Companies are under a Common Management.

On these Companies there is a Central Works Committee with Sub-Committees on the different companies. These Committees have been in existence for approximately ten years and have rendered very effective service.

Works Sub-Committees.—There are two sub-committees on the Metropolitan Electric Tramways Ltd., two on the London United Tramways Ltd., and one on the South Metropolitan Tramways and Lighting Co. Ltd.

The sub-committees which have a regular monthly meeting are composed of equal numbers representing the employers and the workpeople. The management side is composed of officials of the Company in the district concerned, and the workers' side of representatives of the Union employed at the Depôts covered by the Sub-Committee. As Joint Secretaries there is an Officer of the Company and an Officer of the Union.

Amongst the subjects dealt with by these Sub-Committees, the following items have been taken at random from the Minutes :—

Brakes, Sandgear and Pipes, Uniforms, Payment of wages to men on Sick, Improved facilities for cleaning covered top cars, Running of Staff Car, Lights at the Car Turning Points, Installation of Lockers, Vestibule Cars, Lights on Cars, Transfers and Seniority, Refreshments on Route—Sundays, Sand Drying arrangements, Allocation of spare work, Regrading and Seniority, Inside Staff Alteration of Duties, Running Times on Last Car, Composite Conductors—issue of Leggings and Jerkins.

Central Works Committees.—The Central Works Committee, which has a regular monthly meeting is a full day's meeting.

Opportunity is taken of these meetings to visit certain of the Depôts and to see new types of cars, vestibule fronted cars or various types of new equipment on the cars or in the Depôts.

The Central Committee is composed of equal representation of the Management and Union. On the Management side there is the Manager and the Heads of Departments, and on the workers' side representatives of the Union employed on the three companies. The Joint Secretaries are an Officer of the Company and the District Secretary of the Union.

The Minutes of the Sub-Committee are on the Agenda for the Central Committee. If in the Minutes of the Sub-Committee there are matters of supreme importance, or questions upon which it is necessary for the General Manager or the Assistant General Manager to give a decision, then these questions are specially referred from the Sub-Committee to the Central Committee.

The Works Committee can deal with any question which is covered by the Constitution previously quoted. It cannot, however, deal with matters which would conflict with the National Agreements.

The National Hours and Conditions Agreement, as previously stated, lays down certain general principles and the application of these principles to a given undertaking can be and is considered by the Works Committee.

Where, however, there is a difference between the Management and the Union on the interpretation of a particular clause in the agreement, that is not a matter which comes within the scope and functions of the Works Committee. In this case the matter is first considered by the General Manager and the District Secretary of the Union. If no agreement is reached, provision is made within the Constitution of the National Joint Industrial Council for the question to be referred to the District or the National Council as the case may be.

There is only one Union concerned with representation on the Workers' Side of the Works Committee of the Company Tramways, i.e., the Transport and General Workers' Union.

Though no detailed statistics have been prepared for the last year or two of the number of cases dealt with, the following return prepared for a given year's work will give some indication of the work of the Committee and the cases settled. I am advised that this list can be taken as typical:—

CENTRAL COMMITTEE.

Total No. of cases considered.	No. of cases brought forward direct.	No. of cases transmitted from Sub-Committees.	No. of cases disposed of.	No action taken.	Outstanding.
28	10	18	22	3	3

SUB-WORKS COMMITTEES.

Sub-Works Committee.	No. of cases considered.	No. of cases disposed of by Sub-Committee.	No. of cases passed to Central Committee.	No action taken by Sub-Committee.	Outstanding.
London United Tramways (Fulwell).	65	53	7	2	3
London United Tramways (Northern).	41	30	4	4	3
Metropolitan Electric Tramways (Northern).	60	52	4	1	3
Metropolitan Electric Tramways (Western).	31	27	2	2	..
South Metropolitan Tramways and Lighting.	37	35	1	1	..

When National Agreements are negotiated and the way in which they shall apply to a given undertaking is settled by agreement, we have then to deal with the question of duty schedules and rota sheets. These schedules and rotas govern the allocation of work, the type of duties such as early, late and split duties, the question of the way in which these duties shall be

apportioned, and the allocation of rest days. These questions are not dealt with on the Company's system by the Works Committee, but by special Committees of the Union and the Management. As these are matters for detailed consideration and of a character where local factors and circumstances play a big part, there is a Schedule Committee at each Depôt.

Where a new set of Schedules is issued, our representatives have a copy with the necessary data for checking; they may either recommend acceptance, modification, or rejection. If not accepted as issued, then the questions in dispute are discussed and an attempt made to arrive at a settlement. If no settlement is reached, then the matter is referred to the District Secretary of the Union who takes up the question direct with the Management.

The view of the Members and Officers of the Union is that on the whole the machinery works very satisfactorily. A number of questions which may appear to be relatively unimportant, but which have a direct bearing upon the comfort and working conditions of the men can be dealt with, and as the records show decisions reached. The fact that the meetings are held regularly gives the men an added satisfaction for matters are not allowed to drag on from month to month without a settlement.

There are over 3,000 men covered by the Machinery of the Works Committee on the three Company Undertakings.

WALTHAMSTOW CORPORATION TRAMWAYS.

There is a Works Committee on this undertaking which has adopted the Constitution as laid down by the National Joint Industrial Council.

The Committee differs from those on many other municipal undertakings in that the representation on the employers' side is not confined to the Managerial Staff. Representatives of the Transport and Light Railways Committee forming part of that side of the Works Committee.

The Works Committee on the Corporation side is composed of the Chairman of the Transport and Light Railway Committee with other representatives of the Committee and the Management: On the Workers' side the number is equal to that on the employers' side and the representatives are drawn from the Unions having members employed in the Transport Department. In this regard it will be observed that more than one Union has representation on the workers' side.

The matters dealt with are those affecting the working conditions of the members employed; and on the whole the machinery works very satisfactorily. Certain questions, such as wages and general conditions for the bulk of the staff and for individuals, are not regarded as being within the purview of the Works Committee; these must be dealt with by the ordinary methods of negotiation between the Management and the representatives of the Trade Union concerned.

BIRMINGHAM CORPORATION TRAMWAYS AND OMNIBUSES.

On this Municipal undertaking there is a Works Committee formed under the Constitution of the National Joint Industrial Council. The Committee consists of an equal number from the Management and the Union. On the Management side there is the Assistant General Manager and Traffic Manager (who acts as Joint Secretary), the remainder of the Committee on this side consisting of District Inspectors and the Chief Engineer. On the Workers' side, the Committee consists of the Chairman of Works Committees—referred

to later—representing each depôt, with the Secretary of the Union who acts as one of the Joint Secretaries. The employers and employees provide the Chairman of the Committee alternatively.

Sub-Works Committees.—There is a Sub-Works Committee at each Depôt with representatives from the Local Officers of the Tramways Department and the Trade Union members employed at the Depôt or Garage. The meetings are held monthly, and the Committee can deal with the minor questions affecting the particular depôt or garage. Other matters of greater importance or those affecting more than one depôt or garage must be referred to the Central Committee for decision.

Central Committee.—The meetings of the Central Committee are held monthly. The Committee deals with all matters affecting the working conditions of the men including those which, under the National Agreement, are left for local application.

The General Manager of the undertaking has a seat on the Committee, and though he does not regularly attend, he may be and is called in for special business or on occasions where no settlement can be reached on matters of importance.

The representation on the workers' side is confined exclusively to representatives of the Transport and General Workers' Union.

There are between 3,000 and 4,000 workers covered by this Committee.

LEEDS CITY TRAMWAYS.

The Works Committee on this undertaking was created in accordance with the Constitution of the National Council for the Tramway Industry, and has adopted the Section for Works Committees therein set out. Provision is made for an equal number of representatives of the Management and the Trade Union. On the Management side, the Committee consists of the General Manager and the Heads of Departments. The Workers' side is elected by the Union, but is not divided into Depôt representation as in the case of Birmingham. So far the representation on the Union side has been confined to the Transport and General Workers' Union, but discussions are now proceeding with a view to arrangements being made for representatives of other Unions, representing craftsmen, employed in the Depôts and Shops. As Joint Secretaries of the Committee there is an Officer of the Management and the District Secretary of the Union. The procedure of the Committee is very similar to that previously referred to in the case of Birmingham. There are between 2,000 and 3,000 workers covered by this Committee.

LONDON GENERAL OMNIBUS COMPANY.

Though no Works Committee has been instituted on this Company, there is provision in our Agreements with the Company for various forms of joint machinery, *i.e.*, a machinery for dealing with Duty Schedules and Rota Complaints.

When new Schedules are issued these are sent to the Garage and a copy of such schedules are sent to the Schedules Officer of the Union, an Officer specially appointed by the Union for this work.

The procedure for dealing with complaints arising out of Schedules and Rotas is set out below :—

Organisation for dealing with complaints as agreed between the Company and the Transport and General Workers' Union.

" Schedule and Rota Complaints—

- (1) Complaints which arise in connection with Schedules or Rotas shall, in the first instance, be considered by the Chief Depôt Inspector of the Garage concerned and a Schedule Representative of the Union.
- (2) In the event of the Chief Depôt Inspector and the Schedule Representative of the Union being unable to satisfactorily adjust complaint, it will then be forwarded, on a form to be provided, to the Joint Secretaries of the Committee set out below.
- (3) The Joint Secretaries will then endeavour to reach a settlement of the complaint, taking such instructions or advice as may be necessary for the purpose.
- (4) If the Joint Secretaries fail to reach a settlement of the difficulty or if a question of principle is involved, the matter shall immediately be considered by the following Committee :—

Representing the Omnibus Company :—

Traffic Superintendent,
 Superintendent of Schedules,
 Staff Superintendent (Operating),
 Joint Secretary.

Representing the Trade Union :—

Schedule Sub-Committee—3 Members.
 Schedule Officer of the Union and Joint Secretary.

The Union shall be entitled to arrange for a local representative or representatives to be present either when the complaint is being discussed by the Joint Secretaries, or by the whole Committee. The Local Officials of the Company may also be present if required to assist in the consideration of the complaint.

The Joint Secretaries shall be responsible for the convening of meetings of the Committee ; for taking minutes, and recording decisions both in the case of meetings between themselves as provided in paragraph (3) above, and of meetings of the full Committee."

The working conditions of roughly 23,000 men are affected by the operation of the Schedules and Rota Machinery. To give some idea of the volume of work undertaken through this machinery it is only necessary to say that approximately 2,000 complaints have been dealt with in 12 months. Of these cases roughly 800 were settled locally, 700 by the Schedule Officer, and his opposite number on the Company's side. Not more than 50 cases have been referred to the full Committee, and of these 50% have been settled. The remaining cases are those where the claim of the Union has not been accepted by the Company or the case has been allowed to go by default.

GENERAL OBSERVATIONS.

From the foregoing statement, it will be clearly seen that Works Committees when worked on the methods outlined above are in no way opposed to Trade Unions or inimical to their progressive development.

Works Committees can be an integral part of industry and of the machinery of Trade Unions.

These Committees do not limit the right of the Trade Unions to engage in direct negotiations or in anyway interfere with their freedom of action or development.

The Committees constitute valuable machinery for dealing with questions of detail.

Through these Bodies valuable contributions can be rendered to industry, and advantage gained from the practical knowledge and experience of the men employed in the various positions on the different undertakings.

The way in which the detailed problems are faced by the Works Committees and similar bodies can promote understanding and prevent complaints from developing into genuine and widespread grievances.

Our general experience is such that we welcome and encourage their extension wherever possible.

The one complaint we have is that on certain of the Committees we do not get the Manager in attendance, where the right to make decisions is vested elsewhere this is not serious, but where the Manager does not delegate power then we find procrastination and this results not only in dissatisfaction with the Works Committee but in a state of unrest and trouble on the undertaking.

Mr. CHRISTOPHER JOHN SPENCER, General Manager, The Metropolitan Tramways, Limited.

Letter to the witness, dated London, the 6th June 1930.

I am directed by the Chairman of the Royal Commission on Labour in India to communicate with you in regard to the desire of the Commission to hear evidence in regard to experience in this country of the establishment and operation of Works Committees or Works Councils by arrangement and in collaboration with Trades Unions.

The Chairman thinks it would be convenient both to you and to the members of the Commission if you would cast some account of your experience and opinions on the subject in the form of a memorandum to be circulated to the Commission, and to give your evidence on the basis of this memorandum at a later date.

He would suggest if that be practicable that any written matter might be made available to the Commission not later than the third week in June.

MEMORANDUM.

I am the General Manager of the Metropolitan Electric Tramways, Limited, the London United Tramways, Limited and the South Metropolitan Electric Tramways and Lighting Company, Limited.

Prior to taking up my present position, I was General Manager of the Bradford Corporation Tramways for a period of twenty years. I have therefore had considerable experience in the management and control of large staffs of tramway employees both on the operation and on the maintenance sides.

Reasonable discipline is, of course, essential with employees who are responsible public servants and especially where questions of public safety and convenience arise.

In my present position I have under my control over 4,000 employees, a large proportion of which are uniformed men and subject to the ordinary discipline of Tramway Undertakings.

Whilst at Bradford, in the early part of the War period—(about 1915)—the Undertaking was faced with problems of an abnormal and unusual character, such as the substitution of women for men in various Departments and consequential changes. Misunderstandings and mis-statements arose which gave rise to an unusual state of affairs so far as that particular Tramway Undertaking was concerned.

Under the circumstances I approached the local Secretary of the Trade Union, of which the bulk of our employees were members, and asked him if he would be willing to join me in setting up what I termed a "Consultative Committee" composed of representatives of the various Departments of the Undertaking and sections of employees to meet myself and my Chief Assistants at regular intervals and discuss our various problems as they arose and, if possible, arrive at decisions which were both reasonable and agreeable to both sides. The suggestion was cordially accepted by the then Secretary,

Mr. J. H. Palin [now Member of Parliament for Newcastle-upon-Tyne (West)] and a Committee, which was known as a Consultative Committee, was set up and sat periodically under my Chairmanship.

The functions of the Committee were merely to discuss any matters of common interest or other problems as they arose. The Committee was, as its name implied, purely consultative and was not in any sense executive.

From the commencement the scheme was a success. The majority of our troubles and problems disappeared after discussion and I found the men at all times anxious to help and to appreciate the employers'—and in this particular case the Municipality's—point of view with due regard to the then vital national interests.

On the other hand the management were in a position to look at the various problems from the employee's point of view, with the happy result that goodwill took the place of suspicion and problems were easily solved to our mutual satisfaction.

When I was appointed to my present position in November 1918, the War had just terminated and my Companies and employees were faced with a multitude of difficult problems. Having in mind the successful experience at Bradford a similar scheme was set up as quickly as possible in connection with the Company Undertakings in London.

At about the same time the National Joint Industrial Council scheme was put forward by the Government and, as is no doubt known to the members of the Commission, the Tramways industry was one of the first to form a Council in accordance with the general constitutional principles of what is known as the "Whitley" scheme. This Council has been in existence since 1919 (nearly eleven years) and so far as the Tramway Industry is concerned has done excellent work. Notwithstanding the unfortunate events of 1926 the Council has continued to function. It is not necessary for me to give details of the constitution and work of this National Industrial Council for the Tramways Industry as I understand that detailed evidence is being given to the Commission by one of the Secretaries of the Council. It cannot be claimed that the Council has always succeeded in preventing disputes and stoppages but many cases have, without doubt, been settled by discussion which would have ultimately have caused a stoppage, and this constitution now provides such machinery which makes a dispute leading to a stoppage remote.

As part of the constitution of this Council, Works Committees were recommended to its constituent Undertakings. The Undertakings with which I am concerned adopted the constitution for the Works Committees recommended and converted the Consultative Committee into a Works Committee, and, for the purpose of convenience, set up Sub-Committees representing various districts and sections of the Undertakings.

The Sub-Committees meet monthly and their Minutes are submitted to the Central Works Committee which sits at Westminster under my Chairmanship, the Vice-Chair being taken by the workpeople's representative.

Sample Minutes* of Sub-Committees and Central Works Committees are herewith submitted for the interest of the Commission, together with a Return† covering a period of nine years shewing the number of cases brought forward for discussion before the Central Works Committee and the number of cases upon which mutual agreement has been reached.

* Appendix I.

† Appendix II.

It will be noted from the Minutes that the matters dealt with are mainly of small moment, but even so are of importance to those concerned and the possibility of regular consideration and decision tends to smooth working and harmony of staff. It is my experience that in such an atmosphere more important and larger questions tend to be discussed and settled to mutual satisfaction. I further find that many matters of common interest are brought forward to the advantage of both the Company and its staff.

In summary I would say these Committees have been most successful but the essence of their success is the spirit of give and take which has prevailed on both sides, together with a realization by both sides that under no circumstances must the Committee interfere with discipline and management.

They are in no small degree educational to all concerned. The underlying principle on which these Committees are based is that the interest of the employer and the employee is not so very diverse and given reasonableness and intelligence most problems can be settled.

APPENDIX I.

Sample Minutes of Works Committee's Meetings.

THE METROPOLITAN ELECTRIC TRAMWAYS, LIMITED.

THE LONDON UNITED TRAMWAYS, LIMITED.

THE SOUTH METROPOLITAN ELECTRIC TRAMWAYS AND LIGHTING COMPANY LIMITED.

WORKS (CENTRAL) COMMITTEE.

Minutes of a meeting of the Works (Central) Committee held at 55 Broadway, Westminster at 3 p. m. on Wednesday, March 12th, 1930.

The agreed minutes of the previous meeting having been circulated to all members of the Committee, were taken as read and confirmed.

Observation mirrors (M.N. 561).—A request was made that, in addition to fitting mirrors on all cars on the Hounslow route, they be placed on cars where motormen are unable, through the position of the stairs, to see round the side without difficulty. The Chairman stated that the first consideration would be the fitting of the Hounslow cars.

Composite Men (L.N. 492).—The Chairman stated that the request had been made that composite conductors should be supplied with complete motorman's equipment in addition to conductor's uniform.

It was pointed out that at the moment the issue was overcoat and oilskin and that jerkins and leggings were at depôts for use of men in emergency.

In view of the present arrangement, the Chairman expressed the opinion that the request appeared to be for something that was not really required but agreed to leave the matter in the hands of the General Traffic Superintendent.

Clothing Store (M.N. 569).—The Chairman stated that he had given consideration to the matter of decentralisation of issue of uniform and it was being arranged as a trial to issue clothing at certain periods, as follows:—

At Manor House Offices for men at Edmonton, Wood Green and Finchley Depôts.

At Acton for London United Tramways and men at Stonebridge and London Depôts.

At Sutton for South Metropolitan Electric Tramways and Lighting Company Limited.

It was generally agreed that this would be a satisfactory arrangement.

Method of Wages Payment (M.N. 579).—Mr. Mason reported that arrangements would be made whereby unclaimed wages due to men on annual leave would be forwarded to Chief Depôt Clerks in the following week without the necessity for an application from men concerned.

Ticket Discrepancies (M.N. 585).—Mr. Scammell reported a further discrepancy that had arisen and the Chairman stated that both matters had been very strongly taken up.

Regulations (family) working together (LF. 507).—With regard to the practice of not allowing near relations (where one is in an official capacity) to work in the Traffic Department at the same depôt, the Chairman stated that he was unable to make any alteration to the rule in force.

Heating of Depôts (MN. 525).—In reply to a request that some methods of heating depôts be put into force, the Chairman stated that he was unable to do anything at the moment but the matter would not be lost sight of.

THE METROPOLITAN ELECTRIC TRAMWAYS, LIMITED.

NORTHERN WORKS (SUB) COMMITTEE.

Minutes of a meeting of the above Committee held in Manor House Offices on Thursday, 6th March 1930 at 3-0 p. m.

The minutes of the previous meeting were confirmed.

Arising out of the minutes:—

Item No. 565. Bruce Grove Lights.—Mr. Bethune asked as to this as he understood the job was not completed. The Chairman undertook to draw the attention of Mr. Pearce to the matter.

Item No. 566. Lifeguard Pedals.—It was agreed that Messrs. Priddle and Scammell should meet at Wood Green Depôt to discuss the suggested new position.

Item No. 567. Finsbury Park Loading.—Mr. Oliver reported that the General Traffic Superintendent had taken this matter up with the L. C. C.

Item No. 569. Clothing Store.—Minute of the Central Committee dated 12th February 1930 in which the Chairman stated he would give the request his attention was read by the Joint Secretary.

Item No. 572. Power.—Mr. Scammell reported that the live voltage between the Green Dragon and Enfield terminus was again very low.

The Chairman stated he would bring this to the notice of the Electrical Engineer.

Item No. 574. Police Protection for Conductors.—Mr. Oliver reported that the General Traffic Superintendent had taken this up with the L. C. C. He had also arranged for an official to be on duty at Alexandra Palace for this purpose.

Item No. 575. Spare Duties at other Depôts.—Mr. Oliver reported that in this case the man would not have received an early duty had he remained at his own depôt, and he did not consider there was much cause for complaint.

Item No. 579. Method of wages payment.—Minute of the Central Committee dated 12th February 1930 in which the Chairman stated Mr. Mason would take the matter up with the Treasurer's Department was read by the Joint Secretary.

Item No. 583. Punch Registers.—The Chairman stated that in the absence of Mr. Towne, Mr. Oliver would ascertain what had been done and report at the next meeting.

Item No. 584. Trainees (Motormen)—System of Selection and Instruction.—Messrs. Hegley and Scammell stressed the present system of training motormen and raised the following points:—

- (a) That under the present traffic conditions, trainees need a longer period in the school before being allowed to practise on a service car, and that a car fitted with line switch gear should be used for school training.
- (b) That men were being compelled to train who were not naturally suited for this work, and what would be the attitude of the Company if a driver teaching refused to allow one of the trainees to practise on his car, as he might feel unwilling to accept the responsibility.
- (c) That trainees under the present conditions of service should be paid travelling time to and from Acton.
- (d) That all conductors who were engaged under the old conditions of service and were willing to volunteer should be given an opportunity of training for motormen. The case of a man who had volunteered and been turned down was reported. Mr. Oliver promised to bring these points to the notice of the General Traffic Superintendent.

Item No. 585. Ticket Discrepancies.—Mr. Scammell reported he had found a I. R. serial ticket in a B. R. bundle and in its correct numerical order.

Mr. Faray said he had traced the missing ticket in a I. R. bundle and he was reporting the matter through the proper channels to be taken up with the Bell Punch Company.

Item No. 586. Oil.—Mr. Scammell asked for more attention to be paid to the oiling of Car fittings.

Mr. Priddle agreed to look into this.

Item No. 587. Shorts.—Mr. Scammell requested that the old system of weekly notification of amount short, and what would be deducted from the men's wages be reverted to.

Item No. 588. Buffer Plates.—Mr. Lansdell reported he had experienced difficulty when pushing L. C. C. cars as the buffers on some of our cars were not quite high enough and suggested that plates should be fitted where necessary as on Car No. 195.

Mr. Priddle agreed to look into this.

APPENDIX II.

THE METROPOLITAN ELECTRIC TRAMWAYS, LIMITED.
THE LONDON UNITED TRAMWAYS, LIMITED.
THE SOUTH METROPOLITAN ELECTRIC TRAMWAYS AND LIGHT-
ING COMPANY, LIMITED.
CENTRAL WORKS COMMITTEE.

Year.	No. of cases brought forward for discussion including those from Sub-Committees.	No. of cases where mutual agreement was reached.	No. of cases where Company could not agree.
1921	111	99	12
1922	77	71	6
1923	31	23	8
1924	37	32	5
1925	44	32	12
1926	46	29	17
1927	32	31	1
1928	42	40	2
1929	41	38	3
Total	461	395	66

Captain L. H. GREEN, M.A., Secretary, Flour-Milling Employers' Federation and of the National Joint Industrial Council for the Flour-Milling Industry.

Letter to the witness, dated London, the 6th June 1930.

I am directed by the Chairman of the Royal Commission on Labour in India to communicate with you in regard to the desire of the Commission to hear evidence in regard to experience in this country of the establishment and operation of Works Committees or Works Councils by arrangement and in collaboration with Trades Unions.

The Chairman thinks it would be convenient both to you and to the members of the Commission if you would cast some account of your experience and opinions on the subject in the form of a memorandum to be circulated to the Commission, and to give your evidence on the basis of this memorandum at a later date.

He would suggest if that be practicable that any written matter might be made available to the Commission not later than the third week in June and the oral examination of witnesses fixed for the end of June or first week in July.

MEMORANDUM.

The Flour-Milling Industry in Great Britain has operated what is commonly known as "Whitley Council" procedure in connection with the solution of labour and cognate questions arising in the industry.

The National Joint Industrial Council was formed in the spring of 1919 and at the same time steps were taken to form Joint District Councils and Joint Works Committees to complete the full Whitley Organization. The National Council consists on the one hand of representatives of the Flour-Milling Employers' Federation and of the English and Scottish Co-operative Wholesale Societies, and on the other of the representatives of the Transport and General Workers' Union, of the National Union of General and Municipal Workers and of the National Union of Distributive and Allied Workers.

The industry is satisfied with its Whitley Council, and that body has developed from the consideration of questions affecting wages, hours and conditions of labour, so that it now includes within its scope questions of safety, health, technical education and the re-settlement of workpeople who lose their jobs as the result of the process of concentration now going on within the industry.

Whilst much evidence could be given as to the success of the Whitley Scheme it is our experience of the operation of Joint Works Committees only which I understand is desired.

Whilst the majority of flour-milling firms set up Joint Works Committees in 1919, a large number of these have now ceased to function: they exist nominally and can be called together if necessary, but as a general practice the relationship between masters and men is personal and close, and a formal organization does not seem to be needed.

The reason for this is two-fold. In the first place the total number of operatives employed in the industry is thought not to exceed 25,000: and whilst there are some large plants in industrial centres employing hundreds of workmen the majority of mills employ less than one hundred men, and as a consequence the employer knows his men by name and they have ready access to him.

MICROL

In the second place the very success of the National Council has militated against the extensive use of the local body: the officials of the Council are in close touch with their individual members and the work of the Council has automatically been centralized. In particular, a procedure for the settlement of disputes has been adopted by which a dispute may be heard by the appropriate National Committee within seven days of its occurrence. The object of this is partly to lift the dispute out of the region of local prejudice, partly to effect a prompt settlement.

There are however many instances of Joint Works Committees in operation, and our experience of these is favourable. As a rule they do not meet regularly, but wherever either side gives due notice that a meeting is required: the limited questions that come within their scope provide them with sufficient material for their activity: when those questions arise upon which the men require the assistance of their Trade Union Official he is present by invitation, and the verdict of those firms who make use of these Committees is that they are helpful.

There are of course instances where these Committees do meet regularly and the manager of one large group of mills states:—

“The Employees’ side meet regularly once each month to discuss points arising, but an endeavour is made to settle a dispute where it arises (between the foreman charge-hand and employee concerned) immediately it occurs. The management permits a joint works meeting to be called when required on 48 hours’ notice, when the Agenda is submitted, if the business cannot be settled on the spot.”

He goes on to say:—

“The Committee is most helpful and when the right spirit is inculcated into the meetings a difference of opinion is taken as willingly as an affirmative.”

A particular instance of the value of a Joint Works Committee may be quoted. As a result of a policy of rationalization one large mill has been closed down. A sum of money has been set aside for compensating and re-settling the displaced workmen, and this money is being administered through the Whitley Council. A local Committee has been formed consisting of the mill manager, the Local Trade Union Official, and the men’s side of the Joint Works Committee. The men are in close touch with the circumstances of all the 250 men who have been displaced, and their knowledge and advice in administering the fund is invaluable.

In conclusion I would say that I have within the last three weeks circularized all the members of the Employers’ Side of the Flour-Milling Whitley Council and the information given in this memorandum is based on their replies.

HOME OFFICE.

Letter to the Home Office, dated London, the 6th June 1930.

I am directed by the Chairman of the Royal Commission on Labour in India to ask that with the approval of the Secretary of State, official evidence may be given to the Commission on certain questions relating to the subjects of its enquiry. These are :—

- (1) The possible means of improving the position of Indian Seamen employed in British Ships in respect of Workmen's Compensation.
- (2) The rules and regulations framed under the Factory Acts in respect of Docks, the experience of the Home Office in regard to their enforcement, including the special training, if any, required by inspectors designated for this duty.
- (3) The qualifications required of Factory Inspectors and the source and manner of their recruitment. (This refers to the inspectorate as a whole and not only to that part of it which is concerned with docks.)
- (4) Welfare Orders under the Police Factories, etc. Miscellaneous Provisions Act, 1916, including an account of the orders passed, a history of their administration under the Home Office and some account of their reception by employers and others.

The first of these subjects is one in which the Board of Trade have already taken some interest and consultation with their officers would probably be of value to the Commission, but Mr. Whitley has not addressed the Board direct on the assumption that the Home Office is primarily responsible for all matters connected with Workmen's Compensation and would prefer themselves to approach other offices if necessary.

Copies are enclosed of a letter addressed to prospective witnesses attached to which will be found the terms of reference of the Commission and a list of the subjects engaging their attention. This list will serve to show the general scope of the enquiry but does not deal in detail with any of the points now under consideration. The first of these will perhaps be made more clear by the following extract from evidence already received :—(The Commission do not necessarily accept as correct every statement of fact in it).

“ No one has doubted the injustice of lascars being under legislation, which, in the great majority of cases, they cannot use, and complete proof of this lies in the readiness with which the shipping companies have accepted the suggestion that the Indian scales of compensation should be included in the Articles of Agreement. The position, however, is still unsatisfactory, for the reasons given by the Commissioner for Workmen's Compensation, who writes :—

‘ It is true that all firms employing lascars have agreed to insert in their Articles of Agreement the stipulation suggested by the Government of India. The Commissioner's position in dealing with cases under the stipulation, however, is that of a private arbitrator with no legal standing. His statutory jurisdiction cannot be extended by contract. He has, therefore, no power to compel attendance, to prosecute for perjury, or to enforce an award. There has hitherto been no difficulty under these

three heads, but there are two points which have caused some trouble :—

- (1) It is very doubtful if, after a lascar has accepted payment, the Commissioner can object to the amount as insufficient, even if the lascar brings the question up :
- (2) in fatal accidents, where there is no dispute, the employer is not bound to deposit.

In both connections, the lascars' rights are inferior to those of a workman under the Act, since the amount paid need not come under the scrutiny of the Commissioner.

“ Two courses are possible to remedy this position ; one is that the British Government be asked to pass the necessary legislation to exclude lascars from British legislation, the other is to amend the pertinent sections of the Indian Merchant Shipping Act relative to agreements so as to give the lascar exactly the same position with relation to compensation as other Indian workers. The local Government prefer the second course, if it is within the competence of the Indian legislature. The fact that all shipping companies have voluntarily adopted the stipulation in the Articles shows that commercial opinion would readily favour this course ; moreover, this solution would also guarantee to the lascar the benefits of the Indian Act when he was engaged on a foreign vessel.”

The second matter arises from the fact that in India there is no inspection of docks on the lines of the official inspection of factories and no witness hitherto appearing before the Commission has been able to speak from personal experience on the subject.

HOME OFFICE MEMORANDA.

A.—The position of Indian Seamen employed in British ships in respect of Workmen's Compensation.

This matter was carefully considered by the Home Office and Board of Trade on representations received from the Indian Government in 1923. The Workmen's Compensation Act of the United Kingdom applies to members of the crew of any ship registered in the United Kingdom and any other British ship or vessel of which the owner or (if there is more than one owner) the managing owner or manager resides or has his principal place of business in the United Kingdom. It was represented by the Government of India in 1923 that the Indian Workmen's Compensation Act covered only a small proportion of Indian Seamen and that the majority of Indian seamen are employed on ships coming under the United Kingdom Act and are legally entitled to the benefits of that Act, but that in practice the lascars and their dependants did not, owing to ignorance of legal rights and difficulties and delays in dealing with claims, obtain the compensation provided for under that Act. The Government of India suggested that legislation might be passed to take Indian Seamen out of the United Kingdom Act and bring them within the scope of the Indian Act ; but it was felt that legislation of this type would be open to serious objection on constitutional as well as on other grounds. It is not considered to be competent for the Legislature of any part of the British Overseas Dominions to impose requirements on a British ship which is not registered in that part nor within its territorial jurisdiction. The Government of India can and do refuse to allow the owner or master of a ship not registered in India to engage a Lascar at a port in India unless he agrees to undertake certain obligations, but it would be quite another thing for an Indian statute to purport

to impose obligations on the owner or master of that ship in respect to an accident which may occur when the ship is not in Indian waters. Alternative methods for improving the position of Indian Seamen were accordingly considered, and the scheme now in operation was ultimately arranged under which the shipowners concerned would voluntarily insert in Agreements with Lascar Crews certain additional stipulations of which a copy* is annexed and which provide in effect that the owner shall pay compensation of such amount as he would have been liable to pay under the Indian Workmen's Compensation Act and that in the event of any question arising under the stipulations as to the liability of the owner to pay compensation or as to the amount or duration of compensation (including any question as to the nature or extent of disablement) the question should, in default of agreement, be settled by the Commissioner for Workmen's Compensation appointed under the Indian Compensation Act, the decision of the Commissioner to be final. The stipulations contain a proviso that no compensation shall be payable under the stipulations if the lascar or other native seaman has instituted a civil action for damages or a claim to compensation in respect of the injury under the law of the country in which the ship is registered. The Seamen's rights under the United Kingdom Act however remained unaffected, the shipowners being willing to take the risk of lascars or their dependants claiming compensation under it after having already obtained compensation under the stipulations.

The Government of India agreed that the constitutional difficulties in the way of legislation of the type they had previously suggested were by no means small, and accepted the proposed scheme; and it appears from the reports subsequently received from India that the stipulations have, in fact, been generally adopted upon a voluntary basis and no suggestion that the scheme called for further consideration had reached the Home Office previously to the receipt of the letter from the Royal Commission.

The observations in that letter do not indeed suggest that the scheme has not generally worked well and substantially met the object for which it was designed.

The Commissioner states, however, that there are two points which have caused some trouble; (1) it is very doubtful if, after the lascar has accepted payment, the Commissioner can object to the amount as insufficient even if the lascar brings the question up, and (2) in fatal accidents where there is no dispute the employer is not bound to deposit the compensation money with the Commissioner. No details are given to indicate the extent to which practical difficulties have arisen in these two connections, but *prima facie* it would seem that both points could be met by dealing with them specifically, if that be necessary, by additional paragraphs in the stipulations.

The Commissioner further points out that in dealing with cases under the stipulations his position is that of a private arbitrator of no legal standing and that he has no power to compel attendance, to prosecute for perjury, or to enforce an award; but he states there has hitherto been no difficulty under these three heads, and the information at present available does not appear to indicate that any other action is necessary.

As regards the two courses mentioned in the letter from the Royal Commission, the first, namely, the lascars should be excluded from the British Act

* Extracts reproduced as Appendix I.

(and presumably be brought under the Indian Workmen's Compensation Act) is, as pointed out above, open to grave objections, and the amending legislation which would be necessary might be very difficult to obtain. Apart from the constitutional objection, the proposal would infringe the general principle on which legislation as to compensation for seamen has proceeded namely that the compensation law applicable should be the law of the country in which the ship is registered and obviously great practical inconvenience would arise if the shipowner's liability to members of his crew varied according to their respective nationalities.

In this connection it may be mentioned that the Imperial Economic Conference of 1923 passed the following resolution which, it will be seen, is based on the principle that the compensation law should correspond with the country of registration of the ship rather than the nationality of the individual seamen :—

"That this Imperial Economic Conference, having had its attention drawn to cases where British sailors injured by accident while serving on ships registered in some part of the Empire have had no claim to compensation owing to the law of that part of the Empire being restricted, in its application to seamen, to accidents occurring within territorial waters or other limited area, is of opinion that the Government of any such part of the Empire should ensure that the benefits of its compensation law will extend to all accidents to seamen serving on ships registered within such part of the Empire wherever the ship may be when the accident takes place. And furthermore the Conference invites the Government of any British Colony or Protectorate where there is a register of shipping but where legislation giving compensation rights to seamen does not at present exist, to consider the adoption of such legislation."

As regards the second course mentioned in the Royal Commission's letter, which the Home Office understand to mean that the stipulations should, under the Indian Merchant Shipping Act, be made a compulsory part of the terms of lascar agreements, this course would no doubt have the advantage of obtaining the benefits of the stipulations for lascars engaged on foreign vessels. It should be pointed out, however, that if the stipulations were made compulsory, or any other action taken so as to bind shipowners under Statute to pay compensation under the Indian Workmen's Compensation Act, awkward questions are likely to arise as to the effect on the Workmen's Compensation Act of the United Kingdom, and in particular as to the propriety of lascars continuing to possess a double remedy under two codes of legislation. As mentioned above, the shipowners have been willing under the present voluntary scheme to take the risk of lascars or their dependants obtaining compensation under the stipulations and then claiming compensation over again under the United Kingdom Act, but if the stipulations were made compulsory, their attitude might be substantially altered.

The Home Office have not consulted the shipowners, from whom the Royal Commission would presumably wish to take evidence direct.

WORKMEN'S COMPENSATION.

Supplementary Note dated the 29th September 1930 by the Home Office on points raised by Royal Commission on Labour in India.

1. "The British Workmen's Compensation Act is applicable in respect of British ships not registered in the United Kingdom if the owner or manager resides or has his principal place of business in the United Kingdom. Is these

any reason why on this analogy the Indian Act should not be made applicable to British ships not registered in India if the owner or manager resides or has his principal place of business in India ? ”

The expression “ British ship ” in this connection includes all ships registered at any port at which ships may be registered under the United Kingdom Merchant Shipping Acts. It thus embraces all ships registered at ports in the Dominions, India and other parts of the British Empire, besides ships registered at one or two ports outside the British Empire which have been specially brought under the Act.

The Secretary of State assumes that the question is asked, not with view to a possibly extended use of the powers now vested in the Indian Legislature for legislation in respect of local ships, but in anticipation of new powers being given to enact legislation with extra territorial effect.

Approaching the question on this basis, the Secretary of State desires to point out that at the time that the British provisions were adopted, namely, in 1906, it was universally recognised not only that the United Kingdom Legislature had the right, but that it was proper that it should exercise the right of legislating for all sea-going merchant shipping in any part of the Empire, and that no other Workmen's Compensation legislation affecting British ships was then in force. The position, however, has very materially changed in recent years. On this point, he would refer the Commission to the Report of the Conference on the Operation of Dominion Legislation and Merchant Shipping Legislation 1929, (1930 Cmd. 3479), which was specially charged “ to consider and report in the principles which should govern, in the general interest, the practice and legislation relating to Merchant Shipping in the various parts of the Empire, having regard to the change in constitutional status and general relations which has occurred since existing laws were enacted.” It will be seen that the recommendations of that Conference contemplate that each Dominion should have “ full and complete legislative authority over all ships while within its own territorial waters or engaged in its coasting trade, and also over its own registered ships, both intra-territorially and extra-territorially,” but that, on practical grounds, “ each part of the British Commonwealth, in the exercise of the power to legislate with extra-territorial effect with regard to ships, should accept the principle that legislation with extra-territorial effect passed in one part of the Commonwealth should not be made to apply to ships registered in another part without the consent of that latter part.” Further, the Conference appear (see paragraph 124 of the Report) to have regarded the principles of their recommendations as appropriate to India, and suggested that the question of the proper method of applying them to India should be considered by the United Kingdom and Indian Governments. It is understood that these recommendations will be discussed at the coming Imperial Conference.

The recommendations of the Conference do not cover Workmen's Compensation for seamen, but they obviously affect the position very materially, and it appears to the Secretary of State, having regard to the change of views as to the proper scope of United Kingdom Legislation which has taken place both here and in other parts of the Empire since the British Workmen's Compensation Act of 1906 was passed, that the whole question of the extent to which legislation passed in any part of the Empire should deal with compensation to seamen on ships registered elsewhere (including the propriety of provisions

such as appear in the 1906 Act for dealing with such cases), will have to be the subject of careful review by members of the British Commonwealth.

The Secretary of State may also point out that great stress is laid in the Report of the Conference on the importance of securing uniformity, by concerted action, in regard to a number of shipping questions. In his view, Workmen's Compensation for seamen is pre-eminently a question on which concerted action is desirable, but in the absence of any agreement, the extension of the India Act on the lines suggested would inevitably result in a considerable measure of overlapping between that Act and United Kingdom and Dominion legislation.

2. "The possibility of making provision for administering the British Act in India."

The Secretary of State understands the suggestion he has been asked to consider is that the Parliament at Westminster should extend the British Workmen's Compensation Act to India in such a way as to confer on the appropriate existing Indian tribunals or, alternatively, on new *ad hoc* tribunals in India, jurisdiction to administer the British Act in respect of all claims under that Act by Lascar seamen injured on British ships outside the territorial limits of India.

After most careful examination the Secretary of State is satisfied that this suggestion would be likely to give rise to serious practical difficulties and is moreover open to strong objection on constitutional grounds.

On the practical side he would point out that in Great Britain the law relating to Workmen's Compensation is not contained in any simple code but has to be gathered from statutes of more than average complexity together with a body of Case Law which for bulk is quite unique, and which is being constantly enlarged by fresh decisions, while, procedure is governed by a special body of Rules, also of considerable complexity and bulk. He considers that such a body of Law can only be administered by a tribunal which has been able, by long experience, to become familiar with its intricacies, and which, being on the spot, is in a position to keep abreast of its latest developments, and that to ask a tribunal in India to become and keep itself sufficiently familiar with the English Law for the purpose of dealing from time to time with an isolated case would be to place upon it an impossible burden.

Again, it appears to the Secretary of State that it would be absolutely essential in order to ensure uniformity that appeals from the decisions of the Indian tribunals should, as from the County Courts in England, be to the Court of Appeal here and thence to the House of Lords. This means, however, that in so far as the right of appeal was exercised—and, as will be gathered from the foregoing remarks, the scope for appeals is very large—the whole object of the scheme, which is aimed at securing administration of the Act in India, would be defeated.

Other practical difficulties would also arise, as *e.g.*, in regard to the manner in which the awards of the Indian tribunals should be enforced, but the Secretary of State hardly thinks it necessary to enter into these in detail.

On the constitutional side, the Secretary of State understands that the Courts in India are—at any rate broadly speaking supreme within their own jurisdiction, and it appears to him that the proposal that the British Parliament should set up Courts within those jurisdictions, with control presumably over their own process and exempt from the jurisdiction of superior Indian Courts, would conflict, if not with the scheme of the Government of India Act,

at any rate with the doctrines which govern at present and are likely to govern the relations of India with this country in future.

In any case it appears to the Secretary of State that the constitutional aspect is one which cannot properly be considered at the present time in advance of the consideration of the general question of the relations of India with this country by the Round Table Conference.

B.—Regulations under the Factory Acts in respect of Docks.

The Docks Regulations, 1925*, is the Code at present in force. This Code replaced an earlier Code and was brought up to date as the result of a Joint Conference between representatives of the Home Office and of the Employers' and Operatives' Organizations. No difficulty has been experienced in enforcing these Regulations. Their enforcement forms part of the ordinary duties of a Factory Inspector, but, in some of the larger Ports, one particular Inspector has, in fact, specialized in this work as a matter of convenience in administration and has devoted a good deal of his time to it. No special training has been found to be necessary.

A few minor modifications in the Code of 1925 may be made in the near future in order to bring it into conformity with the Draft Convention recently adopted by the International Labour Organization at Geneva for the protection of persons engaged in loading and unloading ships.

C.—Qualifications of Factory Inspectors and the source and manner of their recruitment.

A copy of the Regulations† dealing with the last Competition for these posts is enclosed, together with extracts from paragraphs 56-61 of the Report of the recent Departmental Committee on the Factory Inspectorate who considered this question.

Extract from Report‡ of Departmental Committee on Factory Inspectorate dated the 8th May 1929.

QUALIFICATIONS OF INSPECTORS.

56. The Inspectorate is recruited by means of competitions held under Regulations made by the Civil Service Commissioners. These competitions are advertised in the press. Applications are invited and carefully scrutinised and candidates who are found to possess the requisite qualifications are summoned to a qualifying examination in English composition (including writing a report) and to an interview before a Selection Board, nominated by the Civil Service Commissioners in consultation with the Home Office. The

* Statutory Rules and Orders, 1925 No. 231 (Not printed here).

† Regulations for the competitive selection of Inspectors of Factories in the Home Office dated 14th July 1925 and additional particulars dated March 1930 not reproduced here. This print is obtainable on application to the Home Office, London, S. W. 1.

‡ The full report is published by H. M. Stationery Office, London as "Report of the Departmental Committee" appointed to consider and report what additions to the Factory Inspectorate are required, whether any changes in its organisation are desirable, and what other measures, if any, are desirable to enable the Factory Department to discharge adequately its existing duties and other duties foreshadowed by the Government's Factory Bill of 1928.

Selection Board takes into consideration the candidates' record and experience, any recommendations received from persons having direct knowledge of their work in the past, and the personal qualities of the candidates as shown at the interview. On their estimation of all the above evidence they frame their decisions.

57. As regards the qualifications of candidates, the existing regulations, which came into force in 1925, are that they must satisfy the Commissioners that they have such experience and have received such systematic education, general or technical or general and technical together, as in their opinion fits them for the post; in general, candidates should possess a university degree, or other equivalent qualification in engineering, industry, or science; but the Commissioners may dispense with such qualification in the case of a candidate with suitable works or other special practical experience.

58. The aim of these regulations would appear to be that, while candidates of good general education and ability should be eligible to compete, a substantial "pull" should be given to those candidates who can show technical qualifications or suitable works or other special practical experience. This object appears to have been attained in practice. An examination of the qualifications of the 29 candidates—men and women—who have been appointed under the present regulations shows that 26 had university degrees, of which 22 were degrees in engineering or science; that 23 had "suitable works' experience" and the other six had "other special practical experience" in engineering, chemistry, social work or industrial research.

59. The representatives of the employers who appeared before us, while agreeing that it was not necessary for all candidates to have high technical qualifications, suggested that the possession of some engineering knowledge based on experience in industry should be regarded as indispensable. This suggestion appears to us to go too far. We do not by any means underrate the value to an inspector of having acquired some general technical knowledge before entering the service. Such knowledge will undoubtedly be of great value to him throughout his career and give him during the early stages a substantial advantage over inspectors who enter the service without this qualification. We are satisfied, however, that the technical knowledge necessary for the ordinary work of an inspector does not go beyond what any candidate—man or woman—who has an alert and practical mind, can acquire after he or she has joined the Department. In fact, there have in the past been many Inspectors who have come into the Department without such knowledge, but have yet made excellent Inspectors and reached the highest positions in the service.

60. We recognise that engineering and allied technical problems form a very large and important side of the work of the Inspectorate, but, if recruitment were to be limited exclusively to candidates whose natural bent and previous training and experience had directed their interest mainly towards that side of the work, it appears to us that there would be a tendency on the part of the Inspectorate to lay so much emphasis on the more technical side of factory inspection that other aspects would receive insufficient attention and the whole outlook of the Department might be unduly narrowed.

61. We take a somewhat similar view in regard to the possession of suitable works' experience. We do not for a moment question the value of such

experience to an Inspector, but we think that if it were regarded as an essential qualification it would have the effect of ruling out a number of excellent candidates and unduly restricting the field of recruitment.

D.—Welfare Orders under the Police, Factories, etc., (Miscellaneous Provisions) Act, 1916.

An account of the position of the Home Office in regard to Welfare is included in the *Survey of Industrial Relations**, published by the Committee on Industry and Trade in 1926.

When a Welfare Order is in contemplation for a particular industry, it has been the practice to detail one or more Inspectors to make special enquiry as to the need for Welfare arrangements in the industry, the nature of the welfare arrangements already made, and the extent to which they are made, and to report what arrangements ought to be made compulsory. In a number of cases the provisions in the Orders have been discussed with representatives of the trade organizations, and a large measure of agreement has been reached before the Draft is formally issued. In other cases, agreement has been reached by discussions after the Order has been issued in draft. There have been only two cases where it has been necessary to refer the Order to a Referee. The first was the Fish Curing Order for Norfolk and Suffolk, where the conditions were exceptional. The need for going to a Referee arose, not so much owing to opposition to the Order on the part of the Fish Curers, as on account of difficulties between the Fish Curers and the Yarmouth Corporation in regard to the provision of a suitable site for the Welfare Hut. The only other case which has been referred to arbitration was the recent Order for Tanneries. In this case the main difficulty was in regard to the precise details in the Schedule as to the particular kind of clothing that ought to be provided for the different processes of work.

These Orders are administered by the Factory Staff as part of their ordinary duties and practically no difficulty has arisen in enforcing them. The experience of the Department in this respect is dealt with regularly each year in the Annual Report of the Chief Inspector, which gives also some account of developments in voluntary welfare—see for instance pages 65—69 of the Report for 1927 (Cmd. 3144) and pages 58—60 of the Report† for 1928 (Cmd. 3360).

APPENDIX I.

Extract from "Additional stipulations which may be entered into between the Master of a ship on behalf of the owner of the ship and such of the crew as are natives of India and have signed on the lascar agreements.

It is further agreed that, in the event of any lascar or other native seamen whose name is hereto subscribed sustaining any personal injury (including injury resulting in death) by accident arising out of and in the course of his employment under this agreement, the owner of the ship shall pay such amount of compensation as he would have been liable to pay if at the time of the accident the ship had been a registered ship within the meaning of

* This publication is out of print; extracts from pages 179-195 will be found in Appendix II. Extracts from pages 196-97, *ibid.*, relating to Miners' Welfare Fund are also reproduced as Appendix III.

† Not reproduced here.

clause (j) of sub-section (1) of section 2 of the Workmen's Compensation Act, 1925, being Act No. VIII of 1923 of the Indian Legislature, and the person injured had been a person forming part of the crew thereof; and it is further agreed that in the event of any question arising under these stipulations as to the liability of the owner to pay compensation, or as to the amount or duration of compensation (including any question as to the nature or extent of disablement), the question shall, in default of agreement, be settled by the Commissioner for Workmen's Compensation appointed for under section 20 of the said Workmen's Compensation Act, 1923. And it is further agreed that the decision of the said Commissioner shall be final:

Provided always that no compensation in respect of any injury shall be payable under these stipulations to any lascar or other native seaman who has instituted in a Civil court a suit for damages in respect of the injury or has instituted a claim to compensation in respect of the injury under any law relating to the payment of compensation to workmen which is in force in the country in which the ship is registered."

APPENDIX II.

Extract from the Survey of Industrial Relations pp. 179-195.*

INDUSTRIAL WELFARE IN GREAT BRITAIN.

The object of this memorandum is to give some account of the place which provision for the welfare of the workman occupies in industry at the present day and the lines on which it seems likely to develop in the near future.

For purposes of convenience, attention will be concentrated on factories, although welfare work is by no means confined to factories, and important developments have taken place in almost every branch of trade and industry. The mining industry provides the most notable example. This is dealt with in a separate note.

Meaning of Welfare.—The term "welfare" as applied to industrial conditions is of modern origin and is used with varying meanings. In its widest sense it comprises all matters affecting the health, safety, comfort and general welfare of the workman, and includes provision for education, recreation, thrift schemes, convalescent homes, etc. (It is used by some to include wages and hours of employment which have already been dealt with in this volume. More usually, questions which are primarily questions of remuneration, though obviously they have a most important bearing on the well-being of the workman, are regarded as outside the scope of the term. So also it is usual to exclude hours of employment, though it must be remembered that they exercise a direct effect upon the health and efficiency of the workman). In a narrower sense, the term "welfare" is used to denote the arrangements made to secure the general health and comfort of the workman as distinct from the precautions adopted against the risk of injuries to health due to the workman's occupation. It is in the wider sense that the term is used in this note.

Distinction between Statutory and Voluntary Welfare.—That the workman is entitled to protection against accident and injury to health arising out of his employment, and that it is the duty of the State to take such measures as are reasonably practicable to secure that he obtains such protection, is a fundamental principle of the codes of all civilised countries. The law, further, usually attempts to secure for the workman minimum standards of health and comfort as regards conditions inside the factory. The line between health and comfort is a difficult one to draw, and, like the line between what is deemed practicable or impracticable, necessarily fluctuates with the general state of material civilisation. What is, in the first instance, regarded as a comfort, or even as a luxury, may come, sometimes within a very short time, to be considered essential to health. Generally speaking, it is only when this point has been, or is about to be, reached, that the State intervenes to insist on compulsory obligations. The provision enforced by the State relates to the special arrangements for health, safety and comfort necessitated by the nature of the occupation. Voluntary welfare is concerned rather with the general well-being of the workman. The two fields overlap, however, and no fixed boundary line can be drawn.

STATUTORY WELFARE.

(a)

(b)

(c) By the Police, Factories, &c. (Miscellaneous Provisions) Act, 1916, Section 7, power was given to make orders (known as Welfare Orders) requiring arrangements to be

* Committee on Industry and Trade—Survey of Industrial Relations—Printed and published by H. M.'s Stationery Office, 1926, Price 5s. net.

made in regard to the matters not covered by the general provisions of the Factory Acts for securing the welfare of workpeople in factories where the conditions and circumstances of employment and the nature of the processes carried on appear to require it.

This is the first appearance of the word "welfare" in any enactment and it is given a limited sense, but the enactment gave power by means of Orders to improve certain conditions in factories which hitherto had been outside the scope of legislation [see paragraph (ii) below].

During the first year and a half of war, experience had shown that something more was required than the minimum of cleanliness, ventilation, &c., to reconcile to factory life those hitherto unaccustomed to it who had been pressed into industry in large numbers, and to enable the maximum production vital to the nation to be maintained. Accordingly the Government took powers to compel the backward employer to provide the amenities of "welfare" which the enlightened employer had voluntarily adopted long before. This legislation of 1916 marks a distinct step forward in the history of welfare, and had an effect extending far beyond the making of a certain number of Orders, for it set the seal of authority on welfare in industry and have a decided impetus to the movement as a whole.

(ii) *Welfare Orders.*—The matters which may be prescribed by Welfare Orders made under the Act of 1916 are arrangements for preparing or heating or taking meals, the supply of drinking water, the supply of protective clothing, ambulance and first-aid arrangements, the supply and use of seats in workrooms, facilities for washing, accommodation for clothing arrangements for supervision of workpeople, and rest rooms. At first sight it might appear that we have here the introduction of a new principle, but looked at in retrospect and in the light of the orders made, the advance represents rather an extension of the principle underlying the health and safety provisions of the Factory Acts. Arrangements for supervision of workpeople have not so far been required in pursuance of the above power, but the appointment of Welfare Supervisors has been encouraged, and was in fact made a condition of the emergency orders allowing the employment of women and young persons at night which were granted during the war and reconstruction period.

P. 182.

Generally speaking, the standard of compliance with the welfare orders has been good, and the improvements made under them have been gratifying: but the effect must not be exaggerated. Statutory orders, being applicable to a large number of small occupiers, cannot do more than impose a minimum standard, which will remove some of the more objectionable conditions. They leave a wide field for voluntary action in excess of what they enjoin, and not the least beneficial effect of the policy has been to stimulate voluntary action. Not only is statutory action necessarily limited in its scope, but it cannot secure that which, according to the prevailing view in this country, is most needed, *i.e.*, the recognition of care for the well-being of the workpeople as an essential function of management. That can only come from the voluntary action of the employers acting, as far as possible, with the co-operation of the employees. Theoretically, the State could impose on all firms of a certain size the duty of creating a definite welfare organisation, but not only could this not be expected to achieve the same material results as a voluntarily established organisation, but it would lack what is even more important, the spirit by which the organisation should be animated.

The standards of health and safety which are now laid down are due, not only to the close attention devoted to the subject by the State which has for the last 30 years through its expert staff studied the risks to which workers are exposed and the means of averting them, but also to the more active part taken by employers and workpeople. Before a Dangerous Trade Order or a Welfare Order can be made, it must be published in draft, and any objections by interested parties must be taken into consideration. In the event of any substantial objection not being met, the matter has to be referred to a Commissioner for inquiry and settlement. The need for this step does not often now arise, and it has not so far been resorted to in the case of any code made since the war. This has been partly due to the desire of all the parties concerned to avoid the expense of a public inquiry, but it is also due to the procedure now generally followed of taking employers and workers into consultation in the earlier stages.

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(iv) *Administrative Action.*—No account of the development of the welfare movement would be complete without reference to the administrative action of the Government. Constant progress has been made along the lines indicated by the requirements of Acts, Orders and Regulations as a result of the work of the Home Office staff. The Factory

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Inspectors acquire through their daily experience in factories an expert knowledge of the conditions which make for safety, health and welfare, and this experience is placed at the disposal of occupiers who for the most part readily avail themselves of it. The result is a steadily rising standard of conditions.

In the same way the development of "welfare", as laid down in outline by Orders and Regulations, has reached through the co-operation of inspectors and employers a high standard which commands general approval.

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CO-OPERATION WITH INDUSTRY.

Co-operation in enforcing Welfare.—The extent and quality of the welfare facilities provided under Welfare Orders depends in some degree on the goodwill and energy of employers, but an intelligent interest on the part of the employees is no less essential. In some cases it was found difficult to get workpeople to make use of the accommodation and appliances provided by the employer, and there have also been complaints of misuse. It is significant that these complaints have now become much less frequent. While it is the business of the occupier to arrange for supervision of welfare accommodation, the best results under compulsory Orders can only be secured where the workpeople themselves realise not only that the provision is made in their interests but that it is really necessary.

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VOLUNTARY WELFARE.

Origin.—The effect of the industrial revolution on the lives of the workpeople is too well known to need more than a passing reference here. The tendency was to overlook the importance of the human element in industry and to concentrate on mechanical improvements. Welfare in its present form is the result of the movement towards amelioration of conditions of labour which, beginning in the early part of the 19th century, gathered strength as factory legislation developed and the enforcement of the Factory Acts revealed the need for still further improvement. Public opinion became gradually more and more enlightened as time went on, and before war broke out in 1914 the time was already ripe for a still greater advance than any that had been previously made. While it is true, as stated above, that the welfare movement originated long before the war, it is no doubt the case that the abnormal conditions of the period 1914-18 forced the pace at which the movement was growing, and centred attention on the need for it as an integral part of the industrial system.

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Present Position.—The nature and extent of the amenities provided vary in every instance according to the views of the employer or of the workpeople, or the special needs of the locality or the industry. In the majority of cases each welfare scheme is peculiar to the firm but there are several interesting instances of welfare schemes initiated and carried out by a Trade Association, and imposed with their goodwill on all its members.

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From inquiries made by the Industrial Welfare Society and the Home Office, it appears that it is almost impossible for any firm to give a cash value to the results of their welfare work, but practically all are convinced that it is an advantage considered from the purely economic point of view. Diminished sickness, better time keeping, freshness at work and a general spirit of contentment, undoubtedly contribute to efficiency; and the improvement in the "labour turnover" (that is to say in the general stability of the staff and in the reduction of the numbers leaving and being taken on) which is noted where conditions are exceptionally good, is a very great advantage. Although, owing to the bad trade conditions of the last few years, some firms have had to cut down the welfare work in order to effect economies, no instance is known where the work has been entirely abandoned.

The development of welfare will be found carried to its furthest point in the case of certain firms with whom care for the health and happiness of their employees is traditional. These appear to aim at the creation of a model community in which the workpeople shall find full scope for their physical, mental and moral development. Not only are the best possible arrangements made for the comfort of the workpeople inside the factory and the work organised so as to involve the least possible strain, but all such matters are being considered in consultation with the representatives of the employees. Every aspect of corporate life inside and outside the factory is promoted by the management and the employees

acting in co-operation, and there is a tendency to object to the term "welfare" as suggesting something super-imposed from without on the employees instead of as one of the many activities arising spontaneously out of the corporate organisation. The welfare schemes of these firms comprise such matters as housing, insurance against sickness and unemployment, thrift schemes, pensions, medical attention, education, recreation, amusements of all kinds, and arrangements for holidays. The work done by these firms has been invaluable in itself as setting an example not only to other firms but to the community, but so far as the arrangements made for the welfare of the workpeople while not actually in the factory are concerned, they cannot be considered as typical. The object of the educational schemes provided by many firms is to some extent no doubt to fit their employees for the posts which they occupy or may be intended to occupy in the business, but in some cases the scope of the education provided does not appear to be limited by this consideration. The value from the economic point of view of the mental and physical development of the employees is clearly recognised, as no doubt is the advantage of having the outside interests of the workpeople concentrated on the firm, so that it is regarded with something of the same kind of loyalty that attaches to a college.

These arrangements for the benefit of the workmen outside the working hours are very striking, but it must be borne in mind that they represent only one side of welfare work and that not the most important. After all, the arrangements inside the factory that are the primary concern of the employer, and from the workpeople's point of view also the most important thing, is that their work should be made at the worst tolerable, and at the best actively pleasant. No amount of amenities provided outside working hours can really compensate for work which is felt to be a burden.

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Welfare equipment inside the factory, such as canteens, mess-rooms, cloak rooms, rest rooms, baths, lavatories, recreation rooms, while by no means constituting the whole of "welfare", is very important, and most large firms nowadays take such matters into consideration in planning new factories. Sometimes such provision is made on a very elaborate scale, but in most cases reasons of space and finance preclude this, and the essentials, such as are indicated in a series of pamphlets issued by the Home Office, can be secured without great expense. While the provision made in some large works is very striking, not the least satisfactory feature of the present situation is the effort made by small firms to do what they can within the limits of their resources. In several instances, firms which could not have provided a mess-room individually have combined to do so jointly.

The most characteristic feature of voluntary welfare is the effort to organise the work in such a way that the workman is able to enjoy his work and apply his energy to the greatest advantage. This means that workpeople have to be carefully selected in the first instance and having been allocated to the particular jobs for which they appear to be most suited are changed from time to time so as to avoid staleness and to give reasonable prospects of promotion. Further, while it is inevitable that the workmen should adapt himself to the machine, everything possible must be done to adapt the machines to the workman and to encourage the workpeople to make their own suggestions as to alterations in methods of work which would relieve strain and increase efficiency. It is this work which is the primary consideration of the Welfare Supervisor. Welfare work in this sense is really the direction of personnel, a subject which in this country, as well as in others, is now coming to be regarded as of very great importance to the success of any undertaking. In a number of firms one of the Directors is specially responsible for this side of the work. Business is not exempt from laws which regulate other forms of human association and requires for its success good, intelligent leadership.

APPENDIX III.

Extract from Survey of Industrial Relations.*

THE MINERS' WELFARE FUND.†

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The Mining Industry Act, 1920, by means of a levy upon all colliery owners of one penny per ton of output, provides a fund for the improvement of social conditions of colliery

*Committee on Industry and Trade—Survey of Industrial Relations—Printed and published by H. M.'s Stationery Office, 1926, Price 5s. net.

†Full details regarding this Fund can be found in the successive Annual Reports of the Miners' Welfare Committee. Reports covering the period up to 31st December, 1925, are obtainable from H. M.'s Stationery Office.

workers. Contributions are calculated with reference to the output during the previous calendar year, and become due by 31st March of each year, the last being due on 31st March, 1926. The total period of collection is 5½ years, and the Fund at the end of the period will probably have received about 5½ million pounds.

The duty of allocating (subject to the requirements of the Act) the money from time to time standing to the credit of the Fund is vested in a Committee of five persons appointed by the Board of Trade, of whom one is appointed after consultation with the Mining Association and another after consultation with the Miners' Federation.

The objects of the Fund are defined by the Act as "such purposes connected with the social well-being, recreation and conditions of living of workers in or about coal mines, and with mining education and research, as the Board of Trade after consultation with any Government Department concerned may approve."

District Funds.—The Committee are required by the Act to assign for the benefit of each of the 25 Coal Districts mentioned in the Act, four-fifths of the amount contributed by the Owners in that District. This portion of the Fund in each District is known as the District Fund.

Before any money is allocated from a District Fund for a local purpose, the Committee must consult with the appropriate District Committee, which consists of representatives of the Owners and Management of the coal mines in the district, and an equal number of representatives of workmen in or about such mines. In practice this requirement has resulted in all local schemes being prepared and submitted to the Miners' Welfare Committee for approval by District Welfare Committees, who have undertaken the responsibility of seeing that the District Funds are equitably distributed in their Districts, and who frequently co-operate with Local Authorities, as provided in the Act.

General Fund.—That portion (one-fifth) of the Fund not allocated to the District Funds is reserved for expenditure at the discretion of the Committee, subject to the approval of the Board of Trade. It is known as the General Fund, and the Committee have decided to devote it to national purposes, and to spend roughly half of it on Health and Safety Research and half on Senior and Advanced Mining Education.

That the Fund has been a great success is evidenced by the often-expressed desire on both sides of the industry to have it extended for a further period.

MINISTRY OF HEALTH.

Letter to the Ministry of Health, dated London, the 6th June, 1930.

I am directed by the Chairman of the Royal Commission on Labour in India to ask that with the approval of the Minister, official evidence may be furnished to the Commission on the subject of Health Insurance.

Enclosed is a copy of a letter sent to prospective witnesses attached to which will be found copy of the terms of reference to the Commission and a list of the subjects engaging their attention. This will give an indication of the scope of the inquiry they feel that it is desirable to examine certain aspects of sickness insurance in this country. For example, they wish to have on record some account of—

- (1) The actuarial foundation upon which the British scheme was based, of the time, staff and cost involved in its preparation.
- (2) The working of the English system including its administration and cost.
- (3) The medical organisation required.
- (4) Experience, which might be of value to the Commission, gained in the course of operation of English Acts.
- (5) They would be glad also to have a general indication of the data necessary for the preparation of any such scheme.

MEMORANDUM OF THE MINISTRY OF HEALTH.

National Health Insurance.

The scheme of National Health Insurance in Great Britain was established by the National Insurance Act, 1911, which came into operation on the 15th July 1912. The Scheme had been under detailed consideration for about three years prior to its introduction to Parliament, and it came into complete operation about 2½ years after being placed upon the Statute book. Since the introduction of the Scheme 13 amending Acts have been passed, but they have in the main dealt with matters of comparative detail and the main structure of the original Act still stands.

The scheme is on a compulsory and contributory basis, the contributing parties being the insured persons, the employers, and the State. The persons who are required to be insured comprise roughly all wage earners over the age of 16, excluding persons engaged in a non-manual occupation whose rate of remuneration is in excess of £250 a year. Certain classes of persons are, however, excepted from the compulsory provisions of the Act. The most important of these exceptions are persons employed under the Crown, by a local Authority or a statutory company who, under the terms of their employment are entitled during sickness to provision at least as favourable as the ordinary sickness and disablement benefits under the Acts. Certain other persons who would otherwise be compulsorily insured are entitled to apply to the Minister for exception if they can prove—

- (a) that they are in receipt of a pension or private income of at least £26 a year or
- (b) are mainly dependent for livelihood on another person or
- (c) are mainly dependent upon some other occupation which is non-insurable or
- (d) are only intermittently employed.

The employer of an exempt person remains liable for his own share of the weekly contribution.

Persons who are compulsorily insured by virtue of their employment are known as "employed contributors". In addition there is a class known as "voluntary contributors" who must themselves pay the whole contribution each week, *i.e.*, the employer's and employee's share at the ordinary employed rate. The classes of persons who are entitled to become voluntary contributors are strictly limited, and are, in the main, those persons who, having been insured as employed contributors for at least two years, have ceased to be subject to compulsory insurance, *e.g.*, by reason of their rate of remuneration having risen above £250 a year. Excepted and exempt persons are also entitled, under certain conditions, to become voluntary contributors. Married women are not entitled to become voluntary contributors in any circumstances, but an uninsured man who married an insured woman may, by virtue of her insurance, elect to become a voluntary contributor. The scheme of health insurance is interlocked with that of the widows', orphans', and old age contributory pensions, and a voluntary contributor is required to pay contributions under both these schemes. A voluntary contributor whose income exceeds £250 a year is not entitled to medical benefit and his contribution is accordingly reduced by 3*d.* a week.

The total number of insured persons in England, Scotland and Wales at the end of 1927 was over 16 millions. About 98 per cent. of insured persons are members of Approved Societies, *i.e.*, Societies approved by the Minister for transacting business under the Act. The insurance of the remaining 2 per cent. is administered centrally by the Ministry. They are either members of the Deposit Contributors Fund which admits all persons who, for one reason or another, do not secure admission to an Approved Society, or of the Navy, Army and Air Force Insurance Fund, which is specially constituted to deal with the insurance of serving members of the Forces and disabled *ex-service* men who are not members of Societies.

The following table shows the approximate number of insured persons in England, Scotland and Wales entitled to benefits on 31st December 1928:—

	Men.	Women.	Total.
(a) Members of Approved Societies ..	10,588,400	5,392,900	15,981,300
(b) Deposit Contributors	157,800	99,800	257,600
(c) Members of Navy, Army and Air Force Insurance Fund	145,000	..	145,000
(d) Exempt persons	16,580	7,200	23,700
			16,407,600

Contributions.—Since 1926 the weekly rate of the health insurance contribution has been 9*d.* for men and 8½*d.* for women, of which 4½*d.* is payable by the employer. The employer is required to pay the whole contribution in the first instance, but is entitled to recover the employee's share by deduction from wages. In the case of the voluntary contributor the whole contribution is payable by the insured person himself. The State contribution towards the cost of the scheme takes the form of the payment of a definite proportion of the cost of all benefits and of their administration.

Since 1926 this proportion has been one-seventh in the case of men and one-fifth in the case of women.

As regards sickness and disablement benefits, the experience of an old established Friendly Society, the Manchester Unity of Odd Fellows, in the period 1893-97, with certain necessary adjustments, was selected as the ground work on which the financial structure of the Act was based. This experience is still retained as the basis in respect of men's benefits; but in respect of women's benefits considerable adjustment has, in the light of experience, been found to be necessary. The present actuarial basis in regard to women's benefits is drawn from the experience of a large sample of the female insured population in the year 1923 and was adopted in consequence of the recommendations of the Royal Commission on National Health Insurance. A flat rate of contribution is payable irrespective of the age of the insured person at the date on which he first becomes insured. The rates are fixed so as to cover the actuarial cost of the benefits of persons entering insurance at the age of 16, and would not in themselves be sufficient to meet the actuarial cost of the benefits of persons entering insurance at higher ages. The difference is made good by a system of book credit called Reserve Values, which are gradually converted into cash through the operation of a Sinking Fund made up out of small deductions from all weekly contributions over a period of years. This system of reserve values, taken in conjunction with the State contribution towards the cost of benefits and administration, is equivalent in its effect to the payment by the State of the necessary reserves to enable full benefits to be paid to all insured persons, irrespective of their age on becoming insured, in return for a flat rate of contribution.

Benefits.—

- (1) *Medical benefit* consists of free medical attendance and treatment and the provision of proper and sufficient medicines and certain medical and surgical appliances. The medical attendance is limited to such as is within the competence of an average general medical practitioner, and does not include attendance or treatment in respect of a confinement. An insured person becomes entitled to this benefit immediately upon his entry into insurance. The benefit is not available to voluntary contributors whose income exceeds £250 a year.
- (2) *Sickness benefit* consists of periodical payments during incapacity for work caused by some specific disease or bodily or mental disablement. The standard rates are 15 a week for men and 12 a week for women. The benefit normally commences on the fourth day of incapacity and may continue for a maximum period of 26 weeks. Benefit is not payable until the insured person has had 26 weeks in insurance and has paid 26 contributions, when benefit at the reduced rate of 9 for men and 7/6 for women becomes payable, until 104 weeks of insurance have been completed and 104 contributions paid, when benefit becomes payable at the standard rates.
- (3) *Disablement benefit* is a continuation of the periodical payments at the lower rate of 7s. 6d. weekly for both men and women in respect of incapacity after the maximum period of 26 weeks sickness benefit has been exhausted. It is payable until incapacity

terminates or until the age of 65 is reached, which ever first occurs. The qualifying conditions for the receipt of this benefit are 104 weeks of insurance and the payment of 104 weekly contributions.

- (4) *Maternity benefit* is a money payment of £2 on the confinement of the wife (or in the case of a posthumous child, of the widow) of an insured man, or of a woman who is herself insured. In the case of a married woman who is herself insured, benefit is payable both in respect of her own and her husband's insurance. The qualification for this benefit is 42 weeks of insurance and the payment of 42 weekly contributions. An insured woman is entitled to sickness benefit, subject to the ordinary conditions, in respect of incapacity due to pregnancy, and also in respect of incapacity after the fourth week following her confinement.
- (5) *Additional benefits* may take the form either of increases in the standard rates of cash benefits or of payments towards the cost of various forms of treatment, such as dental, ophthalmic or convalescent home treatment. These benefits are not payable by all Societies, but only by those which are found on valuation to have surplus funds available for the purpose.

A contribution is payable in respect of an insured person for each week during the whole or any part of which she is employed. If in any week there has been no employment the insured person falls into arrears and unless those arrears are excused or redeemed by the payment of the appropriate arrears penalty during the time allowed he is penalized by the reduction or suspension of sickness, disablement and maternity benefits. Arrears are excused for weeks of certified sickness of which due notice has been given and arrears accruing during weeks of proved genuine unemployment also involve no penalty. An employed person is therefore credited with a contribution for every week of employment, of certified sickness or of genuine inability to obtain work, but if, during any contribution year (July to June) he voluntarily abstains from work or engages in a non-insurable occupation he is treated as being in arrears, and unless such arrears are redeemed within the period of grace his cash benefits during the ensuing calendar year are reduced or suspended according to the number of arrears outstanding.

An employed contributor who ceases employment and does not elect to continue in insurance by becoming a voluntary contributor does not immediately cease to be insured and entitled to benefits, but continues to be entitled for a period between 1½ and 2 years to the full rates of benefit. (subject to arrears) and if he proves that throughout that period he has been genuinely unemployed his insurance is extended for a further year, during which he is entitled only to reduced rates of benefit. A person who becomes unemployed after attaining the age of 60 (55 in the case of a woman) and has been insured for at least 10 years remains in insurance so long as he continues to be genuinely unemployed. In this way his title to a contributory old age pension at the age of 65 is safeguarded.

Sickness or disablement benefit is not payable for incapacity due to an accident or an industrial disease for which the insured person is entitled to compensation or damages unless the weekly rate or weekly value of the compensation or damages is less than the weekly amount of the benefit

which would ordinarily have been payable, in which case the difference between the two amounts is payable as benefit.

The title to sickness and disablement benefits and the liability for the payment of contributions cease on the insured person reaching the age of 65, when he ordinarily becomes entitled to a contributory old age pension.

Payment and Collection of Contributions.—Every employed contributor is required to obtain a contribution card at the commencement of each contribution period (which commences on the first Monday in January and July of each year) and hand it to his employer for stamping at the proper times. The card is provided by the Approved Society of which the insured person is a member, and the contribution is paid by the employer by means of purchasing special stamps of the necessary value from any Post Office. The health insurance contribution is paid jointly with the contribution payable under the State Scheme of Widows', Orphans' and Old Age Contributory Pensions by means of a single health and pensions stamp to the amount of the joint contribution affixed in the appropriate space on the contribution card. Shortly after the end of each contribution period the stamped contribution card is forwarded by the insured person to his Approved Society. The money obtained for the sale of health insurance stamps at post offices is paid into a Central Fund known as the National Health Insurance Fund which, in England, is under the control of the Minister of Health. Out of this fund is provided the money out of which Societies and Insurance Committees meet the cost of benefits and of their administration.

Medical Benefit.—The administration of medical benefit is carried out by special bodies known as Insurance Committees, one of which is constituted for every county and county borough. The membership of each committee is required to be appointed so as to secure a majority representation of the insured persons resident in the area, and the remaining members are representative of insurance doctors and chemists or are nominated by the County or County Borough Council. It is the duty of each Insurance Committee to prepare a panel or list of the doctors in its area and a similar list of chemists who are prepared to treat or to provide medicines for insured persons at a scale of remuneration and under conditions agreed upon with the Committee. Any registered medical practitioner is entitled to have his name placed on the list and the insured persons resident in the area have free choice among the doctors whose names appear on the list and may obtain any medicines or appliances prescribed for them by the doctor from any chemist taking part in the service. If the insured person cannot conveniently obtain any necessary medicines from a chemist, the Insurance Committee may require the insurance doctor to provide them. In return for his services the doctor is paid on the basis of a capitation payment of 9 a year for every insured person on his list. In addition to this capitation payment, doctors in rural areas receive additional mileage allowances in respect of the additional cost of travelling. Besides giving the insured person such treatment and furnishing him with such prescriptions as may be necessary the doctor is under obligation to furnish such medical certificates as the insured person may require for submission to his Approved Society in support of a claim for sickness or disablement benefit. A further obligation placed on the doctor under his terms of service is the keeping of records in a prescribed form of the diseases of insured persons treated by him. These records are

designed to serve clinical, administrative and statistical purposes. An insured person is entitled to change his doctor, and when he does so, his medical record is passed to the new doctor. The cost of medical benefit and its administration is met out of a central fund made up out of a sum debited to every Approved Society in respect of each member entitled to the benefit (which is at present limited by statute to a maximum of 13 a year) together with the appropriate Exchequer Grant. An insured person's title to medical benefit is established by a notification furnished to the appropriate Insurance Committee by his Approved Society.

Cash benefits.—The cash benefits, *viz.*, Sickness, disablement and maternity benefits, are (as regards 98 per cent. of the insured population) administered by bodies known as Approved Societies. Any body of persons may make application to the Minister of Health for approval, the only statutory conditions imposed being that the Society shall not be run for profit and that its rules shall be so framed as to ensure to the satisfaction of the Minister that the affairs of the Society as regards State Insurance are subject to the absolute control of the members. Societies are not ordinarily grouped on a territorial basis, but the members as a rule have some community of interest which may be occupational, religious or social, or may arise out of membership of the private side of the Society. There are many types of Approved Societies, the principal being Friendly Societies (with or without branches), Trade Unions, Societies associated with Industrial Assurance Companies and Employers' Provident Funds. The number of Approved Societies in Great Britain is roughly 1,000, thirty of which are divided into branches, each branch being a separate and self-governing financial unit. The total number of branches is about 7,000. The membership of Approved Societies varies from less than 100 to over 2 millions.

On approval being granted, a Society becomes entitled to receive the contributions of its members and is responsible for the payment of the cash benefits to which its members may become entitled. An insured person may apply for admission to membership of any Approved Society, but a Society is entitled to reject any application except solely on the ground of the age of the applicant. Each Society is a self-contained financial unit and the members stand to gain or lose by the sickness experience and standard of administration of their own Society.

The members of each Society are required to surrender to the Society their stamped contribution cards at the end of each contribution period, and the amount credited to each Society in the National Health Insurance Fund is determined by reference to the value represented by the stamps on the cards so surrendered. Out of this credit, together with the appropriate State grant, the Society receives the money out of which it pays benefits and the costs of administration. For this latter purpose the Society is allowed to appropriate a specific annual sum per head of the membership. This sum is at present 4s. 6d. for ordinary members and 2s. 3d. for members who are serving with the Forces.

In so far as the sum standing to the credit of a Society in the National Health Insurance Fund is not required to meet the current expenses of the Society it is available for permanent investment and one half is paid over to the Society for investment by the Trustees and the other half is transferred to the credit of the Society in the Investment Account for investment by

the National Debt Commissioners. The total sum invested by or on behalf of Approved Societies in the year 1928 was £1,216,000.

The assets and liabilities of every Approved Society and Branch are valued at intervals, usually of five years, by Valuers appointed by the Treasury. If on valuation a surplus is disclosed, such part of that surplus as the Valuer certifies to be disposable is available to the Society for the provision of additional benefits to its members in accordance with a scheme drawn up by the Society and sanctioned by the Minister of Health. Most approved Societies are in a position to provide additional benefits, but a small proportion, by reason of having no disposable surplus, are unable to do so. The amount of surplus varies very considerably between different Societies, and in consequence there is a fairly wide disparity between the additional benefits which Societies are able to provide. This disparity is due in the main to the segregation in Approved Societies of workers in occupational groups. It will be clear that the sickness experience of a group of insured persons consisting wholly of miners or of iron and steel workers will be much heavier than that of other groups consisting of agricultural workers or clerks.

Special provision is made in order to meet any deficiency which may be disclosed on the valuation of a Society. A small deduction is made from each contribution paid in respect of a member of a Society and is credited to a contingencies fund. This contingencies fund is applied towards making good any deficiency disclosed on the Society's valuation, and in so far as it is not required for this purpose it becomes available for the provision of benefits. Each Society has its own contingencies fund, and in addition, a central fund is constituted for the purpose of making good any deficiency which still remains after the application of a particular Society's contingencies fund. This central fund has also been built up out of a small deduction from weekly contributions, and is augmented by an Exchequer grant. It is only very rarely that recourse to the central fund is necessary, but any grant from that fund is conditional upon the Society satisfying the Minister that the valuation deficiency is not due to unsatisfactory administration on the part of the Society.

At the first valuation, which was made as at 31st December, 1918, the aggregate amount of the surpluses disclosed was about £17,000,000. At the second valuation made five years later the aggregate surpluses exceeded £42,000,000, of which about £27,000,000 was available for additional benefits and the balance of about £15,000,000 was kept in reserve. The membership of Societies showing surpluses was about 15,000,000 while that of Societies with deficiencies was only about 250,000. A very large proportion of Societies are therefore in a position to provide additional benefits to their members by way of increases to the standard rates of sickness, disablement and maternity benefits and also to pay the whole or part of the cost of certain forms of treatment not coming within the scope of medical benefit. The most popular of these benefits is dental benefit, which is available to about 75% of the insured population. The benefit consists of the payment of not less than half the cost of treatment and dentures. The general arrangements for the provision of a satisfactory service of dental benefit are made by a specially constituted body known as the Dental Benefit Council, which consists of representatives of Approved Societies and dentists with an independent Chairman appointed by the National Health Insurance Joint Committee. This body has agreed upon a scale of charges for the provision of treatment to insured persons, who

are given free choice among the dentists willing to give treatment on that scale.

Other additional benefits which are commonly adopted are ophthalmic benefit (i.e. ophthalmic treatment and the provision of spectacles), hospital benefit, convalescent home benefit and the provision of medical and surgical appliances.

An insured person who is ill and wishes to claim sickness benefit or disablement benefit from his Society should at once obtain from his insurance doctor a medical certificate in a prescribed form and should send it forthwith to his Approved Society. Similar certificates should also be forwarded at weekly intervals. If the Society is satisfied that the conditions for the payment of benefit are fulfilled, benefit is paid to the member at weekly intervals. In order to claim maternity benefit the insured person forwards a certificate of confinement to the Society, but the Insurance practitioner is under no obligation to provide such a certificate. If any dispute arises between an insured person and his Society in regard to a claim for benefit it may be referred to an appeals tribunal constituted for the purpose under the rules of the Society, and a final appeal lies to the Minister of Health, whose decision is binding on both parties.

For the purpose of advising Societies in cases of doubtful incapacity for work, and also in cases of admitted incapacity in which it appears that a second medical opinion might contribute to the restoration of the insured person's working capacity, the Minister has appointed a body of medical referees known as Regional Medical Officers. The services of these Officers are also available for advising Insurance Practitioners on questions of incapacity for work or for consultation on other medical aspects of particular cases.

The following statement shows the number of cases of doubtful incapacity referred to the Regional Medical Staff in England during the year 1928, and the results of the references :—

	Men.	Women.	Total.
Number of references for advice as to incapacity for work	119,004	252,125	371,129
Number who "declared off" the funds before examination	93,838
Number who failed to attend for examination for other reasons	68,975
Number actually examined	204,930
Number found to be capable of work	65,103
Number found to be incapable of work	139,827

Deposit Contributors.

Insured persons who do not secure admission to membership of an approved Society within a certain period after their entry into insurance automatically become members of a special fund known as the Deposit Contributors Fund, and their insurance is administered by the Ministry of Health (in Scotland, by the Department of Health for Scotland). Differentiation is made between those persons who, by reason of their state of health, have been refused admission to a Society and those who for other reasons do not join a Society. The latter class are only entitled to benefits up to the limit of the amount standing to their own individual credit in respect of contributions and State grant, but for the former class an Insurance Section of the Deposit Contributors Fund has been formed. The contributions of persons admitted to membership of the Insurance

Section are pooled and they are entitled, in the same way as members of Approved Societies, to the ordinary benefits of the Act. The total number of deposit contributors in England, Wales and Scotland at the end of 1928 was about 258,000. A deposit contributor may at any time apply to an Approved Society for membership.

Administration.—The central supervision of the scheme of National Health Insurance is carried out by the Minister of Health in England and Wales and in Scotland by the Department of Health for Scotland, and the cost of the central administration is borne by the Exchequer. The Minister exercises a general supervision over the administration of the scheme by Approved Societies and Insurance Committees and is responsible for the determination of the many questions of insurability which arise and for enforcing the payment of the statutory contributions. The Minister is empowered to withdraw approval from any Society which is found, after enquiry, to be administering the scheme in a manner prejudicial to the interests of its members. An Inspection Staff is employed in connection with the enforcement of the payment of contributions and for the general local supervision of the Scheme.

As has been observed, the Scheme is mainly administered through 8,000 Societies and branches. Each of these has its own Committee of Management, office staff, sick visitors and agents, the duties of the last named being largely directed to the delivery and collection of about 32,000,000 contribution cards a year and the disbursement of about 25,000,000 cash payments in each year. There are 200 Insurance Committees with local offices and staffs responsible for the supervision of the services of about 17,000 doctors and 12,000 chemists. In addition, there are approximately 10,000 dentists associated with dental benefit, and in addition to a considerable number of ophthalmic surgeons there are some thousands of opticians rendering services in connection with ophthalmic benefit.

The Approved Societies and Insurance Committees are subject to regular audit by a separate Treasury audit staff numbering 440 and costing about £170,000 a year. (This figure is additional to the £5,271,000 shown below as the cost of administration of the Scheme.)

The following tables give information (1) as to the money received under the scheme from various sources in the year 1928 (2) the expenditure on benefits during that year and (3) the cost of administration.

(1) 1928 RECEIPTS (ENGLAND, WALES AND SCOTLAND).

	£
Contributions of employers and employed persons	25,718,200
Interest on accumulated funds	5,853,400
Parliamentary votes and grants	7,138,400
From Central Fund	174,300
	<hr/>
Total	£38,884,300

(2) BENEFIT PAYMENTS 1928 (ENGLAND, WALES AND SCOTLAND).

	£
Medical Benefit	10,092,500
Sickness Benefit	11,327,200
Disablement Benefit	6,132,900
Maternity Benefit	1,754,300
Other Benefits	3,017,900
	<hr/>
Total	£32,324,800

(3) COST OF ADMINISTRATION OF THE SCHEME (1928).

	£
Approved Societies and Insurance Committees	4,281,500
Central Departments	989,900
Total ..	£5,271,400

From the above figures it will be seen that the total cost of administration was about 13½ per cent. of the total revenue of the Scheme.

Success of the Scheme.

It is generally conceded that the scheme of health insurance in Great Britain has fully justified itself. Considerable opposition was encountered among certain groups at the time of its inception but this has now almost entirely disappeared, and contributions are now paid with a negligible amount of friction.

Royal Commission of National Health Insurance.

In 1924 a Royal Commission was appointed to enquire into the National Health Insurance Scheme and to consider what alterations, extensions or developments should be made. After hearing evidence from representatives of all persons and bodies participating in the Scheme or concerned in its administration the Commission reported that they were "satisfied that the Scheme of National Health Insurance has fully justified itself and has, on the whole, been successful in operation. We are convinced that National Health Insurance has now become a permanent feature of the social system of this country and should be continued on its present compulsory and contributory basis". The Commission however made certain recommendations for the improvement of the scheme in detail. The most important of these were that medical benefit should be properly co-ordinated with the other public health services; that to this and the functions of Insurance Committees should be transferred to the County and County Borough Councils; and that medical benefit should be extended in its scope to provide specialist and consultant services. In order to provide the necessary money for this last named extension, and further in order to mitigate the inequalities of benefit as between different Societies the Commission recommended that one half of the valuation surpluses of all Societies should be pooled. Owing to certain difficulties which have arisen statutory effect has not as yet been given to these recommendations. The whole scheme of health and pensions insurance is, however, at present under review by a Committee of the Cabinet. A minority of the Royal Commission reported in favour of the abolition of Approved Societies and the transfer of their functions to the local health authorities.

Schemes in British Dominions.

The original Act of 1911 applied to Ireland as well as to Great Britain, and the scheme is still in operation in the Irish Free State. Medical benefit is not however one of the benefits provided in the Free State, and under a recent amendment of the Free State Act the provisions relating to deposit contributors and exempt persons have been discontinued. Reciprocal arrangements are in operation as regards insured persons who remove permanently from the Free State to Great Britain, or *vice versa*. No complete scheme of national health insurance has up to the present been brought into operation in any of the other self-governing Dominions of the British Empire. In Australia a State scheme

of non-contributory pensions for persons permanently incapacitated was introduced in 1908 in conjunction with the non-contributory old age pension scheme. Since 1912 there has in addition been a non-contributory scheme of maternity allowances. A Commonwealth Sickness Insurance Bill was introduced in 1928 as part of a comprehensive scheme of social insurance, including sickness, invalidity, old age and dependants' allowances. The Bill has not, however, been re-introduced since the present Government came into office. As regards South Africa, a Commission was appointed in 1926 to examine and report upon (*inter alia*) a system of national sickness and invalidity insurance. Following the first report of the Commission in 1927 an Act was passed providing for the payment of non-contributory old age pensions to Europeans and persons of mixed race. The second report of the Commission, published in 1929, made certain recommendations for a comprehensive sickness scheme, on a contributory basis (including accident insurance) to be applicable to industrial or urban areas. No definite steps have been taken in Canada or New Zealand towards the establishment of a State scheme of insurance against sickness but in each country public attention is being increasingly drawn to the desirability of such provision.

MINISTRY OF LABOUR.

Letter to the Secretary, Ministry of Labour, dated London, the 6th June 1930.

I am directed by the Chairman of the Royal Commission on Labour in India to ask that with the approval of the Minister official evidence may be furnished to the Commission in regard to certain matters in which a review of English practice appears to them desirable for the discharge of their terms of reference in regard to labour matters in India.

In general terms these matters are :—

The history functions and working of :—

- (1) Employment Exchanges.
- (2) Unemployment Insurance.
- (3) Minimum wage legislation and Trade Boards.

A copy of the letter sent to prospective witnesses in India, enclosing copy of the terms of reference and a list of subjects for examination is sent herewith. This will serve to indicate the general scope of the Commission's enquiry but does not afford a sufficient basis for a particular enquiry of the kind now contemplated. The Commission has therefore framed additional schedules in regard to these three subjects designed to indicate the lines upon which the assistance of the Ministry is desired.

(1) EMPLOYMENT EXCHANGES.

1. The original intention with which they were initiated and functions prescribed.
2. The manner of their institution, staffing, securing of premises, and the like.
3. Subsequent modifications.
4. Extent to which they have fulfilled expectations in assisting employer and employed. In particular, the extent to which the exchanges have been of assistance in dealing with displacement of labour, e.g., in Coal mining and Agriculture.
5. Use made by employers of the Exchanges and efforts made to canvas employers in order to secure the notification of vacancies.
6. Difficulties experienced.
7. The cost of administration with an estimated distribution of administrative cost arising :—
 - (a) from the use of the exchanges as employment agencies.
 - (b) from the administration of unemployment insurance.

(2) UNEMPLOYMENT INSURANCE.

1. The basis actuarial or otherwise on which the system in this country was founded.
2. The conditions essential for the successful operation of the system.
3. The Administrative machinery required.
4. The Cost and finance of the scheme as a whole with particulars in regard to the cotton textile, engineering and coal mining industries.
5. The Possibility of and necessary conditions for the institution of a system restricted to a certain trade or trades or to a certain locality or province.

(3) TRADE BOARDS AND MINIMUM WAGES.

History of Minimum Wage Legislation and Administration in Industry in Great Britain under the Trade Boards Acts of 1909 and 1918.
Pre 1909 Period.

- A. Position leading up to passing of Trade Boards Act of 1909.

1909-1918 Period.

B. Brief account of system and extent of Wage Regulation under the Trade Boards 1909 Act, with a note on administration and enforcement.

C. Results of Act leading to passing of the amended Trade Boards 1918 Act, with a note on the differences between the two Acts.

1918-1930 Period.

D. Trade Boards 1918 Act.

I. Administration :—

(a) Trades Covered (Nos. of employers and workers affected).

(b) Composition and method of appointment of wage-fixing bodies.

(c) Powers of wage-fixing bodies and relation to Ministry of Labour.

II. Enforcement :—

(a) Publicity.

(b) Inspection (Extent and system).

(c) Prosecution.

III. Cost of administration and enforcement.

E. I. Economic effects of M. W. Legislation :—

(a) On the Industries concerned.

(b) On classes of individuals concerned.

II. The effects upon organisation of employers and employed in the industries concerned.

MEMORANDA OF THE MINISTRY OF LABOUR.

I.—The Employment Exchange system of Great Britain.

1. *Establishment and Original purpose.*—The national system of Employment Exchanges (originally known as Labour Exchanges) as it exists to-day, was established under the Labour Exchanges Act, 1909. [I. Edw. 7-Ch. 7.]

This Act was passed mainly as the result of the recommendations of the Royal Commission on the Poor Laws which, during the period 1905-1909, reviewed, amongst other things, the treatment of distress due to unemployment and devoted considerable attention to ways and means of putting employers requiring workpeople in touch with workpeople requiring employment. The Commission recommended the establishment of a national system of Labour Exchanges for the purpose of assisting the mobility of labour and of collecting accurate information as to unemployment.

2. The Act gave the Board of Trade power to establish and maintain Exchanges in such places as they thought fit and generally to collect and furnish information as to employers requiring workpeople and workpeople seeking engagement or employment. The Board of Trade made General Regulations,* dated 28th January 1910, in pursuance of Section 2 of the Labour Exchanges Act, 1909. The functions of the Board of Trade under the Act were transferred to the Ministry of Labour, under the New Ministries and Secretaries Act, 1916, the description "Employment Exchange" being substituted for "Labour Exchange" in the same year. No fees are charged to employers or workpeople for the services of the Employment Exchanges.

3. *Subsequent Modifications.*—The employment Exchanges were established in the first place as Employment Agencies simply, but in 1912 under the National Insurance Act, 1911 (Part 2) they were called upon to undertake

* Statutory Rules and Orders, 1910, No. 800.

the work of unemployment insurance. The postwar pressure of work consequent upon the prolonged depression tended inevitably to hamper the activities of the Exchanges as Employment Agencies but the Ministry are now devoting special attention to this side of the work which is clearly of great importance for the efficient administration of the Unemployment Insurance Scheme.

4. *Present Organization.*—The organization for the discharge of the duties of the Ministry of Labour under the Labour Exchanges Act and the Unemployment Insurance Acts comprises an administrative Headquarters in London Divisional Offices (i.e., local Headquarters) in seven centres, Employment Exchanges and Branch Employment Offices.

5. *Headquarters comprises.*—The Employment and Training Department which is responsible for the general policy (but not the executive control) of the work of the Employment Exchanges and Branch Employment Offices in connection with the placing of persons in employment including the transference of labour both in connection with overseas settlement and with the movement from depressed areas to other areas within Great Britain. It is also responsible for the general policy and exercises control of all matters relating to the training of unemployed persons. The department is divided into three Branches each of which is composed of a small number of Headquarter Divisions each charged with the care of certain aspects of the work.

6. The Unemployment Insurance Department which is responsible for the administration of the Unemployment Insurance Acts and is divided into three Branches dealing respectively with (A) questions of revenue and general nature, (B) benefit, (C) adjudication.

(i) Branch (A) deals with the determination of what individuals or classes of individuals come within the scope of the various Acts and considers, in conjunction with the Ministry of Health, the steps to be taken to secure payment of contributions to the Unemployment Fund in respect of periods of insurable employment. It is responsible also for enforcement and prosecution for non-compliance or for misuse of Unemployment books or stamps, and in addition deals with any special problems which may arise in connection with Unemployment Insurance.

(ii) Branch (B) is concerned with all benefit questions arising from the making of a claim up to the point of determination by the Court of Referees or higher statutory authority. This includes questions of detection, investigation and, where necessary, prosecution in cases of wrongful claims to benefit.

It is also concerned with the negotiation and the working of arrangements with associations for the payment of statutory unemployment benefit through their own machinery.

(iii) Branch (C) deals with all questions affecting Courts of Referees, their constitution, personnel, proceedings and general co-ordination of the work. It also deals with appeals to the Umpire and maintains such headquarters contact as is necessary with the Headquarters Insurance Officer who is a statutory officer. The Headquarters Insurance Officer's division forms part of this branch.

Each of the above branches is organized in three divisions.

7. The Services and Establishments Department which is in general executive control of the outstations which constitute the executive machinery of the employment Exchange service.

8. The Finance Department which is responsible for the finance and accounts of Unemployment Insurance, of the Unemployment Fund and of transference and training schemes, and is also responsible, through its Claims and Record Office, Kew, for the detailed accounting work appertaining to Unemployment Insurance. In this latter connection it maintains records in respect of each insured contributor of contributions received and benefit paid; it issues certificates as to the contributions paid by claimants so that local offices may be in a position to authorize benefit and it examines and vouches payments of benefit made by local offices, associations and Local Education Authorities.

9. The Divisional Offices are situated in London, Bristol, Birmingham, Leeds, Manchester, Edinburgh and Cardiff. Each is under the charge of the Divisional Controller, who is assisted by a Deputy Divisional Controller and an appropriate staff, and who is responsible for the executive control and organization of the Employment Exchange and Branch Employment Office work, including the local administration of the Unemployment Insurance scheme, in his division. Each Division is composed of the Employment Exchanges and Branch Employment Offices, in a number of counties.

Each Divisional Office consists of a number of Sections each responsible for the general oversight of a particular aspect of the work of the local offices of the Division; as an example, the Divisional Office of the North Western Division comprises the following six Sections:—(i) Staff, Premises, Registry and Copying, (ii) Inspection of local offices (i.e., Employment Exchanges and Branch Employment Offices), (iii) Insurance, (iv) Development (i.e., the placing of the persons in employment), (v) Juveniles and Local Employment Committees, (vi) Women's work.

10. Employment Exchanges have been established in all the more important centres of Great Britain.

All Employment Exchanges with the exception of a few Exchanges set up to deal with certain special classes of workpeople (e.g., the Central Building Trades Exchange for the building industry and the Great Marlborough Street Exchange for women, in London) deal with both men and women applicants. In some cases, the work in connection with women is carried on in separate premises but as a general rule it is carried on in a separate Department of the main exchange premises. A memorandum (Appendix I) is attached regarding Juvenile Departments of Employment Exchanges and Juvenile Employment Bureaux.

Each exchange is in charge of a Manager, who is responsible to the Divisional Controller for the work of the Exchange.

Branch Employment Offices which are in effect small Employment Exchanges are situated in the smaller towns and rural districts; each Office is in charge of a Branch Manager and is under the supervision of the Manager of the nearest Employment Exchange.

FUNCTIONS OF EMPLOYMENT EXCHANGES UNDER THE LABOUR EXCHANGES ACT, 1909.

11. *Exchange Records.*—Each Employment Exchange keeps a permanent register of all employers in its areas, containing names and addresses, classes of labour and numbers employed, method of engagement of workpeople, etc. The Exchange Manager makes periodical calls on employers to explain

how the exchange can help in filling vacancies and generally to bring Exchange facilities to the employers' notice.

Every Exchange keeps a register of vacancies notified to it by employers in its area. It also keeps a register of workpeople seeking employment; this register is classified by occupations and contains particulars of the qualifications and experience of the workers.

The Exchanges circulate particulars of vacancies that cannot be filled by local workers on their registers to surrounding Exchanges in a limited telephone area, and if necessary to their Divisional Offices. The Divisional Offices circulate lists of these vacancies daily to all Exchanges in their Divisions, and where necessary notify them also to Headquarters in London for inclusion in the *National Clearing House Gazette*. This *Gazette* is circulated all over Great Britain and contains particulars of vacancies which it has not been possible to fill locally or divisionally; it is issued weekly to all Exchanges in Great Britain and additions and corrections are issued daily. In certain densely populated industrial areas such as Merseyside, Tyneside, Clydeside, Birmingham and Manchester, special machinery has been established for the interchange of information between Exchanges in the particular areas, to facilitate the movement of labour within those areas.

12. *Selection of workpeople for vacancies.*—Employment Exchange Managers are required to observe strict impartiality in selecting applicants for employment. The ground of selection must be industrial suitability for the vacancy, but among applicants otherwise equally qualified preference is given, by Government decision, to *ex-service* men. It is the practice for the local officer to interview workpeople who appear suitable for a vacancy, in order to see whether they are willing to apply for the job and to enable him to satisfy himself that they are industrially qualified to undertake it. Suitable workpeople are given introduction cards to present to the employer; these cards should be returned to the Exchange, filled in to show whether the workers have been engaged or not. When an Exchange learns of a vacancy in another Exchange area from the other Exchange or from the Divisional List or the *National Clearing House Gazette*, it submits particulars of any suitable applicants on its register to the other Exchange either by telephone or by means of a special form. In general, and subject to special arrangements in connection with industrial transference (*see* paragraphs 24-27), an Exchange to which particulars of applicants from distant Exchanges are sent must endeavour to secure that applicants from nearer Exchanges are considered by the employer before those from the further places, so as to avoid unnecessary travelling. Local Officers keep in touch with Branch Secretaries of Trade Unions, to bring to their notice vacancies for which unemployed members of the Branches may be suitable.

13. *Advance of travelling expenses to workpeople.*—Under the Labour Exchanges Act advances may be made by way of loan towards the expenses of workpeople travelling to places where employment has been found for them through an Employment Exchange. An undertaking to repay the amount of the fare is obtained from the employer or the workman; a proportion of the amount advanced may be met in certain circumstances by a contribution from the Unemployment Fund.

14. *Wages Register: Trade Disputes.*—By regulation made under the Labour Exchanges Act, 1909, an Exchange Manager in accepting notification

of vacancies from employers and in bringing employment to the notice of workpeople can accept no responsibility with regard to wages or other conditions beyond supplying the employer or workman, as the case may be, with any information in his possession as to the wages desired or offered. Copies or summaries of agreements between Associations of Employers and Workpeople for the regulation of wages or other conditions of labour in any trade may, with the consent of the parties to the agreement, be filed at an Employment Exchange, and documents so filed are open to inspection on application. The Regulations also provide that no person shall suffer any disqualification or be otherwise prejudiced (as an applicant for work) by refusing to accept employment found for him through an Employment Exchange, if the ground of refusal is that a trade dispute exists which affects his trade, or that the wages offered are lower than those current in the trade in the district where the employment is found. The Employment Exchanges are bound, when bringing to the notice of workpeople vacancies known to be caused by a trade dispute, to inform them of the existence of the dispute. Under the General Regulations* the officer in charge of an Exchange in notifying applications for employment and vacancies to employers and applicants respectively shall undertake no responsibility with regard to wages or other conditions, beyond supplying the employer or applicant, as the case may be, with any information in his possession as to the rate of wages desired or offered.

15. *Reports.*—The Employment Exchanges obtain a large amount of information regarding employment and the general industrial outlook in their areas. Statistical returns of unemployment are rendered regularly to Headquarters and tabulated for departmental purposes and for publication in weekly communiqués issued to the Press and in the monthly *Ministry of Labour Gazette*. The Officers in charge of Employment Exchanges render monthly reports in detail on the employment situation, and these reports form the basis of general reports to the Minister.

16. *Local Employment Committees.*—Local Employment Committees are appointed by the Minister to give advice and assistance in connection with the work of the Employment Exchanges. There is usually a Committee attached to each Exchange, but in the case of some Exchange areas in large towns two or more Exchanges are covered by one Committee. Where there is a Committee to one Exchange the Manager of the Exchange is Secretary to the Committee; in other cases the senior Exchange Manager is Secretary. Each Committee is composed of two equal panels nominated by Employers' Associations and Trade Unions respectively, together with a third panel containing representatives of other interests, such as Local Authorities and *ex-Service* men. The Chairman is appointed by the Minister. The Committee usually sets up Sub-Committees for special purposes, for example, a General Purposes Sub-Committee, to keep in touch with the working of the Exchange; a Disabled *ex-Service* Men's Sub-Committee for finding employment for disabled *ex-Service* men where this work has not been specially delegated to a Committee known as the King's Roll Committee; a Women's Sub-Committee for the purpose of keeping in touch with the women's side of the work. Periodical reports on the working of the Exchange are submitted to the Committee,

* Statutory Rules and Orders, 1910, No. 800.

and they may interview applicants who have any special difficulty, investigate complaints or criticisms against the Exchange and suggest improvements in the Exchange machinery.

17. *Difficulties experienced.*—Generally it may be said that experience has shewn that the organization of the Exchange service in its broad principles is sound. Such difficulties as have been experienced are of a minor character incidental to the running of a large undertaking of the kind. It is impossible to select any particular difficulty for special notice; the organization is continually evolving and extending its sphere of usefulness, and this must inevitably involve frequent changes of detail.

The Employment Exchanges when established in 1909, were an entirely new feature in the industrial organization of the country, and as a new service met with the difficulties inseparable from a new undertaking. There was no compulsion on workpeople to attend the Exchanges, which were regarded with some suspicion by Trade Unions and other agencies who undertake similar functions to those of the Exchanges in placing workpeople in employment. As the Exchanges were on a voluntary basis, they were most used in the early years by unskilled workpeople of the type difficult in any circumstances to place in employment. There was, accordingly, some doubt on the part of employers that they could get the type of workpeople they required from the Exchanges, or that the Exchanges were competent to discharge the functions for which they had been established. During the war, and during the subsequent military and civil demobilization, the duties of the Exchanges were of a special nature having regard to labour conditions prevailing at that time.

18. The Unemployment Insurance Act of 1920 brought about 11,750,000 people within the scope of the Act. When workpeople insured under the Unemployment Insurance Acts want to draw benefit they are required, as a condition, to attend an Employment Exchange and register for employment.

The Exchanges, which before the Unemployment Insurance Scheme was introduced relied on casual applicants for employment to fill vacancies notified by employers, had a much wider field to draw from as the result of the Unemployment Insurance Act, and were thus in many instances, in a position to submit more suitable applicants to employers. Employers generally are realizing the great benefit of the service, and many important industrial concerns now use the Exchanges exclusively for filling their vacancies. At the same time, however, some Associations of Employers and Associations of Workpeople have machinery for filling vacancies in their particular industries which they continue to use in preference to the Employment Exchange service. In some cases also industrial concerns maintain private employment bureaux and their own waiting lists of workpeople seeking employment.

19. *The Development of the Employment Exchanges as Employment Agencies.*—Although during the war the Exchanges did work of the greatest importance, and after the War were concerned with demobilization and re-settlement, nevertheless, these were temporary problems of a different character from those arising in the normal working of the system.

After the short boom of 1919 to 1920 came an industrial collapse, and the Exchanges were necessarily pre-occupied by the administration of a new, complicated, and developing Insurance Scheme.

The following figures of the total vacancies filled by the Exchanges each year from 1911 to 1929 give a general measure of the development of the system:—

Year.							Vacancies Filled.
1911	..	..	..	..	..	..	608,475
1912	..	..	..	..	..	..	809,553
1913	..	..	..	..	..	..	895,273
1914	..	..	..	..	..	..	1,086,738
1915	..	..	..	..	..	..	1,279,918
1916	..	..	..	..	..	..	1,534,928
1917	..	..	..	..	..	..	1,536,383
1918	..	..	..	..	..	..	1,495,774
1919	..	..	..	..	..	..	1,258,965
1920	..	..	..	..	..	..	920,979
1921	..	..	..	..	..	..	807,328
1922	..	..	..	..	..	..	697,036
1923	..	..	..	..	..	..	893,713
1924	..	..	..	..	..	..	1,143,742
1925	..	..	..	..	..	..	1,279,292
1926	..	..	..	..	..	..	1,082,917
1927	..	..	..	..	..	..	1,252,707
1928	..	..	..	..	..	..	1,327,218
1929	..	..	..	..	..	..	1,604,116*

It will be observed that the number of vacancies filled shewed a sharp rise in 1912 over the figures of the preceding year. This increase coincided with the coming into operation of the National Insurance Act, which, however, applies only to a few specified trades the chief of which were engineering, shipbuilding and building, and covered about 2½ million workpeople. The effect of the operation of the scheme was to give the Exchanges greater opportunities of supplying employers with workpeople of the type they required as when claiming benefit workpeople must register for employment at the Employment Exchange.

The fall in the figures from 1920 to 1922 is attributable to the depression in industry which then occurred. Since 1922, however, the Exchanges have been steadily increasing their business as employment agencies, apart from the slight setback in 1926 which was due to the general strike and coal dispute which began in May of that year.

The increase in the figures in the last few years has been common to all three branches of the Exchange service, viz., men, women and juveniles.

Several factors contributed to this position. Foremost is unquestionably a greater appreciation on the part of employers of the services which the Exchanges can give them. Further, for some years past much work has been done in improving the placing machinery, linking up neighbouring Exchanges, improving registrations of applicants, quickening the procedure and the like. Nevertheless, the increase might not have been so marked but for a conscious and sustained effort on the part of the Exchanges which has, it is hoped, created a goodwill likely to lead to further usefulness in the future to both partners in industry.

20. Many employers show their confidence by undertaking to engage all their labour through the Employment Exchange and by posting notices at

* During the course of oral evidence of Mr. J. F. G. Price, Principal Assistant Secretary, Unemployment Insurance Department, Ministry of Labour, this figure was corrected to 1,554,000. [Part II, L. 748.]

their gates to this effect. To avoid useless application and disappointment on the part of unemployed men, such employers were asked to agree to the inclusion of their names in a list exhibited at the local Exchange, saying that all their labour is engaged through the Exchange, and, by the end of 1929, some 1,800 employers, including a number of large industrial concerns, had agreed to their names being posted in this way.

21. Figures for the more important Trade groups in which vacancies for men and women were filled during 1929 are given below:—

<i>Trade Group.</i>	<i>Vacancies Filled.</i>
I. Men—	
Building Trade	145,848
Works of Construction	91,903
Transport Trades	87,957
Engineering	87,452
Government and Professional	66,154
Commercial Occupations	39,205
Ship-building	34,460
Mining	28,781
Agriculture	26,636
Gas, Water, etc.	22,196
Domestic Service	22,196
Iron, Steel and other Metals	18,375
General Labourers	122,268
II. Women—	
Domestic Service	152,847
Cotton	39,691
Clothing	28,509
Commercial Occupations	21,447
Miscellaneous Textiles	19,398
Food, Drink, Tobacco, etc.	13,884
Pottery, Glass	11,312
Wool	8,145
Engineering	7,565

22. It is not possible to say what proportion the labour engagements effected by means of the Employment Exchange machinery represent of the total labour engagements in each industry.

The only definite information available to the Ministry as to engagements of labour not effected through the Exchanges is that relating to contributors insured under the Unemployment Insurance Acts, who, after a spell of unemployment during which they had been registered as "wholly unemployed" (workpeople whose usual employment is not of a casual nature) at a local office of the Ministry, "lift" their Unemployment Books from that local office upon entering again into employment.

Such statistics obviously do not give a picture of the total labour engagements taking place throughout the country.

A recent analysis, however, of such statistics shows that approximately 20 per cent. of the "wholly unemployed" contributors who entered into employment after a spell of unemployment, during which they were registered at a local office of the Ministry, were placed in that employment through the machinery of the Employment Exchanges.

23. *Canvassing.*—The Employment Exchanges being in constant touch in the course of their work with employers in their areas no opportunity is lost of canvassing those employers who do not make regular use of the Exchange. Much useful canvassing is done over the telephone, by bringing to the

notice of employers applicants whose qualifications seem to make them particularly suitable to their business. It has been found by experience that an employer will often engage a man of outstanding qualifications even though it had not previously occurred to the employer to notify a specific vacancy for such an individual.

In addition to personal visits, circular letters setting forth the facilities for the engagement of workpeople offered by the Employment Exchange service are issued from time to time by the Exchanges to employers, particularly at appropriate times to those whose business is mainly of a seasonal nature, *e.g.*, to employers in the building trade, to farmers and proprietors and managers of hotels and boarding houses at seaside resorts.

Recently a general circular letter over the Minister's signature was issued by all Exchanges in Great Britain asking for the co-operation of employers in developing the National system of Employment Exchanges. The employers to whom this letter has been issued are being visited by officials of the Employment Exchanges, and there is evidence that the letter has been of considerable value in securing increased co-operation between employers and the Exchanges.

24. *The extent to which Employment Exchanges have been of assistance in dealing with displacement of labour.*—Experience has shown that the Employment Exchange system can be conveniently used to distribute to other occupations or areas which are in a position to employ additional workpeople, labour displaced by a contraction in the requirements of any particular trade or industry.

(a) *Depressed Mining areas.*—As a result of the recommendations of the Industrial Transference Board (July 1928) the machinery of the Employment Exchanges has been used to transfer surplus labour from the depressed mining industries to more prosperous industrial centres where, notwithstanding temporary unemployment, there is great activity in the local labour market and a constant increase in the number of people in work.

Up to 26th May, 1930, 55,381 workpeople from the depressed mining areas have been transferred to employment in other districts through the Employment Exchange service. 49,276 of these are men who have been placed in industrial employment either direct or after passing through a Transfer Instructional Centre or Government Training Centre, or have been placed in temporary employment on State-aided Relief Schemes.

25. As regards the workpeople placed in industrial employment the successful placing of these has been largely due to the special efforts made by Employment Exchanges. In filling vacancies for which suitable labour was not available locally, Exchanges in the non-depressed areas have endeavoured to obtain workpeople from the scheduled depressed mining areas before giving a wider circulation to the vacancies. They have also encouraged employers in districts of relatively low unemployment to reserve, where practicable, a small proportion of vacancies for workpeople from the depressed mining areas and have taken such other opportunities as were reasonable to promote transfer. In this way numbers of miners from the depressed areas have been placed in unskilled or semi-skilled employment. Considerable numbers of depressed area men have, moreover, been found colliery employment in developing coalfields. By dint of close co-operation with the colliery managers and careful study of their requirements and of the

working conditions prevailing in the various colliery districts, the standard of selection of men submitted to the collieries by the Exchanges in such that the Exchanges are of considerable service both to the employers and the men themselves in the matter of supplying suitable labour.

26. As was to be expected, the best of the unemployed labour in the depressed mining areas, so far as it was mobile, was the first to transfer to employment elsewhere, and in course of time it began to become apparent that many of the men left behind in the depressed areas who were prepared to transfer needed a course of hardening or re-conditioning in order to fit them for employment to which they might be sent. Increasing use has therefore been made of the Transfer Instructional Centres, at which selected men who have been unemployed for some time are helped to regain their fitness for work, and, at the end of their course, which lasts for a maximum of three months, special efforts are made by the Employment Exchanges to place them in employment on road and relief schemes and in other employment. In addition, numbers of men from the depressed areas have passed through the Government Training Centres where they have received instruction in certain occupations and on the completion of their course have been successfully placed in employment.

The recruitment of transferred men for State-aided schemes has been performed exclusively by the Exchanges. Men from the depressed mining areas are sent to schemes operating in relatively prosperous areas with a view to their ultimate absorption in the ordinary industrial employment in those areas and the Exchanges have been successful in placing large numbers of men from relief schemes in industrial employment in good absorptive areas.

Owing to housing difficulties, the transfer of married men with families in the depressed areas presents a special problem. Under the Household Removal Scheme, which is being administered through the Employment Exchanges, married men transferring permanently from the depressed areas to other districts where they have prospects of regular employment may receive loans or grants, according to circumstances for subsistence and household removal and with the assistance thus available the transfer of families from the depressed areas is steadily being effected.

27. *Agriculture.*—Unemployment in agriculture is of a different character from the severe and prolonged unemployment in the depressed mining areas, to assist in relieving which and in redistributing the surplus labour the Employment Exchanges, since 1928, have been carrying out the policy of industrial transference described above. Seasonal demands for labour for the harvest fruit picking, the beet sugar crop, etc., in excess of the local supply are met by the Employment Exchanges by importing labour from other agricultural or from urban industrial districts, but so far the Exchanges have had no occasion to deal on any considerable scale with problems arising from the displacement of agricultural labour. As agriculture is not within the scope of Unemployment Insurance, the use of Exchanges by agricultural workers and by employers is on an entirely voluntary basis.

II.—Unemployment Insurance.

HISTORY.

28. A historical review of unemployment insurance up to 1925 is given in paragraphs 4 to 29 of the Report of Lord Blanesburgh's Committee on Unemployment Insurance, 1927. Information on the origin of the scheme and

on its working down to 1925 is also contained in the official evidence tendered to that Committee and printed in Volume II of their Report. The following paragraphs of this note give an outline of the subsequent development of the scheme.

29. A very severe strain was thrown upon the Unemployment Insurance Scheme during 1926 and the early part of 1927 in consequence of the heavy increase in unemployment arising from the dispute in the coal-mining industry and the general strike. Besides the heavy increase in unemployment benefit arising from these causes, the finances of the scheme were worsened owing to the reduction of the revenue in consequence of the lowering of the contributions of all three parties under the Unemployment Insurance Act of 1925 and the Economy Act of 1926. The debt of the Fund in fact rose during the year 1926 by over £15,000,000 to £22,640,000.

30. Lord Blanesburgh's Committee reported in January, 1927, and the Unemployment Insurance Act, 1927, gave effect to their principal recommendations save with regard to the rate of contributions from the three contributing parties. The principal provisions of the 1927 Act were as follows :—

The discretionary power of the Minister to allow benefit where the contribution condition was not satisfied was abolished and all benefit was made payable as of right where the requisite conditions were satisfied.

Claims on which a considerable amount of benefit had been paid were to be subjected to a periodical review.

Lower rates of benefit were prescribed for individuals between the ages of 18 and 21.

The contribution qualification for benefit was altered so as to require the payment of not less than 30 contributions in respect of the two years preceding the claim.

The rates of benefit were slightly modified.

There were also various other changes relating to classes of dependants, the continuity rule and minor matters.

31. The Act came into force on the 19th April, 1928. Certain of its provisions, however, did not take effect until July, 1928, and the Act contained transitional provisions to apply to insured contributors who could not satisfy the full first statutory condition.

During 1928, as a result of the increase of unemployment, it was necessary to increase the borrowing power of the Unemployment Fund from £30,000,000 to £40,000,000. This was done by the Unemployment Insurance Act of 1928.

32. The provisions enabling the payment of benefit in cases where 30 contributions had not been paid in the previous two years were due to terminate on the 19th April, 1929, but as the employment position had not improved it was necessary to retain them. Accordingly the Unemployment Insurance (Transitional Provisions Amendment) Act, 1929, extended the transitional period for another twelve months. The effect of this measure was to enable considerable numbers of persons who would otherwise have fallen out of benefit from the 19th April, 1929, to continue in receipt of benefit. A second Act was passed later in the year increasing the Exchequer contribution to the Unemployment Fund to one-half of the joint contribution of employer and employed person, thus giving effect to the recommendation of the Blanesburgh Committee that the Exchequer contribution should be one-third of the total.

33. On 25th July, 1929, the Minister appointed a Committee under the chairmanship of Sir Harold Morris, K. C., to consider and report upon the constitution and procedure of statutory authorities performing the functions of insurance officers and courts of referees under the Unemployment Insurance Acts and the nature of the evidence to be required as to the fulfilment of the conditions or the absence of the disqualifications for the receipt of unemployment benefit under the Acts. The Committee* made recommendations regarding the procedure for the determination of claims, and also as to the then existing requirement that a claimant for benefit must show that he was "genuinely seeking work".

34. The Unemployment Insurance Act, 1930, carried out in the main the recommendations made by the Morris Committee, and in addition, while abolishing the "genuinely seeking work" condition, placed on the Ministry of Labour the onus of proving that a claimant had refused an offer of suitable employment. The Act made certain increases in the rates of benefit for persons aged 17, 18 and 19 and increased the rate of additional benefit for adult dependants from 7s. to 9s. a week. Also, certain additions were made to the classes in respect of whom dependants' benefit is payable. The periodical review of claims by courts of referees was abolished. The transitional period was extended for a further twelve months until the 19th April, 1931, and one of the transitional conditions, namely, that a claimant had had a reasonable period of employment during the last two years, was abolished. The cost of paying benefit under the extensions of the transitional period was transferred from the Unemployment Fund to the Exchequer. The operation of the provisions of the Act is limited to the 30th June, 1933, after which the Unemployment Insurance Acts, 1920-1929, will have effect as if the 1930 Act had not been passed.

35. Unemployment continued to increase towards the end of 1929 and during 1930, with the result that it was necessary again to increase the borrowing powers of the Unemployment Fund. Accordingly the Unemployment Insurance (No. 2) Act, 1930, was passed raising the borrowing powers to £50,000,000.

36. *Administration.*—The Unemployment Insurance scheme is administered by the Minister of Labour through the national system of Employment Exchanges. In the case of Juveniles, the administration is done in certain districts by the Local Education Authority.

The contributions from employers and employed are paid by means of unemployment insurance stamps purchased by the employer from the Post Office and affixed by him week by week to unemployment books issued to his workpeople. The employer of insurable persons is, in the first instance, liable to pay the joint contribution of himself and the employed persons, and he is entitled to recover the employed person's contribution by deduction from his wages.

37. When a worker obtains employment in an insured trade, he has to apply to the Local Office of the Department for an unemployment book which he takes to his employer. The employer retains the book all the time the man is employed, and keeps it stamped up-to-date. The book ordinarily runs for one year when it is exchanged for a new book. When the man falls out of

*Report of the Committee on Procedure and Evidence for the Determination of Claims for Unemployment Insurance Benefit, 1929. (Cmd. 3415.)

employment and wants to claim unemployment benefit he obtains his book from his employer and takes it to the Employment Exchange where he "lodges" his book. The book remains at the Local Office all the time that the man is claiming. One effect of this is that, as the man, being an insured worker, is more likely to get work in an insured trade than in any other trade, and can only start work in an insured trade by handing his book to his employer, a check is provided against improper claims as it is fairly certain that the man is not working whilst his book is lodged.

38. Each day that an insured person is unemployed he is required, in order to prove his unemployment, to attend at the Local Office and sign the Unemployed Register. This form contains the following notice:—

"Each time you sign this you are declaring that on the day or days for which you sign and any previous days signed or marked "excused" you were:—

- (1) unemployed;
- (2) capable of and available for work;
- (3) not in receipt of National Insurance sickness or disablement benefit."

When a claimant is seeking unemployment benefit he has, in addition, to sign another form. This contains his "application for unemployment benefit" including a declaration:

- (1) that he is the rightful owner of the book referred to and that the stamps thereon have been affixed by his employer;
- (2) his age last birthday;
- (3) the particulars of his last employment which are entered on another part of the form;
- (4) the date of the application.

39. As soon as the application for benefit is made or renewed, a form is addressed to the claimant's last employer requesting him to confirm the particulars furnished by the claimant when applying for benefit, to give the reasons why the employment terminated and to state whether wages or any payment by way of compensation for the loss of employment were paid in addition to the wages earned up to the date of termination of employment. Where the employer's reply indicates possible ground for disallowance of the claim, the terms of the reply are communicated to the claimant who is asked to furnish, within three days, any observations on the employer's statement which he desires to make. After three days the claim, together with the employer's reply and any counter-statement made by the claimant, are sent to the Insurance Officer for decision as to whether benefit should be allowed.

40. An insured contributor may, instead of making a claim direct to an Employment Exchange or Branch Employment Office, make his claim through an Association or Society which has made an arrangement under Section 17 of the 1920 Act. Such a claim is called an indirect claim. The same statutory conditions and disqualifications apply in each case, but the arrangements for obtaining proof of unemployment are dissimilar in certain respects and the weekly payments of benefit are made to their members by the Association instead of by the Employment Exchanges.

Benefit is normally paid on Friday of each week and is computed up to, and including, the previous Wednesday, or to the last day of proved unemployment if earlier. The claimant is required to sign a form of receipt for benefit

paid. The receipt is also a declaration that he fulfils the statutory conditions on the days in respect of which payment is made.

41. It has already been stated in paragraph 8 that the Claims and Record Office, Kew, keeps the accounts of the insured persons. When a claim for benefit is made at a Local Office, the Local Office has to send the particulars of the man to Kew in order to ascertain his contribution position. It is necessary to do this in order to ascertain whether the claimant satisfies the first statutory condition, namely, thirty contributions within the last two years.

When all the necessary particulars in connection with a claim for benefit have been ascertained by the Local Office, the claim is handed over to the Insurance Officer for him to determine whether the claim should be allowed. The procedure for the determination of claims is set out in U. I. L. 31 from which it will be noted that all claims, and all questions arising in connection with claims, are determined by the statutory authorities set up under the Acts. There is also a Leaflet U. I. L. 35, containing notes on the Powers and Procedure of Courts of Referees, prepared for the use of Chairman and Members of Panels.

42. *The Conditions essential for the Successful Operation of an Unemployment Insurance System.*—For the successful operation of an Unemployment Insurance system, the following conditions are necessary :—

- (1) The scheme must provide an insurance against unemployment on certain conditions and must not be a scheme automatically to give assistance to every insured person who is out of work.
- (2) Beneficiaries under the scheme must remain in the field of employment and be genuinely unemployed only from circumstance and in no way from choice.
- (3) An effective system of employment agencies must exist in order that :—
 - (a) the organization paying benefit shall be in a position to test the genuineness of claims by the offer of suitable employment ; and
 - (b) benefits can be paid through local offices which insured contributors are in a position to attend.
- (4) The scheme must be sufficiently comprehensive to provide for the great bulk of genuine unemployment.
- (5) The scheme must be on a sound financial basis, that is, the contributions must be such that over a trade cycle they will be sufficient to pay benefits and cost of administration.
- (6) The contributions must not be so high as to constitute too great a burden on industry or on the individual insured contributor.
- (7) The benefits, while being definitely less in amount than the general labourer's rate of wage, should as stated in the Blanesburgh Report,* " certainly be so substantial that the insured contributor can feel that if he has the misfortune to need them, then, taken in conjunction with such resources as may reasonably in the generality of cases be expected to have been built up, they will be sufficient to prevent him from being haunted while at

*Report of the Unemployment Insurance Committee, 1927.

work by the fear of what must happen to him if he is unemployed”.

(8) The benefits must not be so high as to tempt the insured contributor to improvidence when in receipt of good pay or to prefer benefit to work.

(9) The scheme must not interfere unduly with the mobility of labour.

(10) Subject to the above conditions, the scheme should be made as attractive in its benefits to the insured contributor as possible.

43. *The Administrative Machinery Required.*—There must be a Headquarters organization for the purpose of determining policy and supervising the local machinery.

The local administrative machinery must include an organization which maintains a register of situations vacant and is well acquainted with the labour market in the different localities. Accordingly an effective system of employment agencies is an essential part of the administrative machinery. These are also required for the purposes of enabling insured contributors to prove unemployment and to enable benefit to be paid to insured contributors. If the area covered by the scheme is large, divisional officers for controlling the agencies would be desirable.

There must be a ready means of ascertaining the amount of contributions and benefits paid, so that when a claim for benefit is made the position in this respect will be quickly available.

The Machinery of adjudication on claims must be such that decisions can be given quickly so as not to lead to hardship by reason of delay in payment of benefit. There must also be adequate facilities for appeal by both claimants and the authorities of the scheme in order, not only to satisfy all parties that their claims are fairly weighed, but also to secure uniformity in the decisions given throughout the country. There must accordingly be some form of expeditious appeal machinery.

44. *The possibility of and necessary conditions for the institution of a system of Unemployment Insurance restricted to a certain trade or trades, or to a certain locality or province.*—The Unemployment Insurance Act, 1911, applied only to certain selected trades, namely, Building, Construction of Works, Shipbuilding, Mechanical Engineering, Iron Founding, Construction of Vehicles and Saw-Milling, experience having shown that these trades were peculiarly liable to periodic fluctuations of prosperity. The Act of 1911 was experimental and the result of the experiment was to show that a State Unemployment Insurance system was practicable and that it could be applied to certain specified industries. The Act of 1920 extended the scope of the Unemployment Insurance scheme very considerably, so as to include, with certain specified exceptions, all persons engaged in manual labour, or otherwise employed at a remuneration not exceeding £250 a year. The chief employments excepted by the 1920 Act, and still excepted, from the Unemployment Insurance scheme are Agriculture and private domestic service. Accordingly the Unemployment Insurance scheme is not universal in its application.

As soon as unemployment insurance is set up for certain industries, there inevitably arises a demand for its extension to other industries, a demand which is always difficult to resist. It is possible to restrict the system to a

certain locality in the same way as it is possible to restrict it to certain trades, but again, if a system were established for a certain locality there would inevitably be a demand for its extension to other localities. There would also be a tendency to immobilize labour within the locality having the insurance scheme.

45. In general an Unemployment Insurance scheme should cover as many trades as possible, as unemployment is a general risk affecting all industries to a greater or less degree, and, having regard to the inter-dependence generally, there is no justification for allowing an industry to derive any advantage from its lower-than-average risk of unemployment. If the trades with low unemployment risks are permitted to establish unemployment insurance schemes of their own, then the problem so far as the industries with high unemployment is concerned is intensified, and it is just these industries whose need for an unemployment insurance scheme is much greater than the industries having low unemployment risks.

46. Under Section 18 of the 1920 Act, separate industries were allowed, under certain conditions, to contract out of the general scheme and to set up Special Schemes of their own, covering all workers in the industry or all such workers other than specified classes where unemployment could be more satisfactorily provided for than under the general scheme. The power to set up such schemes was suspended by the 1921 Act, and was abolished by the 1927 Act without prejudice to the schemes which had already been approved. These schemes were the Insurance Industry Special Scheme covering about 85,000 employees, which came into operation on 4th July, 1921, and the Banking Industry Special Scheme, covering about 41,000 employees, which came into operation on 14th July, 1924.

The question of particular industries contracting out of the general scheme and forming Special Schemes is dealt with in paragraphs 102 to 110 in the Report of the Blanesburgh Committee.

47. *Actuarial Basis of the unemployment Insurance scheme.*—Appendix No. 2 of the Report of Lord Blanesburgh's Committee contained a report by the Government Actuary in the scheme of contributions and benefits proposed by that Committee. The Actuary made a further report (Cmd. 2966) on the financial provisions of the Bill introduced to give effect to the principal recommendations.

Important changes in the Scheme were made by the Unemployment Insurance Act, 1930, and a further report by the Government Actuary (Cmd. 3437) dealt with the financial provisions of the Bill as introduced. Material changes were made during the Committee stage of the Bill and a white Paper (Cmd. 3453) was issued by the Ministry: a statement by the Government Actuary is appended to that Paper.

48. *Cost and Finance of the Scheme.*—Appendix II contains a statement of the Receipts and Payments of the Unemployment Fund to 31st March, 1929. At that date the Fund had borrowed £35,960,000; the debt is now (21st June, 1930) £42,510,000 and is increasing.

49. *Cost of the employment exchange service.*—A comparative statement of the cost of the Employment Exchange Service (Great Britain) from February 1910 to 31st March 1930 is given in Appendix III.

The total cost each year is set out in column 17, while column 18 gives the yearly cost of administration of Unemployment Insurance. Column 19 shows

the amount of the contributions each year from the Unemployment Fund towards the cost of Unemployment Insurance administration.

Separate accounts are not kept for the use of exchanges as employment agencies. The cost of placing all workpeople is included in column 17, while column 18 includes the cost of placing insured workpeople only.

50. *Staff of Divisional Offices and Employment Exchanges.*—The staff employed in the Divisional Offices and Employment Exchanges on the 26th of May 1930 numbered 14,018 constituted as follows :—

	Men.	Women.	
Permanent Officers ..	7	..	Divisional Controllers (£1,000).
	8	..	Deputy Divisional Controllers (£700-£800).
	58	8	First Class Officers (Men £600-£700 : Women £475-£550).
	134	13	Second Class Officers (Men £400-£550 : Women £300-£440).
	664	96	Third Class Officers (Men £200-£400 : Women £200-£300).
	1,170	392	Employment Officers (Men £200-£250 : Women £170-£220).
	2,436	750	Employment Clerks [Men £52-£75 (at 18)—£180 : Women £52-£75 (at 18)—£150.]
	1,145	..	'P' Class Clerks (Treasury rates).
	5	..	'P' Class Messengers.
	..	6	Superintendents of Typists (London £150-£180 ; Provinces £135-£162).
	..	46	Shorthand Typists (London 28/- — 46/- per week : Provinces 26/- — 42/- per week).
	..	48	Typists (London 32/- — 36/- per week ; Provinces 20/- — 34/- per week) ; Clerk Messengers.
	6	..	
Total ..	5,633	1,359	
Temporary Officers ..	4,581	2,002	Temporary Clerks (Treasury rates).
	..	122	Temporary Shorthand Typists (Treasury rates).
	..	282	Temporary Typists (Treasury rates).
	39	..	Temporary Messengers (Treasury rates).
Total ..	4,620	2,406	
GRAND TOTAL ..	10,253 Men 3,765 Women		
	14,018		

Of this staff 703 permanent and 246 temporary officers were employed in the divisional offices and 6,289 permanent and 6,780 temporary officers in Employment exchanges. The staffing of Branch Employment Offices is on a different basis and is referred to in paragraphs 61-2 below.

51. Of the permanent officers shown above, the Divisional Controllers, Deputy Divisional Controllers, 1st, 2nd and 3rd Class Officers, Employment Officers and Employment Clerks are members of the Ministry of Labour Departmental Class, a Civil Service Class constituted in its present form in 1921 in course of the general re-organization of the Civil Service which was then effected. The Class had its origin in a special staff of some hundreds of persons recruited

in 1909-1910 by public advertisement and subsequent interview (but without written examination) of selected applicants. For the introduction of Unemployment Insurance in 1913 this staff was considerably increased, recruitment again being by selection and interview but this time with the additional requirement of a qualifying (though not competitive) examination. The greater part of the staff recruited during the period 1909-1913 was established in 1914. Subsequent additions to the permanent staff were made during the years immediately following the War and by March 1921 their number had increased to upwards of 4,000. It was at this point that the re-organization took place which resulted to the formation of the present Departmental Class. A copy of the agreement arrived at on the Ministry of Labour Departmental Whitley Council under which the Departmental Class was constituted is attached.* Since 1921 certain minor modifications of this agreement have been effected (*e.g.*, in salary scales), but in the main it is applicable to present conditions.

52. *Staffing Basis of Employment Exchanges.*—The cadre of permanent staff which was in contemplation at the date of the 1921 Agreement was related to a figure of 4 per cent. of unemployment in the occupations to which Unemployment Insurance applies. From 1919 to date the over-all percentage of unemployment has, however, always been in excess of 4 per cent. and the permanent staff of the Exchange services has, therefore, at all times required to be supplemented by temporary staff to a greater or less extent according to the volume of unemployment current. In this connection it should be stated that apart from the changes in the amount of work falling upon the Exchanges as a whole owing to successive periods of good and bad trade, there are each year definite periods at which the work of the Exchanges increases substantially, *i.e.*, at each public holiday when large numbers of workpeople take enforced holidays in respect of which unemployment benefit is claimed, and at the beginning of July when the Unemployment Insurance books issued to contributors are exchanged for new books. At each of these periods additional temporary staff is recruited for the local officers for a few weeks' service, *e.g.*, for the exchange of books approximately 1,400 temporary staff is engaged annually for a period of four to five weeks.

53. It will be appreciated that, apart from these seasonal variations in the volume of work, the Ministry has a problem of considerable complexity in the control of the number of staff in the Exchanges. At the present time there are 417 Employment Exchanges; they are spread all over Great Britain; many of them are in more than one building and the control of their staffing individually is made more difficult by the fluctuating nature of the work and particularly by local such fluctuations. The ebb and flow of employment affects all Employment Exchanges but at some it is more marked than at others, while often heavy and totally unexpected increases or decreases in the number of claims to unemployment benefit may arise with consequent reactions on the number of staff employed. Unless, therefore, some calculus for measuring the staff required is devised which is easily understood that regularly applied, there is danger of inadequate or excessive staffing and moreover the Manager in charge of an Exchange will have much difficulty in organizing satisfactorily the work entrusted to him. From 1913 onwards various methods of

* Not reproduced here.

measurement were adopted none of which were wholly satisfactory. In 1929 what is known as the Staffing Basis Scheme was adopted. This scheme is now in force.

54. The work of each of the Employment Exchanges is considered in two parts:—

- (i) that which varies directly in volume with the rise and fall of unemployment; and
- (ii) that which is of a steadier character.

For the purpose of the scheme the staff required for the former is known as the "fluctuating staff", that for the latter as the "fixed staff", but the individual members of the staff, whether permanent or temporary, at an Exchange are not definitely classified under these headings. "Fluctuating staff" is fixed in relation to 7 specific items of work measured by current statistics which are required also for other purposes, all of which are reduced by means of divisors to a common denominator (known as a work unit). A work unit corresponds as nearly as possible to an hour's work. With approximately 40 working hours in a week 40 units of work normally represent the full week's work of one officer. The total work units for any week divided by 40 thus form the measure of the fluctuating staff required. For certain Exchanges with uncommon features of work an eighth item of work is provided for and reduced to work units by an appropriate divisor. The "fixed staff" is assessed in relation to 16 items of work which, though varying to some extent, are capable of fairly accurate measurement over long periods. A time allowance, which on the average seems likely to be necessary, is determined for each item of work each Exchange being considered separately and on its merits. Where necessary an allowance is made to represent the staff cost of special local circumstances (in effect this constitutes a 17th item). The number of hours so determined is recorded and reduced to its equivalent in staff units. The time allowances are not required to be adhered to rigidly from week to week but indicate average normal times and serve as a basis on which the manager needs to organize the work. They are adjusted from time to time according to requirements. This system enables the staff requirements of an Exchange to be adjusted promptly from week to week as occasion may demand. The necessary measure of control and the responsibility for ensuring that the staff corresponds to the bases fixed for the different Exchanges rests upon the divisional controllers of the seven divisions in which the Country is divided for Exchange purposes, subject to a general control on the part of Headquarters. The working of the system is checked by means of annual inspections of individual Exchanges arranged by the divisional office. The control from the Headquarters of the Ministry is exercised through the divisional offices by means of periodical examination of staffing returns and by general directions on matters of policy and principle. These are supplemented by regular inspections of the divisional offices and test inspections of a limited number of Exchanges.

55. For staffing purposes the Exchanges are graded first, second and third class Exchanges according to the importance of the Exchange as measured by the volume of work normally performed, though it is sometimes necessary, owing to long continued heavy unemployment in a given district to raise the status of the Exchange by which it is served. No definite cadre of staff is assigned to an Exchange by reason of its particular grading, but the staff

requirements are calculated in accordance with the Staffing Basis Scheme outlined above. It may, however, be of interest to the Commission to have particulars of the numbers of staff employed at a representative office of each class and there is therefore, attached a statement (appendix IV), showing the staff in post at the Bristol, Burnley and Chadderton Exchanges on the 13th April, 1930.

56. *Duties of grades of staff.*—The duties of the several grades of officers in Employment Exchanges and Divisional Offices are broadly speaking as follows :—

Shorthand typists and typists in Divisional Offices and such Employment Exchanges as provide sufficient appropriate work to justify their allocation. Employment clerks, 'P' Class clerks and temporary clerks in Divisional Offices and Employment Exchanges on minor clerical work as may be necessary to supplement the permanent staff.

57. *Employment Clerks* :—

- (i) In Employment Exchanges : dealing with individual workpeople in accordance with well-defined regulations, instructions or general practice, *e.g.*, taking claims for benefits from unemployed persons ; taking signatures of unemployed persons ; computing benefit ; paying benefit ; investigating claims where necessary ; preparing schedules for accounting purposes ; compiling returns ; keeping registers ; filing papers, etc.
- (ii) In Divisional Offices : registration and filing of papers, scrutiny of straightforward returns, etc., preparing material for returns, reports, etc., in prescribed forms, simple drafting and précis work dealing with particular cases in accordance with well-defined instructions or general practice.

General : Normally employment clerks are not called upon to supervise staff, but in times of pressure they may be required to supervise officers junior to themselves (*e.g.*, " P " class clerks or temporary clerks).

58. *Employment Officers* :—

- (i) In Employment Exchanges : officers responsible for the supervision of a small section of work in an Exchange.
- (ii) In Divisional Offices : officers responsible for the immediate supervision of a small section of work.

Third Class Officers :—

- (i) In Employment Exchanges : Managers in the smaller Exchanges or Exchanges of moderate size ; assistants to the managers of large Employment Exchanges : officers in charge of a department of a large Exchange or responsible for specialized work in a large Exchange.
- (ii) In Divisional Offices ; officers responsible for the immediate direction of blocks of work ; inspectors of the smaller Employment Exchanges and branch employment officers ; assistants to senior officers in the inspection of large Employment Exchanges ; special enquiry officers.

59. *Second Class Officers* :—

- (i) In Employment Exchanges : managers of second class Employment Exchanges ; assistants to the managers of the larger first class

Employment Exchanges ; in charge of departments of larger Employment Exchanges.

- (ii) In Divisional Offices : officers responsible for the control of groups of sections of work ; inspectors of local offices (other than the largest) ; assistants to the inspectors of the largest Employment Exchanges ; special enquiry officers.

60. *First Class Officers* :—

(i) In the largest Employment Exchanges ; managers.

- (ii) In Divisional Offices : officers responsible for the direction and control of groups of sections ; inspectors of local offices ; special enquiry officers.

61. *Branch Employment Offices* were first established in 1913 in order to provide Unemployment Insurance facilities in towns and rural districts where the establishment of full Employment Exchanges was not required or justified. Further Branch Employment Offices were established in 1916 and 1918. Until 1918, except in a few selected cases, Branch Managers were not required to perform Employment Exchange duties (*i.e.*, placing work).

The original aim was to obtain for the post of Branch Manager the part-time services in a particular area of a man of some substance and standing, who had other important interests to which to devote himself, *e.g.*, a solicitor, estate agent or part-time local Government official, and the Department was until after the War, generally successful in obtaining men of this type. After the War however, certain new factors affected the position. It became necessary to give preference in appointment to *ex-Service* men and the responsibilities attaching to Branch Offices were substantially increased both by the general requirement of the performance of placing duties and by the application of Unemployment Insurance to other trades and by the increase in unemployment. The result has been that a large proportion of Branch Offices have since that date required the full-time services of at least one man, in fact in 1929 only 242 of the 750 Branch Employment Offices then existing required less than the full-time services of one man, while in many cases Branch Managers have had to carry a load of work and responsibility greater than that of many small Employment Exchanges and have also had to employ larger staffs. In recruiting Branch Managers during recent years, therefore, the Department has found it more necessary to appoint persons who can, if necessary, give full-time services.

62. The Branch Manager is held responsible for the whole of the work of the Branch Office and any clerks he may engage for such work are his private employees. He is also held responsible for all public monies entrusted to his charge and is normally liable to refund in full all money irregularly or improperly paid in respect of benefit. He is also responsible for the provision at his own expense of premises suitable for the normal volume of work though the Department may bear the cost of such additional or other premises as may become necessary.

63. The remuneration of Branch Managers is determined as follows :—

Each Branch Office is placed in one of thirteen grades, the appropriate grade being determined by an estimate of the normal volume of work and its relation to the full-time service of a competent officer, *e.g.*, Grade 13 is assumed to require the equivalent of

the full time of a Branch Manager. Grade 9 is assumed to require 120/200 of full time.

The grading of each Office is considered annually. The volume of work actually performed by each Branch Office is reviewed monthly and where, owing to abnormal conditions, the work exceeds that of the grade of office by not less than 33 1/3 per cent., a special payment is made to the Branch Manager. In general terms this payment together with the fixed remuneration appropriate to the Branch Office covers the cost of the Branch Manager's staff to the extent to which it has been justifiably employed on the work of the Ministry, his own services and the cost of the provision of premises.

64. *Employment Exchange Premises.*—The provision of premises for Employment Exchanges is the responsibility of the Office of Works, the Ministry of Labour being responsible for the assessment of the amount of accommodation required and of any special features for which it may be necessary to provide in particular cases.

When the first Exchanges were established in 1910 the urgent necessity for the provision of premises by a given date and the inexperience of the Board of Trade and Office of Works as to the type of building best suited to the purpose led to the acquisition of a number of buildings (small shops, disused Post Offices, etc.) which in use were found to be unsatisfactory. With the addition of Unemployment Insurance duties many of the existing premises became inadequate. The War-time and post-War extensions of Unemployment Insurance and the increase of unemployment following the War still further complicated the accommodation problem. Consequently the history of Employment Exchange premises is in most cases that of a succession of extensions of premises and the hiring of emergency accommodation (e.g., church and other small halls, institutes, etc.), the erection of wooden huts and, more rarely, mainly for financial reasons, of more substantial buildings. The problem of providing adequate and reasonably suitable accommodation for Exchanges has, in fact, been one of the most difficult which has had to be faced in connection with Unemployment Insurance. The experience gained since 1909, has, however, enabled the Ministry and the Office of Works to arrive at definite conclusions as to the type of accommodation required, the best methods of its arrangement and the special requirements of different localities, and the two Departments have accordingly prepared in conference a memorandum setting out the standards and bases of calculation which should generally be observed and used in providing Employment Exchange premises.

65. During recent years substantial progress has been made in the improvement of existing premises and the provision of up-to-date buildings but so long as unemployment continues at its present high level, the Department will find it necessary to occupy emergency premises supplementary to the permanent offices. On the 31st May, 1930, the 417 Exchanges occupied 765 separate premises.

III.—History of Minimum Wage Legislation and Administration in Industry in Great Britain under the Trade Boards Acts, 1909 and 1918.

Pre 1909 Period.

66. *Position leading up to passing of Trade Boards Acts of 1909.*—During the years 1885-1909 much public attention was directed to the conditions of workers

in certain trades, in which it was alleged that "sweated" conditions prevailed, particularly the chain trade at Cradley Heath, and the box-making trade and certain sections of the clothing trades. The report of the Select Committee of the House of Lords on the sweating system, presided over by Lord Dunraven, was issued in 1890, and was followed by the introduction of various private Bills, notably Sir Charles Dilke's "Sweated Industries Bill" and authoritative information on the subject became available towards the end of the period through the Board of Trade Inquiry into Earnings and Hours in 1906. In 1906 the Anti-Sweating League was formed to press for legislation for the prevention of sweating. In 1907 and 1908, Select Committees of the House of Commons on Home-work were set up. The Committee of 1908 came to the conclusion that "sweating" prevailed extensively, not only among home-workers (with whom the Committee were directly concerned), but also among factory workers in trades in which home-work was prevalent, and they were convinced that only legislation could remedy this state of things. They recommended the establishment of "wages boards" immediately in tailoring, the making of shirts, under-clothing and baby linen, and the finishing processes of machine-made lace, and they proposed that the Home Secretary should be empowered to establish wages boards, after enquiry, in any other trade.

1909-1918 Period.

67. *Brief account of system and extent of Wage Regulation under the Trade Boards 1909 Act.*—The Trade Boards Act of 1909 in the main followed the lines of the Report referred to in the preceding paragraph, though it was not confined to home-workers. In framing the Bill, the Board of Trade had before them, besides the results of the Inquiry into Earnings and Hours referred to above, the experience of certain of the Dominions in dealing with the same problem. The conciliation and arbitration system of New Zealand dates from 1891, and the Wages Boards of Victoria, which present a closer parallel to the machinery actually adopted in this country, date from 1896. An enquiry into the operation of the legislation in Australia and New Zealand was conducted in 1907 by the late Mr. Ernest Aves for the Home Office.

68. The most prominent features of the Trade Boards Act of 1909 are three. In the first place, minimum rates of wages are fixed trade by trade. Secondly, the power of fixing such rates is entrusted, not to a Government Department or to a judicial or quasi-judicial body, but to a joint board, composed of equal numbers of representatives of employers and workers in the trade concerned, with the addition of a few independent "appointed members". In the third place, the rates fixed by a Trade Board become, when confirmed by a Minister of the Crown, enforceable by either civil or criminal proceedings, and are enforced at the expense of the Government through a body of inspectors.

69. Four trades (Chain, Lace Finishing, Paper Box and Tailoring) were included in the Schedule to the Act of 1909, and power was given to increase the number by Provisional Order. Under this power, four more trades (shirt-making, Sugar Confectionery and Food Preserving, Tin Box and Hollow-ware) were added in the next few years, so that by 1915 the Act covered eight trades in which approximately half a million workers were employed.

70. When the first Boards were set up an official of the Board of Trade was appointed as whole-time Chairman to all the Boards. In addition to his duties as Chairman of the Boards in connection with the fixing of minimum rates

the Chairman was given control of the small staff of Inspectors then employed. He referred, however, to the Board of Trade all cases of doubt and in particular all cases in which legal proceedings were contemplated. On the death of the Chairman in 1917 the Ministry of Labour decided to discontinue the practice of appointing one whole-time chairman for all Boards and appointed instead a separate chairman (who was an independent person) for each Board or group of Boards. At the same time the control of the Inspectorate was transferred to the Secretary of the Boards who was responsible to the Minister of Labour.

70a. *Results of Act leading to passing of the Amended Trade Boards 1918 Act.*—During the war the Trade Boards were temporarily superseded for practical purposes by the wages orders of the Ministry of Munitions. The system had, however, established itself and it was anticipated that Trade Boards would play an important part in facilitating industrial re-adjustments after the war. In March 1917, the Reconstruction Committee issued a memorandum on the regulation of women's wages after the war, in which they anticipated that the conditions at or soon after the close of the war would be likely to cause a sudden and considerable fall in the level of remuneration in semi-skilled and unskilled occupation, and they recommended the use of Trade Board machinery in order to protect the wages of women workers.

71. In the same year the Committee on Relations between Employers and Employed (the Whitley Committee) recommended, as a means of securing industrial harmony, Joint Standing Industrial Councils for the well organized trades, and Trade Boards for the less organised trades pending the development in these trades of such a degree of organization as would justify the establishment of a National or District Council. The Committee, therefore, advised that the Trade Boards "in addition to their original purpose of securing the establishment of a minimum standard of wages in certain unorganised industries. should be regarded as a means of supplying a regular machinery in those industries for negotiation and decision on certain groups of questions dealt within other circumstances by collective bargaining between employers' organisations and trade unions". The Committee also advised that the functions of Trade Boards should be enlarged so as "to deal not only with minimum rates of wages, but with hours of labour and questions cognate to wages and hours"; and "to initiate and conduct enquiries on all matters affecting the industry".

72. In the following year the amending Act of 1918 was passed. The general structure of the earlier Act remained unchanged, and the amendments were mainly directed to facilitating the formation of fresh Trade Boards and to improvements in the machinery suggested by experience.

73. In particular, the amending Act abolished the slow procedure by Provisional Order and substituted procedure by Special Order. A further amendment was the alteration of the description of the class of trade to which the Acts could be applied. The condition set out in the Act of 1909 was that the Board of Trade should be satisfied that the rate of wages prevailing in any branch of the trade was "*exceptionally low* as compared with that in other employments" [Section 1(2)]. By the Act of 1918, the Minister of Labour (to whom the administration of the Trade Boards Act had been transferred in 1917) is empowered to establish Trade Boards in any trade in which he is of opinion that no adequate machinery exists for the effective regulation of wages throughout the trade, and that accordingly, having regard to the rates of wages prevailing in the trade or any part of the trade, it is expedient that a Trade Board

should be formed. Trade Boards were not given the wider powers suggested by the Whitley Committee, but a clause was inserted empowering them to make a recommendation to any Government Department with reference to the industrial conditions of the trade.

1918-1930 Period.

74. *Trade Boards Act, 1918.*

I Administration.

Trades covered.—(Nos. of employers and workers affected).

There are at present 45 Trade Boards in Great Britain affecting approximately 101,000 employers and one and a quarter million workers. 35 Boards cover the whole of Great Britain, 5 England and Wales only and 5 Scotland only. A list of the Boards, together with the approximate number of employers and workers affected in each trade is given in Appendix V.

The 40 trades to which the Acts have been applied may be divided broadly into the following groups :—

- (1) The clothing group of trades which are carried on on a wholesale scale in factories and are also carried on in small workshops—(577,000 workers).
- (2) The public service group of trades, such as milk distribution, laundry and boot repairing—(280,000).
- (3) The light metal group of trades centred in the Midlands—(60,000).
- (4) The textile group—(55,000).
- (5) The luxury trades (tobacco, sugar confectionery and aerated waters—(147,000).
- (6) The miscellaneous manufacturing trades—(120,000).

It will be appreciated that some of the trades have to meet the competition of foreign producers both in the home and foreign markets, while others supply home markets only and have no foreign competition to face.

75. *Composition and method of appointment of wage-fixing bodies.*—A Trade Board consists of members representing employers and members representing workers in equal numbers, together with three independent persons known as "Appointed Members", one of whom acts as Chairman. Women equally with men are eligible for appointment as representative members, and in the case of all Trade Boards for trades in which women are largely employed, it is necessary for at least one of the "Appointed Members" to be a woman. When a Trade Board is constituted the representative members are selected with a view to giving representation *as far as possible to* :—

- (a) each distinct section or branch of the trade ;
- (b) all the main classes and grades of employers and workers in the trade ;
- (c) the principal districts or centres in which the trade is carried on.

The Acts require the direct representation of home-workers in any trade in which a considerable proportion of such workers is employed.

76. All Trade Board appointments are personal appointments, and are made by the Minister. No seats are allocated for the purpose of giving representation to associations of employers and of workers as such, but it is the practice to appoint candidates suggested by such associations so far as they satisfy the above-mentioned requirements. Failing a sufficient number of suitable nominations from this course candidates are obtained by direct investigation. At the end of 1929, of 1,042 employers' and 1,042 workers' representatives on

Trade Boards, 886 and 728, respectively, were the nominees of trade organizations. The number of representative members varies considerably, ranging from 60 (30 a side) in the case of the General Waste Materials Reclamation Trade Board to 12 (6 a side) in the case of the Drift Nets Mending Trade Board.

77. Members of Trade Boards normally hold office for a period of two years, but their appointments may be renewed, so long as they continue to represent interests in the trade. Members do not automatically vacate their seats on the expiry of their period of office, but continue to hold them until their appointments are renewed or until other members are appointed in their place.

78. *Powers of wage-fixing bodies and relation to Ministry of Labour.*—A Trade Board must fix a minimum rate or minimum rates of wages for time-work. Where no other rate has been fixed piece-workers must be paid at rates sufficient to yield, in the circumstances of the case, to an ordinary worker at least as much money as the minimum time rate. They may also fix other minimum rates as follows :—

- (i) General minimum piece-rates, that is, minimum rates for piece-work.
- (ii) Special minimum piece-rates, that is, minimum rates for piece-work which may be fixed at the request of an employer for workers in his employ engaged on work to which a minimum time-rate but no general minimum piece-rate is applicable.
- (iii) A guaranteed time-rate, that is, a rate per hour which will ensure a minimum amount to piece-workers for the time during which they have been employed, if their piece-work earnings fall short of the guaranteed rate.
- (iv) A piece-work basis time-rate, that is, a rate which when fixed takes the place of the general minimum time-rate as the basis rate for piece-workers for whom no general or special minimum piece-rate has been fixed. In the absence of a general or special minimum piece-rate, piece-workers must be paid at a piece-rate that is sufficient to yield in the circumstances of the case to an ordinary worker at least as much money as the basis rate.
- (v) Overtime rates, that is, rates either for time-work or for piece-work performed during overtime. For this purpose the Board have power to declare the normal number of working hours per week or on any day in the trade.

79. In the case of all these various kinds of rates the Board can fix different rates for different classes of workers or for different districts. In particular, they can fix special rates for learners and make payment of these subject to the observance of conditions which will ensure that they are taught the trade properly. Rates may be fixed to operate for a certain time only, or to increase or diminish on the expiration of specified periods. It will be seen, therefore, that the Board could, if they thought fit, fix appropriate minimum rates of wages for each class of workers in their trade, but they may if they choose fix one general minimum time-rate only and leave higher rates to be settled between the employers and workpeople concerned.

80. A Trade Board may set up in any district a District Trade Committee, to assist them in their work in that District, by recommending what minimum

rate should be fixed and by reporting on the Boards proposals, and otherwise acting in an advisory capacity. The Committees consist of an equal number of employers and workpeople, some of whom are members of the Board and the remainder representative of the employers and workers in the district. There is also at least one "appointed member" on each Committee. The Trade Board decide what Committee shall be set up and for what districts they shall act, but the members of the Committees other than Trade Board Members are appointed by the Minister.

81. When a Trade Board propose to fix or vary a rate they must insert a notice of the proposal in the *London Gazette* and in the case of proposals affecting Scotland in the *Edinburgh Gazette* and send a notice to every employer in the trade whose name and address are known. Every such employer is required to exhibit a copy of the notice in his works or place of business or in the place where work is given out, so that workpeople may see the proposal. Two months are allowed in which either employers or workpeople may object to the proposal. If after considering any objections received the Board decide to fix or vary the rate, they inform the Minister of Labour accordingly, and within one month the Minister makes an Order (unless for some special reason he thinks that the Board should reconsider their decision) confirming the rate or the variation and stating the day on which it is to come into force. Thus a new rate can come into operation in about three months after the Board reach a decision upon a proposal to fix it.

82. Appendix VI attached gives the minimum time-rates at present in force for the lowest grade of adult male and female workers.

Enforcement.

83. *Publicity.*—When a rate has been fixed and confirmed by the Minister the Trade Board insert an announcement of the making of the Minister's Order in the *London Gazette* and if necessary in the *Edinburgh Gazette*, and send a notice giving particulars of the rate to every employer in the trade whose name and address are known to them, and in addition they endeavour by publication in trade journals and in the Press to ensure that all employers are informed. An announcement is also inserted in the *Ministry of Labour Gazette*. Non-receipt of the notice does not relieve an employer of his statutory liabilities.

84. *Inspection (Extent and system).*—The enforcement of the Trade Boards Acts is carried out by a special staff of Inspectors (appointed by the Minister of Labour) who at present number 78 under the control of a Chief Inspector. The Inspectorate are decentralized in eight principal industrial centres, a senior Inspector being in charge of a group of Inspectors in each Division. The method of inspection followed is the investigation of all complaints which cannot be settled by correspondence and as much routine inspection as possible.

85. Of the workpeople whose remuneration is regulated under the Acts, the wages paid to 9·3% were investigated in the year 1929. The workers to whom arrears of wages were paid represent approximately 4·3% of the workpeople whose wages were examined. Of this number, 3,246, or 62·2% were found to be in receipt of more than 90% of the appropriate minimum rate, and 1,968, or 37·8% to be in receipt of 90% or less of these rates. Of the 101,330 firms known to be subject to the provisions of the Trade Boards Acts, 15·1% (15,289) were inspected, and of these 2,336, or approximately 15·2%, paid arrears of wages to one or more workers.

86. *Prosecution.*—The Acts provide penalties following conviction in the Courts for the following breaches of the Acts :—

- (1) Failure to pay not less than the appropriate minimum rate.
- (2) Failure to post up the relevant Trade Board notices.
- (3) Failure to keep proper records of wages.
- (4) Receiving a premium except a premium paid in pursuance of an instrument of apprenticeship within four weeks of the commencement of the employment.
- (5) Obstructing an Inspector or furnishing false records of wages.

87. If an Inspector considers that breaches of the Acts discovered by him are sufficiently serious to warrant the institution of criminal proceedings, he makes a recommendation to this effect when submitting his report. If the recommendation is endorsed by his senior inspector, the question is considered by Headquarters staff after consultation with the Legal Adviser to the Ministry. Legal proceedings are conducted in the courts either by officers of the Legal Department of the Ministry or by Counsel briefed by them.

Where necessary civil proceedings for the recovery of arrears of wages due under the Acts are conducted in the Courts by officers of the Legal Department of the Ministry.

88. *Cost of Administration of Trade Boards.*—A comparative statement of the approximate net cost of the administration of Trade Boards in 1927 and 1928 and of the estimated cost in 1929 and 1930 is given in appendix VII. The increase for 1930 is due mainly to reinforcement of the Inspectorate.

Economic Effect of Minimum Wage Legislation.

(a) On the industries concerned.

(b) On classes of individuals concerned.

89. The machinery of the Trade Boards Acts—the representative nature of the Boards, the advertisement of proposed rates throughout the trade, the power of the Minister to refer rates back for reconsideration—appears to have secured that the rates fixed are generally acceptable to the trades affected. It is true that, in a period during which industrial conditions fluctuate rapidly there are complaints that the rates may not, under the statutory procedure, be varied quickly enough, and when the great depression of trade began in 1920 complaints by employers against the operation of the rates were general though by no means universal. A Committee under the Chairmanship of Lord Cave appointed by the Minister in 1921 to enquire into the working and effects of the Acts came to the conclusion that there were grounds for complaint in a few cases. The rates in these particular trades have since been adjusted, and the volume of complaints has greatly diminished. On the other hand, the Committee testified to the beneficial effects of the Acts in affording protection to the good employer, able and willing to pay a reasonable rate of remuneration to his workers, from unscrupulous competitors prepared to take unfair advantage of the economic necessities of their workers. The existence of such competition had been stated by employers to have been an important factor in preventing a general improvement in conditions in their trades in the past. The Balfour Committee on Industry and Trade, which considered the matter more recently, reported as follows :—

“ We have received no evidence of any substantial prejudice caused to the competitive power of British export trade by the operation of those Acts as actually administered, though apprehensions as to

the possibility of their undesirable extension to other trades were expressed by some witnesses. Others, however, urged that the system should be more widely applied. It is manifest that the Acts have had important and beneficial effects in diminishing poverty and extreme hardship in the trades to which they have been applied. In our judgment this success has been largely due to the fact that Trade Boards have generally based their rates not on any theoretic minimum standards of life but on the practical conditions of the industry and on a comparison with the rates arrived at by voluntary agreement in other industries for somewhat similar services."

90. In appendix VIII will be found a comparison of the percentage of unemployment in Trade Board trades, with that in other trades over a recent period. It will be seen that the Trade Board group has experienced less than the average amount of unemployment.

91. *The Effects upon organization of Employers and Employed in the Industries Concerned.*—There is in most or all of the Trade Board trades a nucleus of organized workers, though the percentage of organized workers over all these trades probably does not exceed 30 per cent. Such a nucleus may consist of male workers, as in the Birmingham Small Metal Wares trades; or of workers in a particular area, as in London in the Milk Distributive trade; or again, of workers in a particular section of a trade, as in the Cocoa and Chocolate Section of the confectionery trade. The leaders of these organized sections have a place upon the Trade Boards and are brought regularly into touch with the employers in their trade. The Trade Board fixes, often by agreement between representatives of employers and workers, minimum rates of wages, and in a number of cases these rates are those which the organized, as well as the unorganized sections of the trade, actually receive. The practical effect of Trade Boards has thus been to give the nucleus organization which already existed, or which came into existence upon the creation of the Trade Board, an effective influence in settling rates of wages.

92. So far as concerns employers there is no evidence that the establishment of a Trade Board has in any case weakened organization in existence when the Board was set up, and in a number of cases the result of applying the Acts was to provide an incentive for the creation of an organization. Upon the workers' side there is a difference of opinion; some Trade Union authorities holding the view that the existence of a minimum rate weakens the incentive for organization. It may be mentioned that the General Council of the Trade Union Congress have, it is understood, recently set up a Committee to consider this aspect of the question.

93. It should be added that, whilst there has in recent years, been a general decline of Union membership in industry, there is no evidence in the possession of the Ministry of Labour that this decline has been specially marked in the Trade Board group of trades.

LIST OF APPENDICES.

APPENDIX.	SUBJECT.
1*	Labour Exchanges Act, 1909.
2*	General Regulations under the Labour Exchanges Act, 1909.
3	Memorandum on Juvenile Employment Exchange Facilities.
4	Special (Juvenile) Rules under the Labour Exchanges Act, 1909.
5	Appendix to ditto.
6*	Annual Report (1928) on Juvenile Employment Committees.
7*	Leaflet E. D. L. 2.
8*	Minister of Labour's circular letter to Employers.
9*	Report of the Blanesburgh Committee on Unemployment Insurance (Volume I).
10*	Report of Morris Committee.
11*	Leaflet U. I. L. 31.
12*	Leaflet U. I. L. 35.
13*	Report of the Government Actuary (Command 2986).
14*	Report of the Government Actuary (Command 3437).
15*	White Paper issued by Ministry of Labour (Command 3453).
16	Statement of Receipts and Payments of Unemployment Insurance Fund.
17	Statement of Cost of the Employment Exchange Service.
18*	Agreement relating to the 1921 reorganisation of the Ministry of Labour Departmental Class.
19	Staff of representative 1st, 2nd and 3rd Class Employment Exchanges.
20*	Grades of Branch Employment Offices.
21*	Memorandum on Employment Exchange Premises.
22	List of Trade Boards.
23	Minimum Rates of Wages prescribed by Trade Boards.
24	Statement of Cost of Trade Boards Administration, etc.
25	Percentage of Unemployment in Trade Board Trades.

APPENDIX 3.

Employment Exchanges.

Arrangements in regard to Juveniles.

1. The powers of the Ministry of Labour to advise boys and girls on the choice of a career, to place them in employment, and to watch over them until they are successfully established in their occupations, are derived from the Labour Exchanges Act, 1909. Similar powers were conferred on Local Education Authorities by the Education (Choice of Employment) Act, 1910, subsequently embodied in the Education Act, 1921, and modified by the provisions of Section 6 of the Unemployment Insurance Act, 1923. In certain areas, therefore, Education Authorities are exercising the powers granted them under the Education Act, and the work is performed through Juvenile Employment Committees appointed by the Authority. In other areas the work is performed directly by the Ministry with the assistance of Juvenile Advisory Committees, which advise in regard to the management of the Juvenile Departments of the individual Employment Exchanges to which they are attached.

2. Though the local administration of these activities can be undertaken either by the Local Education Authority or the Ministry of Labour, in both cases the central responsibility for the services connected with juvenile employment lies with the Ministry of Labour, the responsibility, in this respect, of the Board of Education under the Education Act, 1921, having been transferred to the Ministry of Labour as from September, 1927, under the Ministry of Labour (Transfer of Powers) Order, 1927.

3. Under the Labour Exchanges Act, 1909, the Board of Trade was given power to establish Advisory Committees to advise and assist the Board in connection with the Labour Exchanges set up under that Act (the title "Labour Exchange" has been altered to "Employment Exchange" and the powers conferred upon the Board under the Act have since been transferred to the Ministry of Labour). A copy of the Special Rules made in accordance with Section 2 of the Act in regard to the administration of juvenile work

and the registration of juvenile applicants is given in Annexure 1. Employment Exchanges have been established in all the principal industrial districts in Great Britain and at present there are 175 local Juvenile Advisory Committees attached to Employment Exchanges in those areas in which the Ministry is directly responsible for the work of advising boys and girls with regard to the choice of employment. In London and Glasgow, Advisory Councils for Juvenile Employment have been set up to co-ordinate the work of the several local Committees in these two Cities.

4. The model constitution of a local Juvenile Advisory Committee is as follows :—

1 Chairman.

4—6 representatives of the Local Education Authority, or Authorities, concerned.

6 employers, representing the more important local industries in which juveniles are employed.

6 workpeople from among the principal local industries.

2 representatives of Secondary Schools.

2 Elementary School teachers.

4 others interested in, or with expert knowledge of, the problems of juvenile employment.

The Secretary of the Committee is usually the Officer in charge of the Juvenile Department of the local Employment Exchange.

5. Under the permissive provisions of the Education Act, 53 County Boroughs, 48 Boroughs and Urban Districts and 9 County Councils, exercise Choice of Employment powers in respect of the whole, or part, of their administrative areas. The work of the local Committees appointed direct by the Minister of Labour, and those appointed by the local Education Authorities, differs slightly in detail of organisation and method, but the objective is the same in each case, and the following description of the work of Local Committees will, broadly speaking, apply to both types of Committee.

6. The functions of a Juvenile Advisory Committee are to advise the Minister of Labour on the management of a Local Employment Exchange in regard to juvenile applicants for employment, and to give information and advice to boys and girls, and their parents, with regard to Choice of Employment. The Committees interpret their functions broadly and engage in many relevant activities.

7. Shortly prior to the end of school term, or, in some cases, shortly afterwards, Head Teachers send to the Secretary of the Local Committee "School Leaving Cards," carefully completed with information showing the educational attainments, the physical and temperamental characteristics of the boys and girls about to leave school, the kind of employment they (and their parents) desire, supplemented by information in regard to the domestic circumstances, and any special qualifications possessed by the school leaver. The actual work of advising boys and girls, and their parents with regard to the choice of employment is carried on mainly in the one or two ways—(a) by School Conferences, or (b) by Advisory Rotas held at the Employment Exchange. At the School Conferences, all the boys and girls leaving school at end of the term are interviewed at school by members and the Secretary of the Juvenile Advisory Committee, in consultation with the Head Teachers. In London, and certain other areas, representatives of school "Care Committees," voluntary organizations, evening institutes, and continuation classes, also attend. The parents are invited to be present at the Conference and usually attend. The advice given to a boy or girl in regard to the selection of a suitable occupation can thus be based upon the intimate knowledge of the child possessed by the Head Teacher, and the industrial knowledge of the representatives of the Juvenile Advisory Committee, the domestic circumstances being taken into account in all cases.

8. In those areas where the Juvenile Advisory Committee had adopted the system of Advisory Rotas, boys and girls about to leave school are invited, with their parents, to the Employment Exchange for a talk with members of the Committee. The Head Teacher is not necessarily present at these interviews but the school leaving card with full particulars of the applicant's school career, etc., is available to the members present. Arrangements are made to enable boys and girls desiring to enter a particular occupation, to consult with those members of the Committee with special knowledge of the occupations concerned. In all suitable cases boys and girls are encouraged to continue their general or vocational training at continuation classes or possibly to remain at school until the particular kind of vacancy desired is available.

9. It is often found that boys and girls appearing before the Committees have little definite idea of the kind of career which they wish to pursue; in other instances, they, or

their parents, may have very definite ideas on this point, but possibly it is difficult to reconcile the desire of the parents with the educational, temperamental and physical qualifications of the child. Local Committees endeavour, as far as possible, to reconcile these differences and difficulties, and to recommend an occupation in which the child is more likely to "make good." In order to assist the child in making up his or her mind many Committees have made arrangements for boys and girls from a group of neighbouring schools to be brought together to a centre where addresses are given by industrial experts describing the characteristics and methods of working in an occupation, or a series of related occupations; in other areas Committees have organized visits to firms whereby groups of children about to leave school are taken over local industrial establishments where they are able to see the nature of the industry, the methods of its operation, and the kind of work upon which other boys and girls are engaged. By these means the juveniles are able to obtain a better conception of the variety of occupations which may be available to them when they enter the industrial or commercial world.

10. It is the object of the Employment Exchange, or the Juvenile Employment Bureau of the Local Education Authority, to endeavour as far as possible to obtain for the boy or girl a situation in the occupation which has been advised as the result of either the School Conference or the Advisory Rota. In view of the fact that the type of occupation desired, and advised by the Local Committee, is generally known beforehand, the Secretary of the Committee is often able to conduct enquiries among employers so that a vacancy may be available for a boy or girl at the time when he or she leaves school. This is especially the case in regard to boys or girls who have shown a particular aptitude in certain directions, and for whom a specialized kind of vacancy is sought. Similarly, a special effort is required, and made, in respect of sub-normal children for whom, again, an occupation of an exceptional character is required.

11. Advising a boy or girl on the choice of employment requires not only a detailed knowledge of the educational, physical and temperamental capacity, and domestic circumstances of the individual juvenile to be advised, but also an intimate acquaintanceship with the nature and conditions of employment in the local industries and the openings they provide. This two-fold need is recognized in the form of close co-operation established between the school and the Juvenile Department of the Exchange, or Employment Bureau.

12. Attached to schools in London are established "Care Committees" who, generally speaking, have an intimate knowledge of the family circumstances and home life of the boys and girls attending the school. The experience of these voluntary helpers is available to the Juvenile Advisory Committee in connection with this work.

13. The Juvenile Department of the Employment Exchanges maintains an up-to-date survey of local occupations suitable for boys and girls. This document, which contains detailed information regarding the industries, etc., carried on in the Committee's area, the wages and conditions of employment offered by firms engaged in them, etc., is made available to members of the Committee in connection with their advisory work. In London, the Ministry of Labour—in conjunction with the Advisory Council for Juvenile Employment—has published a Handbook on occupations for boys and girls in London dealing comprehensively with the openings and opportunities available to boys and girls in the industrial and commercial areas in and around London. Similar publications are in course of preparation or are contemplated, for other big industrial or commercial areas.

14. Experience has shown that the more vacancies the Employment Exchange has to offer, the larger the number of applicants who are attracted to the Exchange as applicants for employment, with a corresponding improvement in the standard of qualifications; indeed there is a close inter-action as regards quantity and quality between the applicants desiring employment and the vacancies available for them. In effect, the greater the use made of the Exchange by employers and workpeople, the better is service rendered by the local Offices. When a boy or girl has been placed in employment it is of first-rate importance to ascertain whether or not the work is suitable, and also, whether the juvenile is making a success of it. For this reason the Advisory Committee keep in touch with the boys and girls from the time when they leave school as may be necessary, up to 18 years of age. At intervals the juvenile is invited to attend a Supervisory Rota at the Employment Exchange at which members of the Committee are present, and from whom the juvenile may obtain such additional advice as may be necessary. Here he is encouraged to talk over with the Committee members his successes,

aspirations and difficulties, and the opportunity is again taken to impress upon him the advantages to be derived from continued education. Officers of the Committee also visit the firms with whom juveniles have been placed in order to ascertain the employer's experience in regard to the progress made by the boy or girl, at the same time making use of the opportunity to canvass for additional vacancies. Again, in some areas arrangements are made for voluntary workers to visit the homes of those boys and girls who have been placed, should such visits be found necessary. The underlying principle of this supervisory aspect of the work of Juvenile Advisory Committees is that the juveniles may have at all stages of their careers some persons to whom they may turn for friendly advice in regard to their industrial or commercial life. The fact that many firms appreciate the careful selection and oversight of juvenile labour undertaken by the Local Committees, and recognize its value in contributing towards the stability of young workers in industry, is indicated by the fact that they have agreed to devolve on the Juvenile Advisory Committees the duties of choosing their juvenile workers through the Exchange, and display notices to this effect outside their establishments.

15. The numbers of vacancies for juveniles notified to, and filled by, Employment Exchanges and Juvenile Employment Bureaux of Local Education Authorities during the past eight years were as follows :—

Year.	Vacancies notified.	Vacancies filled.		
		Boys.	Girls.	Total.
1922	131,470	49,936	63,734	113,670
1923	171,180	74,792	74,815	149,607
1924	250,487	111,761	95,460	207,221
1925	292,589	126,521	110,286	236,807
1926	266,021	114,872	105,353	220,225
1927	318,106	140,066	124,596	264,662
1928	340,415	148,924	132,648	281,572
1929	391,209	168,706	148,309	317,015

It will be noted from the above figures that each year (with the exception of 1926) the total number of boys and girls placed in employment has progressively increased, and the placings in 1929 represent, in fact, an increase of nearly 180 per cent. on those of 1922.

16. Among the difficulties experienced by Juvenile Advisory Committee in ensuring sound choice of employment by boys and girls leaving school is the practice of direct recruitment which prevails in certain industries, more especially the coalmining and textile industries. In these, the normal procedure is for the boy or girl to obtain employment through the good offices of the father, or other relative or friend, already engaged in the industry. This feature is very prominent in areas in which the industry concerned is the main avenue of employment in the district, and sometimes the consequence is that a boy or girl may thus enter an occupation for which he or she is not suitable, particularly from the point of view of physical capacity. Juvenile Advisory Committees in these areas, have accordingly, given special attention, with some measure of success in certain districts, to regularizing the recruitment of juveniles for these industries with particular reference to the suitability of the occupation for the individual boy or girl.

17. During recent years, Local Committees throughout the country have developed closer co-operation with Secondary Schools with a view to providing vocational guidance and assistance in finding employment for boys and girls who have continued their education beyond the normal school leaving age of 14 years. For this purpose, the Headmasters and Headmistresses of Secondary Schools are represented on the Local Committees in each area, and there is considerable evidence of the increasing value and effectiveness of this co-operation. In London, special Committees called the Headmaster's Employment Committee and the Headmistresses' Employment Committee have been set up, representative of the Heads of Public Secondary Schools and of industrial and commercial undertakings, to deal specifically with the large numbers of boys and girls from these schools in the London area.

18. The prolonged depression in the coalmining industry has accentuated the difficulties in finding suitable employment for boys and girls in the mining areas. It is recognized that, in normal circumstances, it is not desirable not indeed practicable because

of economic factors, to place juveniles in employment which involves living away from home, and, ordinarily, the Employment Exchanges place boys and girls only in employment within daily travelling distances of their homes. Even so, however, for some years boys and girls have, in exceptional cases, been placed in "living in" vacancies—*e.g.*, hotels and clubs, domestic service, etc.—away from their home districts. The absence of employment in the mining areas presented a new problem and in 1928 it was decided to make an effort to transfer boys, and subsequently girls, from these areas to suitable employment in other parts of the country. This has been made possible largely by the special efforts of the Exchanges and Bureaux in securing for these applicants vacancies at wages on which they could maintain themselves away from home and also by the allocation from the Lord Mayor's Fund (Coalfields Distress Funds) of a grant of £45,350 for assistance in the case of vacancies in which the normal wages were insufficient to provide for the cost of maintenance (in lodgings, hostels, etc.). One of the conditions for the payment of grants in an individual case is that the employer, in addition to the basic wage, makes a contribution of not less than one fourth of the difference between that rate and the cost of maintenance, the remainder being provided from the Fund. In the case of girls, the grant is payable only in respect of those transferred to industrial vacancies.

19. The vacancies were carefully selected to ensure that they would normally provide progressive employment in adult life, and special arrangements were made in regard to the personal and industrial supervision of the juveniles transferred. The success of these arrangements, and the extent to which employers have co-operated with the Employment Exchanges in carrying them out, is shown by the fact that up to the end of May, 1930, 5,037 boys from the depressed mining areas had been transferred to employment in other parts of the country (1896 with grant and 3,171 without grant from the Lord Mayor's Fund). In addition, 2,562 girls had been transferred to domestic employment and 133 girls to industrial vacancies (including 44 with grant and 89 without grant from the Lord Mayor's Fund).

20. The Annual Reports on the Work of Advisory Committees for Juvenile Employment, and a memorandum (E. D. L. 2) outline the work of these Committees.

APPENDIX 4.

Special Rules with regard to Registration of Juvenile Applicants in England and Wales made in pursuance of Regulation No. IX of the General Regulations* for Labour Exchanges managed by the Board of Trade.

1. Juvenile applicants for employment shall register on the forms prescribed in the Schedule to these Rules, subject to such modifications as may be made therein by the Board of Trade from time to time. Such applicants, or any prescribed class of such applicants, may be permitted in lieu of attending personally at a labour exchange to register their applications at such other places as may be recognised by the Board of Trade as suitable for the purpose. Forms containing such applications, if transmitted forthwith to a labour exchange, shall be treated as equivalent to personal registration.

2. (1) Special advisory committees for juvenile employment shall be established in such areas as the Board of Trade may think expedient. These committees shall include persons possessing experience or knowledge of education or of other conditions affecting young persons, appointed after consulting such authorities, bodies, and persons as the Board think best qualified to advise them, and also persons representing employers and workmen, appointed after consulting any advisory trade committee established in the district in pursuance of Regulation No. VII† of the General Regulations, together with a chairman appointed by the Board.

(2) Such labour exchange officers as may be designated by the Board of Trade, and such of His Majesty's Inspectors of Schools as may be designated by the Board of Education may be present at meetings of the special advisory committees, but shall not be members thereof.

3. Subject to these rules, the procedure of a special advisory committee for juvenile employment shall be determined from time to time by the Board of Trade or by the committee with the approval of the Board.

* Statutory Rules and Orders, 1910, No. 800.

† This Regulation is now repealed.

4. It shall be the duty of a special advisory committee to give advice with regard to the management of any labour exchange in its district in relation to juvenile applicants for employment.

5. Subject to these rules a special advisory committee may take steps, either by themselves or in co-operation with any other bodies or persons, to give information, advice and assistance to boys and girls and their parents with respect to the choice of employment and other matters bearing thereon. Provided that the Board of Trade and the officer in charge of a labour exchange shall undertake no responsibility with regard to any advice or assistance so given.

f. (1) If any Local Education Authority for Higher Education which has or may acquire statutory powers for the purpose of giving advice, information, or assistance to boys and girls with respect to the choice of employment or other matters bearing thereon, submits to the Board of Education a scheme for the exercise of those powers, and the Board of Education, after consulting with the Board of Trade, approve and assist that scheme with or without modifications, the foregoing rules shall, so long as the scheme is carried out to the satisfaction of the Board of Education, apply to the area of that Local Education Authority with the following modifications:—

- (a) The officer in charge of any labour exchange shall not undertake the registration of juvenile applicants for employment except in accordance with the provisions of the scheme.
- (b) The special advisory committee for juvenile employment shall take no steps under Rule 5 except in accordance with the provisions of the scheme.
- (c) The Board of Trade may, if they think fit, recognise, in lieu of any special advisory committee established or to be established under these rules, an advisory committee constituted under the scheme, provided that such committee includes an adequate number of members possessing experience or knowledge of educational and industrial conditions, and thereupon the Board of Trade may, if the circumstances require, either dissolve any special advisory committee or modify its area and constitution.

Provided that this rule may be modified as respects the area of any Local Education Authority by agreement between the Board of Trade and the Board of Education to meet the special circumstances of that area.

(2) Nothing in this rule shall affect the registration at any labour exchange of vacancies for juvenile workers notified by employers.

7. These Rules shall apply to the registration of juvenile applicants in England and Wales.

These revised Rules are made by the Board of Trade after consultation with the Board of Education in pursuance of Regulation No. IX of the General Regulations for Labour Exchanges managed by the Board of Trade, and are in substitution of those dated the seventh day of February, 1910, which are hereby revoked.

Dated this nineteenth day of April, 1913.

H. LLEWELLYN SMITH, *Secretary.*

Board of Trade,
Whitehall Gardens, S. W.

APPENDIX 5.

Schedule to Special Rules.

Particulars to be included on the Form for Registration of Juvenile Applicants for Employment.

Surname..... Other Names.....
 Date of Birth
 Full Address.....
 Name of last day school and date of leaving.....
 Standard or class in which applicant was on leaving.....
 Whether applicant was a half-timer before leaving and, if so, how long ?.....

Whether attending or proposing to attend any continuation or technical school, and if so, in what course or subjects, and whether in the day or evening.

Employment or employments since leaving school:—

(1)

(2)

(3)

Employment desired.

Whether willing to be apprenticed and, if so, whether a premium can be paid.

Whether willing to take work at a distance.

Remarks

APPENDIX ~~10~~ 16

Unemployment Fund.

APPEN

Unemploy

Summary of Receipts and Payments

(United Kingdom up to 31st December, 1921; Great Britain and Irish Free State)

Receipts.

Year ended.	Contributions from Employers and Employed Persons.	Contributions from Exchequer.	Interest received.	Refunds of Benefit paid in error.	Other Receipts.	Total.	Unemploy
							Direct.
	£	£	£	£	£	£	£
July 1913 ..	1,624,887	378,000	8,223	169	5	2,011,304	183,193
" 1914 ..	1,808,129	602,000	47,877	237	11	2,458,254	364,555
" 1915 ..	1,653,380	546,666	86,122	338	4	2,286,510	249,533
" 1916 ..	1,699,146	538,863	157,462	37	3	2,395,511	39,973
" 1917 ..	2,705,498	746,372	395,544	24	17	3,847,455	24,133
" 1918 ..	3,286,865	1,007,541	499,564	54	61	4,794,075	75,128
" 1919 ..	2,882,107	994,402	692,651	141	20	4,569,321	148,882
" 1920 ..	3,951,676	912,701	699,993	917	14	4,885,201	869,424
" 1921 ..	11,314,480	2,168,639	742,577	8,555	11	14,234,262	30,113,070
" 1922 ..	31,373,868	11,057,901	553,411	38,869	36	43,024,085	45,174,415
" 1923 ..	34,473,018	12,166,266	..	33,891	131	46,673,306	38,831,481
" 1924 ..	37,016,837	13,184,784	..	24,612	207	50,226,440	33,658,585
" 1925 ..	37,016,494	13,148,085	..	14,471	200	50,179,250	42,010,779
" 1926 ..	33,934,877	12,910,861	..	18,891	117	46,864,746	40,277,482
March 1927 .. (9 months).	20,594,716	7,954,599	..	13,077	39	28,562,431	35,098,011
March 1928 ..	31,164,838	12,024,910	..	10,003	49	43,199,800	34,609,903
" 1929 ..	30,534,468	11,757,831	..	16,944	49	42,309,292	44,466,743
Total ..	286,135,184	102,100,421	4,083,424	181,250	964	392,501,243	346,195,289

DIX 16.

ment Fund.

from July, 1912 to 31st March, 1929.

from 1st January, 1922 to 31st March, 1922; Great Britain from 1st April, 1922.)

Payments.

ment Benefit.		Transferred to Parli- mentary Votes for Administra- tion.	Refunds to work- people at 60 years of age.	Refunds of Contri- butions paid in error.	Interest on Treasury Advances.	Other payments and refunds.	Total.
Associations.	Paid in error.						
£	£	£	£	£	£	£	£
25,125	491	151,200	..	2,207	..	181	362,397
166,038	517	246,410	..	4,816	..	113,424	896,760
169,158	448	227,281	245	4,008	..	123,114	773,767
38,998	48	231,298	532	2,798	..	94,483	408,130
10,175	34	338,099	773	2,857	..	107,421	483,492
11,025	111	436,151	3,082	4,869	..	117,064	647,430
3,839	223	455,402	11,253	4,234	..	137,245	761,078
139,702	1,410	448,744	27,331	3,906	..	117,392	1,607,909
4,005,125	8,005	1,098,592	40,516	5,763	..	151,040	35,422,111
7,673,799	62,118	4,838,136	47,108	140,219	472,685	101,592	58,510,072
3,049,351	62,646	4,451,311	191,101	461,704	803,171	29,499	47,880,264
2,312,825	47,210	4,086,260	378,833	90,846	601,231	11,900	41,187,690
2,562,418	43,258	4,595,084	1,925,905	99,662	302,359	3,196	51,542,661
3,361,352	44,734	4,889,848	252,280	65,926	376,148	3,384	49,291,154
3,590,771	15,384	3,513,090	28,248	89,137	414,161	3,851	42,752,653
1,864,143	10,311	4,913,576	35,808	113,110	1,169,367	61,399	42,777,616
2,263,681	35,670	5,071,925	28,603	62,000	1,705,513	39,221	53,693,356
31,267,525	332,618	39,982,407	2,971,618	1,178,062	5,844,635	1,215,406	428,997,550

Comparative statement of the cost of the employment exchange

Borne on Ministry of Labour Vote (formerly Board of Trade).									
Financial Year.	Head-quarters and "Common Services" of the Ministry including Local Finance.	C. and R. O. Kew.	Divisional Offices.	Local Offices.	General expenditure*.	Total of columns 2-6.	Appropriations in Aid excluding Amount transferred from Unemployment Fund.†	Net Total.	Grants for Administration to Associations and to Local Education Authorities.
1	2	3	4	5	6	7	8	9	10
	£	£	£	£	£	£	£	£	£
1909-10 ..	200	..	3,900	11,776	37	15,813	20	15,793	..
1910-11 ..	1,200	..	23,800	76,053	2,136	103,189	1,968	101,221	..
1911-12 ..	1,500	..	36,250	114,555	2,532	154,837	2,440	152,397	..
1912-13 ..	34,680	..	90,935	264,501	7,556	387,672	5,562	382,110	..
1913-14 ..	43,696	..	135,871	330,671	14,748	524,986	7,917	517,069	..
1914-15 ..	57,753	..	123,433	341,600	25,222	548,008	20,922	527,086	..
1915-16 ..	81,553	..	122,470	361,334	54,256	619,613	37,411	582,202	..
1916-17 ..	96,836	11,863	169,050	381,710	53,221	712,680	56,708	655,972	..
1917-18 ..	94,800	91,191	152,394	491,860	92,769	923,014	75,292	847,722	..
1918-19 ..	125,604	135,379	221,232	972,159	129,712	1,584,086	80,700	1,503,386	..
1919-20 ..	304,039	215,977	415,832	2,170,158	109,801	3,215,707	21,875	3,193,832	..
1920-21 ..	353,098	425,132	402,425	2,312,504	94,794	3,587,953	35,941	3,552,012	47,568
1921-22 ..	357,414	706,418	357,580	3,858,239	53,708	5,331,359	35,183	5,296,176	507,887
1922-23 ..	313,045	672,868	2,690,004		35,309	3,711,026	41,979	3,669,047	149,237
1923-24 ..	281,146	536,255	2,355,918		31,129	3,204,448	19,062	3,185,386	68,579
1924-25 ..	279,549	595,148	2,434,926		80,435	3,340,068	20,155	3,319,903	85,620
1925-26 ..	323,018	576,748	2,635,414		42,735	3,577,915	16,708	3,561,209	119,904
1926 ..	329,243	555,404	2,819,753		42,732	3,747,132	21,618	3,725,514	145,699
1927 ..	350,196	591,629	2,705,716		33,997	3,621,538	18,397	3,603,141	82,250
1928 ..	357,014	530,812	3,022,215		75,484	3,976,225	16,684	3,959,541	120,846
1929† ..	357,126	546,466	3,118,170		170,372	4,192,134	18,904	4,173,230	129,000
1930‡ ..	405,139	567,331	3,126,245		114,536	4,218,251	19,391	4,913,860	134,300

* Includes Advances to Workpeople from 1909-10 to 1921-22 inclusive.

† Includes Repayment of Advances to Workpeople from 1909-10 to 1921-22 inclusive.

‡ Based on Estimates.

DIX 17.

service (Great Britain) from February, 1910 to 31st March 1931.

Borne on Votes of other Departments.					Accruing liability for Superannuation.	Total cost (Columns 9, 10, 15 and 16).	Total cost of administration of Unemployment Insurance (included in Column 17).	Contributions from the Unemployment Fund towards cost of Unemployment Insurance Administration.
Office of Works.	Stationery Office.	General Post Office.	Other Government Departments.	Total of Columns 11-14.				
11	12	13	14	15	16	17	18	19
£	£	£	£	£	£	£	£	£
34,578	3,487	751	161	38,977	..	54,770	..	..
78,390	11,332	5,188	4,596	99,504	..	200,725	..	..
92,317	14,329	7,990	7,214	121,850	..	274,247	..	..
220,352	40,332	90,198	10,105	360,986	..	743,095	522,263	143,456
151,504	28,591	75,721	15,632	271,448	..	788,517	572,733	238,257
142,014	25,966	62,757	18,793	249,530	..	776,616	547,577	216,309
115,400	34,592	68,669	15,283	233,944	..	816,146	429,330	221,726
178,532	41,371	53,863	13,747	287,513	..	943,490	490,578	312,466
140,579	64,182	77,046	17,393	299,200	..	1,146,922	572,169	425,495
340,763	79,591	101,722	16,690	538,756	..	2,042,122	721,877	434,391
774,521	155,513	179,014	31,204	1,141,252	..	4,335,084	582,370	435,282
865,774	164,148	249,177	26,014	1,305,113	..	4,904,693	2,660,544	1,065,634
657,954	153,883	568,122	98,671	1,478,630	..	7,282,673	7,132,580	3,375,615
403,618	58,378	353,614	226,590	1,042,196	..	4,860,479	(a) 4,685,488	4,685,488
336,314	56,846	290,402	217,440	901,002	..	4,154,967	(b) 4,018,171	4,018,171
390,665	55,665	299,228	255,976	1,001,534	157,956	4,565,013	(c) 4,494,760	4,494,760
412,418	53,336	332,145	300,758	998,657	241,970	4,921,740	(d) 4,822,536	4,822,536
411,815	59,079	293,669	230,293	994,856	260,185	5,126,164	(e) 5,039,488	4,765,012
430,470	59,327	298,611	248,711	1,037,119	280,480	5,002,990	(f) 4,913,576	4,913,576
438,702	91,117	298,955	261,488	1,090,262	286,092	5,456,711	(g) 5,325,319	5,071,925
1,047,000				1,047,000	293,000	5,642,230	(h) 5,435,000	5,435,000
1,167,000				1,167,000	308,000	5,803,160	(i) 5,630,000	5,630,000

- (a) Percentage of revenue of Unemployment Fund 10·5 per cent.
- (b) Percentage of revenue of Unemployment Fund 8·4 per cent.
- (c) Percentage of revenue of Unemployment Fund 9·1 per cent.
- (d) Percentage of revenue of Unemployment Fund 9·8 per cent.
- (e) Percentage of revenue of Unemployment Fund 13·2 per cent.
- (f) Percentage of revenue of Unemployment Fund 11·7 per cent.
- (g) Percentage of revenue of Unemployment Fund 13·1 per cent.
- (h) Percentage of revenue of Unemployment Fund 12·2 per cent. (based on Estimates).
- (i) Percentage of revenue of Unemployment Fund 12·2 per cent. (based on Estimates).

APPENDIX 19.

Staff of certain Employment Exchanges on 1st April, 1930.

A First Class Exchange.

Bristol Employment Exchange.

	Men.	Women.
Permanent Officers—		
1st Class Officer	1	..
2nd Class Officer .. .	..	..
3rd Class Officer .. .	2	2
Employment Officer .. .	12	3
Employment Clerk .. .	5	5
P. Class Clerk .. .	7	..
Shorthand Typist .. .	..	1
Temporary Officers—		
Temporary Clerk .. .	21	9
Shorthand Typist .. .	..	1
Messenger .. .	1	..
	69	21
Total ..	90	

A Second Class Exchange.

Burnley Employment Exchange.

	Men.	Women.
Permanent Officers—		
2nd Class Officer .. .	1	..
3rd Class Officer .. .	2	1
Employment Officer .. .	4	1
Employment Clerk .. .	9	5
P. Class Clerk .. .	1	..
Typist .. .	..	1
Temporary Officers—		
Temporary Clerk .. .	25	24
Typist .. .	..	1
	42	33
Total ..	75	

A Third Class Exchange.

Chadderton Employment Exchange.

	Men.	Women.
Permanent Officers—		
3rd Class Officer .. .	1	..
Employment Officer .. .	3	1
Employment Clerk .. .	5	3
P. Class Clerk .. .	4	..
Temporary Officers—		
Temporary Clerk .. .	17	9
	30	13
Total ..	43	

APPENDIX 22.

List of Trade Boards with approximate numbers of employers and workers affected.

Trade Board.	No. of Establishments on Trade Board Lists on 31st December 1929.	Estimated No. of Workers Employed.
Aerated Waters (England and Wales) ..	1,458	} 12,000 (1/3)
Aerated Waters (Scotland) ..	181	
Boot and Floor Polish (Great Britain) ..	143	5,000 (2/3)
Boot and Shoe Repairing (Great Britain) ..	15,730	40,000*
Brush and Broom (Great Britain) ..	570	12,500 (1/3)
Button Manufacturing (Great Britain) ..	177	5,000 (4/5)
Chain (Great Britain) ..	227	5,000 (2/3)
Coffin Furniture and Cerement Making (Great Britain) ..	48	1,000 (1/3)
Corset (Great Britain) ..	286	15,000†
Cotton Waste Reclamation (Great Britain) ..	217	5,000 (2/3)
Dressmaking and Women's Light Clothing (England and Wales) ..	11,095	} 150,000 †
Dressmaking and Women's Light Clothing (Scotland) ..		
Drift Nets Mending (Great Britain) ..	1,113	2,000†
Flax and Hemp (Great Britain) ..	187	15,000 (2/3)
Fur (Great Britain) ..	149	12,000 (1/3)
General Waste Reclamations (Great Britain)	1,693	20,000 (2/3)
Hair Bass and Fibre (Great Britain) ..	2,166	2,500 (1/3)
Hat Cap and Millinery (England and Wales) ..	77	} 60,000 (1/3)
Hat Cap and Millinery (Scotland) ..	6,698	
Hollow-ware (Great Britain) ..	651	10,000 (3/5)
Jute (Great Britain) ..	128	25,000 (1/3)
Keg and Drum (Great Britain) ..	102	2,500 *
Lace Finishing (Great Britain) ..	135	5,000 †
Laundry (Great Britain) ..	340	120,000 †
Linen and Cotton Handkerchief (Great Britain)	7,350	10,000 †
Made-up Textiles (Great Britain) ..	352	5,000 (1/3)
Milk Distributive (England and Wales) ..	397	} 120,000 *
Milk Distributive (Scotland) ..	16,932	
Ostrich and Fancy Feather (Great Britain) ..	2,263	7,000 †
Paper Bag (Great Britain) ..	150	12,000 †
Paper Box (Great Britain) ..	408	40,000 †
Perambulator (Great Britain) ..	1,165	7,000 (1/3)
Pin, Hook and Eye (Great Britain) ..	135	2,000 (4/5)
Ready-made and Wholesale Bespoke Tailoring	40	} 200,000 (4/5) §
Retail Bespoke Tailoring (England and Wales)	5,557	
Retail Bespoke Tailoring (Scotland) ..	11,449	65,000 (2/5)
Rope, Twine and Net (Great Britain) ..	1,942	15,000 (2/3)
Sack and Bag (Great Britain) ..	527	5,000 †
Shirtmaking (Great Britain) ..	320	60,000 †
Stamped and Pressed Metal Wares (Great Britain)	1,141	15,000 (1/3)
Sugar Confectionery (Great Britain) ..	433	90,000 (1/3)
Tin Box (Great Britain) ..	1,864	17,000 (2/3)
Tobacco (Great Britain) ..	228	45,000 (?)
Toy Manufacturing (Great Britain) ..	262	10,000 (1/3)
Wholesale Mantle and Costume (Great Britain)	364	..
Totals ..	4,480	1,249,500

NOTE.—The fraction in brackets indicates the estimated proportion of female workers.

* Mainly Male.

† Entirely Female.

‡ Mainly Female.

§ Includes the Wholesale Mantle and Costume Trade.

APPENDIX 28.

Trade Boards Acts, 1909 and 1918.

General Minimum Time-Rates fixed by Trade Boards and in operation at 1st June, 1930, for the lowest grades of adult workers.

Except where otherwise shown, the rates are operative at the age of 18 in the case of females and 21 in the case of males.

Trade. (1)	Female Workers.	Male Workers.
	(2)	(3)
	Per hour.	Per hour.
	<i>s. d.</i>	<i>s. d.</i>
Aerated Waters (England and Wales)	7	1 1
Aerated Waters (Scotland)—		
(1) Orkney and Shetlands	5½	0 11½
(2) Rest of Scotland	6½	1 0½
Boot and Floor Polish	7½	1 1½
Boot and Shoe Repairing	10½ (a)	1 2½
Brush and Broom	6½ (a)	0 11
Button Manufacturing	6½	1 1½
Chain*	5-77/80	1 2½
Coffin Furniture and Cereament Making—		
(1) Coffin Furniture Section	6-36/47	1 1-28/47
(2) Cereament Making Section	7½ (b)†	..
Corset	7	1 1 (d)
Cotton Waste—		
(1) England and Wales	6½	0 11½
(2) Scotland	6½	0 11½
Dressmaking and Women's Light Clothing (England and Wales)—		
(1) Retail Bespoke Section	6½, 7, 7½ (c)	1 0 (d)
(2) Other Sections	7	1 0 (d)
Dressmaking and Women's Light Clothing (Scotland)—		
(1) Retail Branch	7, 7½ (c)	1 2 (d)
(2) Other Branches	6½	1 2 (d)
Drift Nets Mending	6½ (e)	..
Flax and Hemp	6	0 10-23/48
Fur	7½	1 1
General Waste	6½	0 11
Hair, Bass and Fibre	6½	0 11½
Hat, Cap and Millinery (England and Wales) ..	7	1 1 (d)
Hat, Cap and Millinery (Scotland)—		
(1) Wholesale Cloth Hat and Cap Branch ..	7½	1 2 (d)
(2) Other Branches	7, 7½ (e)	1 2 (d)
Hollow-ware	6½	11½
Jute	6½	0 9-37/48
Keg and Drum	7	1 0
Lace Finishing*	6½	..
Laundry—		
(1) Cornwall and North Scotland	6½	1 1½
(2) Rest of Great Britain	7	1 1½
Linen and Cotton Handkerchief and Household Goods and Linen Piece Goods	6½	1 0
Made up Textiles	6½	0 10½
Milk Distributive—		
(1) England and Wales	6½, 7½, 8½ (a) and (c).	0 10½
(2) Scotland	6½ (a)	1/1 1/2 (c) 0 11½

Trade. (1)	Female Workers.	Male Workers.
	(2)	(3)
	Per hour.	Per hour.
	<i>d.</i>	<i>s. d.</i>
Ostrich and Fancy Feather and Artificial Flower ..	7	1 0 (d)
Paper Bag	7½	1 1½
Paper Box	7¾	1 0½
Perambulator and Invalid Carriage	6¾	0 11½
Pin, Hook and Eye and Snap Fastener	6½ (a)	0 10¾
Ready-made and Wholesale Bespoke Tailoring	7	0 11¼ (d)
Retail Bespoke Tailoring (England and Wales)	..	..
London Area	8 to 10 (f)	(i) 1/1 to 1/4 (f)(j).
Eastern Area	8 to 9½ (f)	(i) 1/1 to 1/3 (f)(j).
South Eastern Area	8 to 9½ (f)	(i) 1 to 1/3 (f)(j).
Central Southern Area	8 to 9 (f)	(i) 1/1 to 1/4 (f)(j).
South Western Area	8 to 9½ (f)	(i) 1 to 1/3 (f)(j).
North Midland Area	9½ to 9¾ (f)	(i) 1 to 1/4 (f)(j).
Central Midland Area	7½ to 10 (f)	(i) 1 to 1/4 (f)(j).
South Midland Area	8 to 9½ (f)	(i) 1/1 to 1/4 (f)(j).
Northern Area	8 to 9½ (f)	(i) 1 to 1/3 (f)(j).
Yorkshire Area	8 to 9½ (f)	(i) 1 to 1/4 (f)(j).
East Lancashire Area	9½ to 9¾ (f)	(i) 1/2½ to 1/4½ (f)
		(j)
West Lancashire Area	9½	(i) 1/1 to 1/3 (f)(j).
North Wales Area	9 to 9½ (f)	(i) 1/1 to 1/3 (f)(j).
South Wales Area	8 to 9½ (f)	(i) 1 to 1/3 (f)(j).
Retail Bespoke Tailoring (Scotland)	7, 7½	10d. 10½d. 1/- (f)
	(f) and (g).	and (h).
Rope, Twine and Net	6½	0 10
Sack and Bag	6½	0 11½
Shirtmaking	7	1 2 (d)
Stamped or Pressed Metal Wares	6½	0 11
Sugar Confectionery and Food Preserving	6¾	1 0 (b)
Tin Box	7½	1 1
Tobacco	9½ (a)	1 3½
Toy Manufacturing	6¾ (a)	1 0½
Wholesale Mantle and Costume	7	11½ (d)

NOTE.— (a) at 21 years of age.

(b) at 24 years of age.

(c) according to population.

(d) at 22 years of age.

(e) on completion of 2 years' employment in the trade.

(f) dependent on Area as graded by the Trade Board.

(g) with not less than 4 years' employment after the age of 14.

(h) with not less than 5 years' employment after the age of 14.

(i) after seven years' employment in the trade.

(j) after eight years' employment in the trade.

* The minimum rates in the Chain Trade and the Lace Finishing Trade are not fixed by reference to sex. The rates shewn under the column "Female Workers" are those applicable to work wholly or mainly performed by women and the rates shewn under the column "Male Workers" are those applicable to work wholly or mainly performed by men.

† In respect of the period 1st April, 1930 to 30th September, 1930. inclusive.

APPENDIX 24.

Approximate net cost of the administration of Trade Boards in 1927 and 1928 ; and estimated cost in 1929 and 1930.

	1927 (Expendi- ture).	1928 (Expendi- ture).	1929 (Esti- mate).	1930 (Esti- mate).
	£	£	£	£
Salaries—Headquarters	36,512	30,187	32,970	31,820
Salaries—Outstations	34,215	35,169	36,280	44,050
Staff—Travelling	4,977	5,234	5,000	6,800
Incidentals	11	13	..	..
	75,715	70,583	74,250	82,670
Proportion of cost of Telegrams and Tele- phones	615	1,002	774	1,317
Proportion of cost of Common Services Departments of the Ministry	21,551	17,446	19,376	18,656
Proportion of cost of other Government Departments	10,500	10,000	11,000	13,000
Chairmen and Appointed Members—Fees	981	848	1,000	1,100
Chairmen and Members—Travelling, etc.	3,790	2,877	4,500	4,500
GRAND TOTALS ..	113,152	102,756	110,900	121,243

APPENDIX 25.

Statement showing percentage Unemployment in Trade Board Trades as compared with other trades in recent years.

Great Britain.	Mean percentage unemployed.				
	1925.	1926.	1927.	1928.	1929.
Industries wholly or mainly covered by Trade Boards	8.6	8.7	6.1	6.2	6.6
All other Industries	11.0	12.0	10.2	11.1	10.7
All industries less coal, iron, steel, ship- building, cotton and wool, and Trade Board Trades	9.7	10.6	8.4	8.8	9.1
All industries less coal, iron, steel, ship- building, cotton and wool	9.6	10.4	8.2	8.6	8.9
All industries	10.9	11.8	9.9	10.7	10.4

MINISTRY OF AGRICULTURE AND FISHERIES.

Letter to the Secretary, Ministry of Agriculture and Fisheries, Whitehall Place, dated London, 6th the June, 1930.

I am directed by the Chairman of the Royal Commission on Labour in India to ask that with the approval of the Minister official evidence may be furnished to this Commission in regard to the history and working of the Agricultural Wages Boards in England.

The Commission have framed a brief questionnaire which I enclose indicating the points on which they desire information.

Mr. Whitley thinks that it would be most convenient to the Ministry and also to the Commission if evidence on the matters in question were to be tendered in writing in the first instance and a representative of the Ministry to meet the Commission for oral examination at a later date.

He would suggest if that be practicable, that any written matter might be made available to the Commission not later than the third week in June.

QUESTIONNAIRE.

History of Wage Regulation on Agriculture in Great Britain.

- A. Position prior to Corn Production Act of 1917.
- B. System of Wage Regulation set up by the Corn Production Act of 1917.
 - I. Machinery for wage fixing.
 - (i) Composition of bodies.
 - (ii) System of wage fixing in respect of time and piece-workers.
 - II. Machinery for enforcement.
 - (i) Publicity for the legal obligation.
 - (ii) Inspection.
 - (a) Complaint—Routine.
 - (b) Extent of inspection.
 - (c) Cost of Inspection.
 - (d) Method or system of inspection.
 - (iii) Action taken on investigations.
 - III. Results of the Act.
 - IV. Reasons for Repeal of the Act.
- C. History of interregnum period 1921-24.
 - I. Growth of Conciliation machinery.
 - II. Functioning of Conciliation machinery.
 - III. Results obtained.
- D. Growth of the present system under the Agricultural Wages (Regulation) Act, 1924.
 - I. Difference between the system under the Corn Production Act and this Act as regards:—
 - (i) Machinery for wage fixing.
 - (ii) Machinery for wage enforcement.
 - II. General Results of the Act.
- E. Economic effects on the Industry of State Wage Regulation.
 - I. As affecting employers.
 - II. As affecting workers.
 - III. As affecting the Industry.

MEMORANDUM OF THE MINISTRY OF AGRICULTURE AND FISHERIES.**Wage Regulation in Agriculture in England and Wales.**

A. Prior to the Corn Production Act.—Before the passing of the Corn Production Act in 1917 agricultural wages were, in the main, a matter for individual agreement between employer and worker. Not only was there no system of statutory regulation but over the greater part of the country there was no attempt to collective agreements between organization of employers and workers. Agricultural workers generally were not organized in Trade Unions, although two such Unions existed which catered for rural workers. One of these, which was confined solely to agricultural and other rural workers, was in a comparatively strong position in Norfolk and had a fair membership in a few other counties but in most counties neither of the Unions could claim any considerable membership of agricultural workers.

B. I. (i) Corn Production Act, 1917.—The Corn Production Act 1917 provided *inter alia* for the establishment of an Agricultural Wages Board charged with the duty of fixing minimum rates for wages for agricultural workers. The Board consisted of an equal number of representatives of employers and of representatives of workers, together with independent members. As originally constituted half of the sixteen employers' representatives were elected by representative bodies, and the other half nominated by the Board of Agriculture and Fisheries, whilst half of the representatives of workers were elected by representative bodies, and the other half nominated by the Board of Agriculture and Fisheries in consultation with the Ministry of Labour. The independent members were appointed by the Board of Agriculture and were seven in number, one of them being designated as Chairman.

In 1920 the system of appointment of the representative members was changed so as to increase the numbers elected by the organizations to 14 a side, thus leaving the number nominated by the Minister of Agriculture to two on each side.

To assist them in their work the Agricultural Wages Board under powers conferred on them by the Act appointed District Wages Committees for the various areas of England and Wales. These Committees numbered in all thirty-nine, many Committees acting for one county only, while others acted for two or more counties combined. The constitution of these Committees was similar to that of the Agricultural Wages Board, but in their case the representative members were appointed by the Wages Board, and the independent members were appointed by the Board of Agriculture and Fisheries.

I. (ii) The right of fixing minimum rates of wages was vested solely in the Agricultural Wages Board, the District Wages Committees acting in a purely advisory capacity. In the first instance the Committees were asked to recommend to the Wages Board what they considered to be the appropriate minimum rates for their area, and the Board in arriving at a decision took these recommendations into account. After the first minimum rates had been fixed, however, it became the practice for most of the changes which were made in the rates to be initiated by the Wages Board, the District Wages Committees being invited to give their observations on the Board's proposals before an order was made.

In fixing minimum rates of wages, the Wages Board were required by the Act to secure, so far as practicable, for able-bodied men, wages which in the

opinion of the Board were adequate to promote efficiency, and to enable a man in an ordinary case to maintain himself and his family in accordance with such standard of comfort as might be reasonable in relation to the nature of his occupation, and further, that the wages should be such as in the Board's opinion were equivalent to wages for an ordinary day's work at the rate of at least 25 a week.

It was obligatory on the Agricultural Wages Board to fix minimum time-rates of wages, but powers were also given to fix minimum piece-rates of wages if the Board so desired. In effect, minimum time-rates only were fixed, and workers employed at piece-rates were protected by a clause in the Act which provided that if the piece-rate which they were receiving was, in their opinion inadequate, they could complain to the Wages Board who had power to order the payment of arrears of wages representing the difference between what an ordinary worker would have earned at the piece-rate and the wages to which he would have been entitled at the minimum time-rate. It might be observed that considerable difficulty would have been experienced if any attempt had been made to fix minimum piece-rates of wages. Conditions are liable to vary so greatly between one job and another that it would be impracticable to fix a reasonable piece-rate to cover all jobs of one character. In practice piece-workers seldom accept any work at piece-rates without having first viewed the work to be done.

In fixing minimum time-rates of wages the Board adopted the week as the basis in the case of male workers, but in the case of female workers the rates fixed were hourly rates. Acting on their powers under the Act the Board also fixed overtime rates of wages and defined the employment which was to be treated as overtime employment.

The Act took cognizance of the fact that it had long been customary for agricultural workers to be paid partly in kind, and the Board was therefore empowered to define the benefits or advantages which might be reckoned as payment of wages in lieu of payment in cash and to fix the values at which such allowances might be reckoned. In the matter of fixing the values of benefits the Board was largely guided by the recommendations of the District Wages Committees.

The District Wages Committees in addition to their advisory duties had delegated to them by the Agricultural Wages Board the duty of granting Permits of Exemption to workers who, by reason of mental or other infirmity or physical injury, were incapable of earning the minimum rate. Except in so far as such Permits were granted, the minimum rates apply to all workers employed under a contract of service or apprenticeship.

In accordance with the terms of the Act any decision of the Board with regard to minimum rates of wages could only be made enforceable after the Board had given notice of the rates which it proposed to fix in order to give an opportunity for objections to be lodged to the proposed decision. The Board was bound to consider any such objections which might be lodged within a specified period before the decision could be made operative.

B. II. Machinery for enforcement.—The enforcement of the minimum rates was carried out by the Agricultural Wages Board, inspectors being placed under its direction for the purpose by the Board of Agriculture and Fisheries. The administrative staff attached to the Wages Board carried out the general

enforcement work but cases of doubt were referred to a Sub-Committee of the Board for final decision.

(i) *Publicity for the legal obligations.*—The Board published their proposals to fix minimum rates and also the Orders confirming the rates in *The Times* and a large number of papers circulating in the provinces. In addition to this copies of the Orders were sent to the National Farmers' Union for circulation to their members and also to the workers' organisations.

(ii) and (iii). As the work of inspection under the Act of 1917 was carried out in a somewhat similar manner to that adopted under the Act of 1924 it will perhaps be more appropriate to give details of this under section D below.

III. Results of the Act.—Immediately before the Act came into operation the average weekly wage paid to agricultural labourers was as far as could be ascertained, approximately 25 per week. The first Order made by the Board fixed the minimum weekly wage at 30 and the rates gradually rose, chiefly on account of the increase in the cost of living to 46 a week by August 1920. After that time there was a slight drop in the cost of living and when the Wages Board came to an end in September 1921 the average weekly minimum wage had been reduced to 42.

IV. Reasons for repeal of the Act.—The main reason for the repeal of the Corn Production Act was the abolition of the guaranteed minimum prices for cereals, but considerable controversy existed as to whether the guarantee of a minimum wage for agricultural workers was dependent on guaranteed prices for farmers. The Government of the day decided, however, to repeal the Act as a whole.

C. I. Corn Production Acts (Repeal Act, 1921).—By the terms of this Act the system of wage fixing machinery which was established in 1917 was abolished as from the 1st October, 1921. The Act provided, however, that the Minister of Agriculture should have power to take steps to secure the voluntary formation and continuance of Local Joint Conciliation Committees for the purpose of dealing with wages or hours or conditions of employment in agriculture. It was provided that the representative members of the District Wages Committees should become *interim* Conciliation Committees pending the formation of voluntary committees, and in effect the District Wages Committees eventually merged into Joint Conciliation Committees as contemplated by the Act. Power was given to the Conciliation Committees to appoint an independent Chairman, but this power was not taken advantage of in many cases.

The Act did not provide for any machinery for the nomination of employers' and workers' representatives, but in fact the employers' nominees on the Conciliation Committees were appointed by the National Farmers' Union, and the representatives of workers by the National Union of Agricultural Workers and the Workers' Union.

The employers' representatives were in many cases in favour of the formation of Conciliation Committees for smaller areas than had existed under the Corn Production Act, and in consequence the number of Conciliation Committees was larger than that of the District Wages Committees and eventually reached a total of sixty-three, as many as five separate Committees being formed in a single county.

II. Of the sixty-three Committees, fifty-six reached agreements with regard to wages at some period during their existence, whilst the remaining seven reached no agreements at any time. The number of agreements in operation became rapidly less after the first few months and by the end of 1922, agreements were operative in only about one-third of the Committee areas, whilst a year later this number had been halved. There is no doubt that the voluntary Committee system was a complete failure, since only three Committees out of a total of sixty-three maintained agreements throughout the period of operation of the Act.

III. The Corn Production Acts (Repeal Act) provided that the rates agreed upon by the Conciliation Committees should only be made legally enforceable in cases where the Committee unanimously requested the Minister to register the agreement. Only five of the Committees at any time requested such registration to be made, and consequently the great majority of agreements reached were not legally binding upon employers and workers. It is believed, however, that such agreements as were reached were fairly well observed.

D. Growth of the present system under the Agricultural Wages (Regulation) Act, 1924.—This Act was passed by the Labour Government of 1924, at which time the average weekly wage of agricultural workers was at the low level of 28.

I. DIFFERENCE BETWEEN SYSTEM UNDER CORN PRODUCTION ACT AND THIS ACT.

(i) Machinery for wage fixing under Act of 1924.

Fixation of Rates.—The powers of fixing minimum rates of wages is placed in the hands of County Wages Committees and the Central Agricultural Wages Board is only empowered to fix rates in cases of default by Agricultural Wages Committees or at the request of a Committee (in practice no such occasions have so far arisen). The Central Board's normal functions are confined to implementing Orders giving legal effect to the County Committee's decisions.

Allowances in kind.—It is customary in agriculture for a number of employers to provide workers with certain allowances in kind and the Act gives Wages Committees power to make Orders defining what allowances may be reckoned in part payment of minimum rates and the Committees may attach values to these benefits. All Committees have defined a cottage as a recognized benefit and the majority have also included board and lodging and milk. A few Committees have defined other odd benefits such as potatoes, fuel, etc.

Piece-rates.—No Committee has yet fixed special rates of wages for piece-work. The problem was tackled by one Committee and an effort made to fix a special rate for work in connection with the sugar beet crop. The Committee found the problem incapable of solution owing to the fact that the earnings of a worker on piece-work are dependent upon so many varying conditions, such as weather, type of soil, yield of crop. In the absence of minimum piece-rates the only safeguard which is given to the workers who are employed on this system is that they may lodge a complaint with the Agricultural Wages Committee if they consider they are not being paid a piece-rate which will yield to an ordinary worker the same amount of wages as if the worker was employed on time-work. There have been very few complaints since the Act came into force and on only one occasion has a Committee made an award under this Section. Enquiries which the Ministry has been able to make show that workers who are prepared

to accept work at piece-rates are usually in a position to be able to make a good bargain with the employers and taking the various jobs as a whole their earnings are in excess of the minimum rates on time-work.

Infirm workers.—In the agricultural industry there are many workers who suffer from some disability which prevents them from doing a full day's work in the field. Provision is made in the Act for dealing with cases of this kind and the Agricultural Wages Committee have power to grant Permits exempting the employment of a worker from the provisions of the Act if the Committee is satisfied that the worker is so affected by any physical injury or mental deficiency or any infirmity due to age or to any other cause that he is incapable of earning the minimum rates. In all there are about 12,000 Permits of Exemption in force and the majority of these were granted on account of old age.

(ii) *Machinery for wage enforcement.*

Under the present Act the responsibility for securing the observance of the minimum rates rests with the Ministry of Agriculture and Fisheries and not with the wage-fixing bodies.

(a) *Complaint routine.*—Under the Act of 1917 workers were given the right to complain to the Agricultural Wages Board if they considered they were paid below the minimum rates. In the present Act there is no particular mention of a worker's right but in practice all complaints from workers are considered and wherever there is a *prima facie* case of payment at less than the minimum rates an Inspector is sent to make investigations. A foot-note is appended to the Orders fixing the rates informing workers that complaints may be lodged with the Ministry.

(b) *Extent of inspection.*—The country is divided into 15 districts, each in charge of an Inspector, and on the average those Inspectors carry out, all told, about 2,500 inspections per annum. In addition to this organization, there is at present a team of six Inspectors who operate in selected areas where it seems desirable to test whether the Act is being properly observed or not. It is extremely difficult to estimate to what extent the inspections are carried out in relation to the number of farms on which hired labour is employed. In England and Wales there are over 200,000 holdings of above twenty acres but there is no information available as to the number of these farms on which paid labour is employed. In a recent intensive investigation in a small part of Wiltshire, out of nearly 1,200 farms inspected it was found that only 535 employed paid labour and the average number of workers on each farm was 3. If these figures can be taken as representative of the farms throughout the country, hired labour would be employed on rather less than half the farms. The proportion of workers whose wages are investigated each year probably ranges between 1 and 2%.

(c) *Cost of inspections.*—The cost of the inspection work averages out to approximately £5 in respect of each farm visited. This figure includes an allowance for the inspector's salary and travelling and incidental expenses but nothing for headquarter expenses. In a number of cases more than one visit has to be made to the farm and where prosecution is undertaken the amount of time spent on one individual case may amount to as much as four or five days. Furthermore Inspectors are occasionally called away from their work and sent to distant parts of their districts on special enquiries and these long journeys add considerably to the average cost. If an Inspector could work systematically throughout his district without any necessity for special journeys the actual cost per case would probably be about half the present rate.

(d) *Method or system of inspection.*—Specific complaints received from workers are referred to the Inspector for the district who carries out a detailed investigation into the wages paid to all the workers on the farm. The Inspector enquires into the hours of work and wages paid to each worker and also obtains information from the employer. In a great number of cases the hours of work as given by the employer and worker do not agree and this is the greatest difficulty with which Inspectors have to contend. It is frequently quite impossible for the Inspector to ascertain the true state of affairs but by obtaining information as to the amount of stock kept on the farm and by enquiring into the detailed duties of the workers, the Inspector can frequently judge the approximate weekly hours of work which would be justified, and where the employer and worker are reasonable it is not difficult for the Inspector to obtain agreement on hours which are a compromise between those stated by the employer and worker, respectively.

If employers could be persuaded to keep proper time sheets which were signed by the worker at the end of each week it would not only facilitate the employer's business but would also prevent an unscrupulous worker from making a claim after he has left the service of the employer. In a few counties the National Farmers' Union have encouraged their members to make use of time-sheets but unfortunately this is the exception rather than the rule.

In addition to dealing with specific complaints the Inspectors carry out investigations on farms from which no complaint has been received. The Ministry attaches great importance to this aspect of the work as it is found that many workers are disinclined to complain although they may know that they are paid below the minimum rates. The "test" inspections have brought to light many cases where there has been considerable infringement of the Act.

(iii) *Action taken on investigations.*

It is difficult to lay down a general rule as to the action taken on Inspectors' reports but broadly speaking the only cases in which legal proceedings are taken are those in which it appears that either the employer had deliberately defied the law or the underpayment is so heavy that it is quite clear that the employer has taken no steps whatever to find out what wage should be paid. The greatest difficulty in enforcing the Act is to arrive at a true statement of the hours worked by the employees. Considerable latitude has to be given in deciding on the exact state of affairs and where there is considerable dispute the Ministry usually gives the employer an opportunity to pay the arrears due.

II. GENERAL RESULTS OF THE ACT.

Immediately before the Act of 1924 came into operation the average weekly wage of agricultural workers was approximately 28s but the average weekly minimum wage fixed by the Committees by March 1925 was 31s and at the present time the average is approximately 31/8d. This figure is merely the weighted average of the minimum cash wages of ordinary agricultural labourers in each area and takes no account of overtime payments or additional earnings at special seasons. The fixation of the minimum wage has undoubtedly tended to stabilize wages throughout the country and workers as a general rule can demand at least the minimum wage when taking employment. There are, however, cases where a worker who has difficulty in securing employment, will accept less than the minimum rates rather than remain unemployed. The Ministry's activities in enforcing the Act are, it is believed, gradually having the effect of eliminating illegal agreements of this kind.

E. Economic effects on the industry of State wage regulation.

1. *As affecting employers.*—The effect on employers generally has been an increase in the labour costs, the average minimum wage at the present time being 31/8d against an estimated average wage prior to the institution of the present Act of only 28s. It is difficult to estimate what are the effective increased labour costs occasioned by the regulation system. The average minimum rates of wages are about 76% above the estimated pre-war agricultural wage, whereas the index figure of farmers' prices is only 34% above pre-war prices and the cost of living is 55%.

2. *As affecting workers.*—Generally speaking the unskilled workers have probably benefited most by the institution of wage-fixing machinery. Although good workers can probably command wages higher than the minimum there is no doubt that large numbers of inferior types of workers employed by farmers would be receiving considerably less than the basic minimum rate of 30s if it were not for the existence of the Act. Prior to the passing of the present Act in 1924 wages for unskilled workers had slumped to 25s per week and cases were reported where only 20s was being paid.

Although the Wages Committees technically have no power to restrict or fix the hours of work, the conditions of employment have been materially improved by the specification under the Wages Orders of a particular number of hours in relation to the weekly minimum wage with overtime payment for any extra time. This, in effect, has meant the institution of a standard working week. Moreover in pursuance of the directions of the Act that the Wages Committees should take steps so far as is reasonably practicable to secure a weekly half holiday, nearly all the Committees have defined employment on one half day in every week as overtime. This means in practice that most workers, except those employed on animals, receive a regular weekly half day's holiday. (The necessary work in connection with the care of animal on the half day has to be paid for as overtime).

There is also a growing movement amongst the Committees to define employment on Bank Holidays as overtime, which is having the effect of making such days holidays on farms (except of course for essential work in the case of animals, such as milking and feeding).

3. *As affecting the industry.*—The depression in agriculture during the whole of the operation of the present Act makes it difficult to estimate the general effect of the minimum wage system on the industry. In times of trouble the first economy which many employers seek is that in wages. In view of the low level to which agricultural wages had fallen immediately prior to the present Act, there seems no reason to doubt that without the Act wages of unskilled workers would now be below the level of efficiency. This would not only have occasioned a further exodus of the best type of workers from agriculture but in particular would destroy all the remaining incentive for village youths to take up farm employment and to provide the future supply of skilled adults.

It is probable that the institution of a standard working week with overtime provisions has provided a strong incentive among many farmers to secure a more efficient organization of their labour.

INTERNATIONAL LABOUR OFFICE.

Letter to the Director, International Labour Office, Geneva, dated the 21st June, 1930.

Mr. Whitley feels that the experience of the Labour Office in other countries if made available to the Members would be of great assistance in considering the possibility of applying modern principles of social legislation to the conditions of India, and he desires accordingly to seek the aid of the Labour Office first on certain general questions and secondly in regard to particular problems in connection with the Japanese Health Insurance Act of 1922.

I am therefore to put the following general questions :—

- (1) Having regard to the adoption by the Conference of Conventions and Recommendations regarding Health Insurance, Unemployment Insurance, the creation of Minimum Wage Machinery and the establishment of Employment Agencies, the Commission assume that a study has been made by the Labour Office of the problems presented by the adoption of measures giving effect to the intentions of the Conference in India or in other countries where the conditions are comparable. They ask for the advice and assistance of the Office in this connection the value of which would be greatly enhanced by any concrete suggestions that may be made.
- (2) The Commission would be grateful if the International Labour Office could put forward or suggest any person
 - (a) to provide a written memorandum,
 - (b) to answer oral questions either by way of recorded evidence or informally in London prior to 15th August or in Delhi about December next, as to conditions in Industrial institutions in any country more or less comparable with India especially as regards social insurance and welfare.
- (3) In particular the Commission would be glad to receive from the International Labour Office any views they are able to offer as to the feasibility of applying to industrial concerns or industrial areas in India provisions modelled on the Japanese Health Insurance Act of 1922, and to receive a Memorandum on the working of the German system of Works Councils especially in those industries where Trade Union organisation is more or less ineffective.

I am forwarding also under separate cover certain specific questions in regard to the Japanese Health Insurance System on which it is thought that the International Labour Office will be able to help the Commission.

Letter to the Director, International Labour Office, Geneva, dated the 21st June 1930.

I am directed by the Chairman to forward a list of questions regarding the Japanese Health Insurance Act of 1922, on which the Commission would be grateful for any assistance the International Labour Office is prepared to give.

In regard to Health Insurance in Japan.

- (1) The Commission would be glad to have any available documentary evidence as to the administration and working of the Act of 1922, and of experience gained therein.
 - (2) The Commission would be glad to have evidence, if not available under (1) above, from a qualified person with experience of the working of the Act especially in regard to the manner in which its distinguishing features have worked in practice.
 - (3) The Commission would be glad of information on the following special points all or many of which might be regarded as expansions of (2) above :
 - (a) The statistical and other data available as a basis for the preparation of the scheme.
 - (b) The amount and nature of special investigation undertaken with a view to the inauguration of the scheme.
 - (c) The extent to which the scheme incorporated or adapted existing institutions, habits or machinery (e.g., the relation between the " Insurance Societies " and the " Mutual Benefit Societies ").
 - (d) The nature of the " difficulties, budgetary and other " which delayed the enforcement of the Act for four years.
 - (e) The attitude of employers to the Act at and before its inception and the degree of assistance given by them.
 - (f) The attitude of employers to the Act at and before its inception, the strength of the demand for it and assistance given by the workers.
- Scope**
- (g) The utilization of the provisions for permissive extension of the Act.
 - (h) The demand for and possibility of its extension and its probable direction.
- Finance**
- (i) The solvency of the Insurance Societies.
 - (k) Degree of state supervision.
 - (l) Cost of administration.
 - (m) Methods of remunerating medical officers and cost.
 - (n) Provision for security of reserves.
 - (o) Method of payment of contributions.
- Benefits**
- (1) In kind
 - (p) Extent to which pre-existing medical facilities sufficed for administration of Act, to what extent did the Act merely involve gratuitous provision of attendance formerly obtained on payment ?
 - (q) How does the use of medical facilities by persons under the Act compare with that by persons not insured ?
 - (r) What provision is made for benefit in kind to
 - (i) workers on leave
 - (ii) insured persons at a distance from their Society.
 - (s) To what extent is benefit *in kind* provided in practice by Insurance Societies as part of maternity benefit ?
 - (2) In cash
 - (t) What arrangements are made for disbursement ?

Institutions

- (u) It would be most useful to have some description of the working of a typical Insurance Society, and of a State Office.
- (v) How do benefits given by Societies compare with those given by the State Offices ?
- (w) To what extent and for what purposes do the Societies of over 500 members combine or work together and if they do what is the machinery ?
- (x) What functions does the State discharge in regard to Societies ?
- (y) What provision is made for the transfer of members between Societies ?
- (z) What provision is made for the settlement of disputes ? Is resort to the Courts by individual contributors necessary or frequent ?

MEMORANDA OF THE INTERNATIONAL LABOUR OFFICE, GENEVA.
I.—Draft International Convention on Minimum Wage Fixing Machinery in Relation to Conditions in India.

The Draft International Convention on Minimum Wage-Fixing Machinery was adopted by the International Labour Conference during its Eleventh Session, 1928, for the purpose of offering the possibility of protection to workers in manufacturing trades and commerce, whose wages are exceptionally low and for whom no arrangements exist for the effective regulation of wages by collective agreement or otherwise. The undertaking of each Member of the International Labour Organisation which ratifies the Convention is to create or maintain machinery whereby minimum rates of wages can be fixed for such workers.

The scope of the Convention is thus defined by the two criteria of exceptionally low wages and absence of arrangements for the effective regulation of wages. The Government of India, while preserving a neutral attitude to the Draft Convention during its discussion by the International Labour Conference, and expressing the need for further consideration specially in consultation with their Provincial Governments, regarded the two criteria as "generally suitable, it being understood that both criteria have to be satisfied and not one only". This opinion is given in the reply of the Government of India to the Questionnaire drawn up by the International Labour Conference during its Tenth Session, 1927.*

In Western countries the two criteria are found particularly in home working trades, of which special mention is made in Article I of the Draft Convention, and also in branches of small industries operated in factories. In most of the important industries, however, wages are regulated effectively by collective agreement and the Convention would not be applicable. In Eastern countries, on the other hand, owing to the relatively smaller development of organizations and of collective bargaining, the field for the potential application of the Convention would presumably be wider. This, however, subject to the discretionary power discussed below which the Convention accords to Governments, seems to be an argument in support of, rather than a reason for refraining from, ratification of the Convention by such countries.

*See the Blue Report on Minimum Wage-Fixing Machinery submitted to the International Labour Conference at its Eleventh Session, May 1928, page 16.

In view of the large number of trades to which the Convention might be applicable in India and other Eastern countries, it is argued by the Government of India that "it would be impossible, in most cases, for Governments or the Authorities which they set up, to deal immediately with every trade satisfying the two criteria"..... Again, they refer to "trades for which although they may satisfy the criteria, minimum wages cannot advantageously be fixed.... There will also be cases in which the general enforcement of a suitable minimum will not be a practical proposition". They therefore consider it essential that "Governments of ratifying States should have full discretion to determine to which trades (out of those satisfying the criteria) minimum wages should be applied. In other words, the obligation of Governments should be limited to the establishment of minimum wage-fixing machinery and the question whether or not the machinery shall be applied to any particular trade satisfying the criteria must be left to the Government concerned....."

This discretion, considered essential by the Government of India, is accorded by Article 2 of the Convention. Governments which ratify the Convention, having established minimum wage-fixing machinery, have full freedom to decide to which trades or parts of trades the machinery shall be applied. A Government might, for example, decide to apply the machinery in the first instance to one or two trades only, and gradually extend application to other trades. This course has, in fact, been followed by Great Britain and other countries which have passed legislation introducing minimum wage-fixing machinery. The discretion accorded would also offer a solution to the difficulties which might arise in India in the immediate application of the machinery to home workers or to industries passing through a temporary period of depression.

States Members which ratify the Convention have full discretion on several other important points. Thus the Convention refrains from imposing any method of determining if there are or are not arrangements for the effective regulation of wages or of defining the expression "exceptionally low wages". Governments which ratify the Convention are therefore free to adopt their own definitions for these criteria according to the conditions within each country. Article 3 of the Convention provides that "each Member which ratifies the Convention shall be free to decide the nature and form of the minimum wage-fixing machinery, and the methods to be followed in its operation". No attempt is made to define the basis, whether the standard of living or otherwise, to be adopted when fixing minimum wages. The Convention on these various points also conforms with the views expressed by the Government of India in its reply to the Questionnaire, and leaves complete freedom to Members which ratify to introduce a system of minimum wage-fixing machinery appropriate to their own administrative and economic conditions. It would appear, therefore, that the Convention is sufficiently elastic to meet the special circumstances not only of Western States but also of India and other Eastern communities.

It may be of interest to add that the Convention was formerly ratified by the Chinese Government on 28th February 1930, and that in accordance with Article 351 of the Treaty of St. Germain, this ratification was registered on 5th May 1930 by the Secretariat of the League of Nations.

² Blue Report, page 15, reply of the Government of India.

II.—Works Councils.*A.—Legislation on Works Councils.*

Works Councils in Germany are regulated by the Act and the Order of 4th February 1920. The Act has been amended and completed by the following: Act of 5th February 1921, Act of 15th February 1923 and Act of 28th February 1928. (English translation of the first three Acts will be found in the Legislative Series of the International Labour Office.) (See appendix).

B.—Summary of the Chief Provisions relating to the Powers and Functions of Works Councils.

The chief powers and functions of works councils are defined in sections 66, 70, 71, 72, 78 and 84. Speaking generally, they can be divided into two groups:—

- (1) Functions for the protection of the workers' interests.
- (2) Economic functions.

As regards group (1), mention may be made of the following:—

- (a) to keep the undertaking free from disturbances, in particular disputes; and in the case of disputes between the employer and the works council or the employees, to appeal to the Conciliation Board or to any other conciliation or arbitration authority;
- (b) to supervise the execution of awards in respect of matters affecting the undertaking as a whole, issued by the Conciliation Board or by any other conciliation or arbitration authority selected by the parties concerned;
- (c) to come to an agreement with the employer, subject to the terms of existing collective agreements, as regards works regulations applicable to all employees;
- (d) to promote a good understanding among the employees themselves and between them and the employer, and to safeguard the employees' rights of association;
- (e) to receive complaints from the councils of wage-earning and salaried employees and to endeavour to secure a settlement by negotiation with the employer;
- (f) to support measures for the prevention of accidents or illness; to assist factory inspectors and all other competent officials by means of suggestions, advice and information; and to co-operate in the carrying out of regulations and other measures for the prevention of accidents;
- (g) to lend their good offices in cases of dismissal of employees (Section 84).

As regards group (2):—

- (a) in undertakings which serve economic purposes, to assist the management by advice and thus to co-operate in the achievement of the highest possible standard and of the maximum degree of economy in production;
- (b) in undertakings which serve economic purposes, to co-operate in the introduction of new methods of work;

(c) powers of supervision as follows :

- (i) the right to require the employer to afford to the works committee, or where none exists, to the works council, access to all transactions affecting the contract of employment or the activities of the employees, and to the pay books and any documents relating to the carrying out of existing collective agreements, in so far as manufacturing or trade secrets are not endangered. The employer is obliged to make a quarterly report on the position and progress of the undertaking and of the industry generally, and, in particular, on the output of the works and on anticipated requirements in respect of labour.
- (ii) In undertakings in which the owner is bound to keep accounts and there are normally not less than 300 employees or 50 salaried employees, the right of requiring that every year a balance-sheet and a profit and loss account for the past business year shall be presented to the works council with explanations, not later than six months after the accounts have been closed.
- (iii) In undertakings where a control board (*Aufsichtsrat*) exists, the right of appointing one or two members as delegates to the board. These delegates represent the interests and claims of the workers and put forward their opinions and desires in respect of the organisation of the undertaking. They are entitled to attend and to vote at all meetings of the board.

C.—Works Councils in Practice.

When the Works Councils Act came into force relations were somewhat strained between the councils and the trade unions. The councils often looked upon themselves as the representatives of the revolutionary workers and were hostile to the policy of the trade unions, which were endeavouring to maintain order. This hostility has almost entirely disappeared. The unions have been able to draw the councils within their sphere of influence so that the latter, at bottom, are no more than "the arm of the unions reaching into the factory."

The tenth anniversary of the entry into force of the Act furnished an occasion for the press of the parties concerned to glance back and to publish surveys of the activities and achievements of the works councils. Some of these articles are quoted in an appendix. But the factory inspectors' reports are the main source of impartial information on the activities of works councils.

In the light of the publications just mentioned the achievements may be summarised as follows :

In general, the activities of the works councils in the economic sphere (see B) have been very slight, and the inspectors report that in the future also it will probably be very difficult for them to take effective action. Schemes for the business development of undertakings almost always originate with the employer, and it is only in carrying them out that the assistance and goodwill of the works council are called into play.

The utility of works councils in the social sphere, however, is more generally recognised, although even here employers and workers do not see eye to eye. Nevertheless, it seems that a substantial proportion of employers have realised the utility of close collaboration with the workers through the medium of the works council.

In this connection, the following admission by an employer may be quoted: "The introduction of the Works Councils Act has brought us this advantage—employers and workers are obliged to get into touch and to try to understand each other."

Hence, the problem of works councils is not solely a legal problem; it is also, and essentially, an educational problem, and further, a matter of selecting personalities.

According to the factory inspectors' reports, works councils exercise a remarkable influence in the field of accident prevention and industrial hygiene, and in connection with labour disputes. Several reports state that works councils have put forward useful suggestions for improving precautions against accidents and for setting up welfare institutions. -

With regard to the question of particular interest to the Royal Commission on Labour, namely, the working of the system of works councils in those industries where trade union organization is more or less ineffective, it may be said that in practice there is a very close connection between the trade unions on the one hand and the existence and activities of the works councils on the other; although, legally, their respective activities are quite separate. From the factory inspectors' reports and statistics compiled from the year books of the organisations affiliated to the *Allgemeiner Deutscher Gewerkschaftsbund* (Federation of the "Free" Socialist Unions) one is tempted to conclude that where the workers are not organized works councils either do not exist or are unable to exercise any appreciable influence.

Whereas in almost all undertakings employing 50 or 100 workers or more works councils have been set up and work smoothly, in many small and medium undertakings employing from 20 to 50 workers they are entirely lacking.

Sometimes, the workers themselves are opposed to the election of a works council in such undertakings because they hold that a works council would be apt to disturb the relations between employers and workers. But it is precisely in these small undertakings that, very often, the workers are not organized.

In support of this statement of the factory inspectors the following views of a number of trade unions are quoted:

The *Metallarbeiterverband* (Metal Workers' Union): "In the light of our experience it is the lack of a good organization that is largely responsible for the non-existence of works councils."

The Bookbinders' Year Book writes: "It is becoming apparent that in the undertakings where the workers are badly or not at all organized works councils are either not elected or are incapable of doing anything".

The experience summarized above thus enables the conclusion to be drawn that, as a rule, it is only in the industries in which the workers are well-organized that works councils have been able to do effective work. But at the same time it should be added that ten years' experience is very little on which to base a final opinion on the Works Councils Act.

APPENDIX TO MEMORANDUM ON WORKS COUNCILS.

List of Laws and Orders.

- Law and Order of 4th February 1920 on Works Councils.
 Legislative Series, 1920, Ger. 1 and 2.
 Order of 24th February 1920, Legislative Series, 1920, Ger. 11.
 Act of 5th February 1921, Legislative Series, 1921, Ger. 3.
 Act of 15th February 1923, Legislative Series, 1923, Ger. 1.
 Act of 28th February 1928, Legislative Series, 1928, Ger. 1.

*Short-Bibliography on Works Councils in Germany.**A.—Publications of the Office.—*

- Works Councils in Germany, Studies and Reports, Series B. No. 6, 1921.
 Works Councils in Germany, by M. Berthelot, Studies and Reports, Series B., No. 13, 1923.
 The German Works Councils Act and its Significance, by E. Bernstein, I. L. R., Volume I, No. 2, February 1921.
 The Legal Nature and Economic Significance of the German Works Councils, by H. Dersch, I. L. R., Volume XI, No. 2, February 1925.
 Industrial Inspection in Germany in 1923 and 1924 (Works Councils). I. L. R., Volume XIII, No. 4, April 1926.

B.—Miscellaneous Publications.—

- The Works Councils, by Guillebeud, Cambridge University Press, 1928.
 Manafeld. Betriebsrätegesetz. Essen, 1926.
 George Flatow. Kommentar zum Betriebsrätegesetz. 12 Auflage, Berlin, 1927.

C.—Articles published on the occasion of the 10th anniversary of the Works Councils Act and summaries of factory inspectors' reports.—

- Soziale Praxis, 1929, p. 889, Aus den Berichten der Gewerbeaufsichtsbeamten für das Jahr 1928.
 Gewerkschaftszeitung. Februar 1930, No. 8. S. 120.
 Zehn Jahre Betriebsrätegesetz, C. Nörpel.
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 Stand der Betriebsrätebewegung, von L. Popp., Leipzig.
 Soziale Praxis, 1930, p. 231. Zehn Jahre.
 Betriebsrätegesetz, von Dr. J. Wünschuh, Berlin.
 Reichsarbeitsblatt, 1929, Nr. 26, S. 239. Die.
 Betriebsräte im Jahre 1928. von Dr. Baje, Berlin.

III.—Compulsory Health Insurance in Japan.

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INTRODUCTION.**Preparatory Conditions and Measures.**

For the establishment of compulsory health insurance in Japan a considerable effort of organization was needed, but the foundations upon which the structure was to be reared were already prepared. The working population, almost wholly literate, had accepted Western medicine, and had some acquaintance with the working and practical value of insurance. The medical profession, 40,000 strong, was amply numerous enough to supply the medical needs of the classes to be insured, and its uniform national organization offered a means ready to hand for the administration of medical benefit. Beginning in 1907, the mutual aid movement counted by 1926 half-a-million members in public and private undertakings, while the post office life insurance, instituted in 1916, and continually extending its business, had, in 1928, over eleven million policies, of an average value of 126 yen in force among the working class. Employers, too, had had experience of legislative regulation and inspection, in order to secure proper conditions of work and, in particular, for ten years they had been paying compensation for industrial accidents and diseases.

The first draft of the Health Insurance Act was produced in 1921 by the newly-created Labour section of the Department of Agriculture and Commerce. It was examined by a specially appointed committee of civil servants and professors, from whose hands it emerged in the form in which it was passed by the Diet. Between its enactment in 1922 and its enforcement there ensued a delay of four years imposed by the consequences of the great earthquake of 1923. It was not until July 1926 that the administrative measures preliminary to the application of the Act began to be taken. Then insurance offices were set up by the Government in every prefecture, their first duties being to collect from every factory and mine details of the workers who were to be insured, and to distribute information about the scheme to all concerned. Meanwhile, the larger undertakings were establishing, on a uniform plan, the societies which were to administer health insurance for their respective staffs. Six months later, on 1st January 1927, the administrative machinery was ready, and the collection of contributions and the granting of benefits began.

Principal Features of the Act.

Scope.—The sphere of application of the Act is limited to workers employed in undertakings in which the conditions of work were already subject to legal regulation, enforced by a system of inspection. These undertakings comprise,

firstly all factories (except those where the risk involved by the processes is inappreciable) which employ ten persons or more, and secondly, with negligible exceptions, all mines and oil wells.

Every manual worker in these undertakings, and also every salaried employee whose remuneration does not exceed 1,200 yen per annum, is liable to compulsory insurance.

Benefits.—Insured persons are entitled to benefits in case of sickness or injury, however caused, and insured women are provided with special benefits in connection with their confinement.

The rates and content of the benefits are fixed by the Act: insurance institutions cannot reduce, increase or modify them.

For sickness or injury, the benefits consist of an allowance equal to 60 per cent. of wages, and every necessary kind of medical treatment; these benefits are provided for a maximum period of six months in the year.

The method adopted for the organization of medical benefit is one of the most remarkable features of the scheme. The Government, which administers the insurance of more than half the insured population, has concluded an agreement with the medical profession whereby the latter accepts collective responsibility for the organization and provision of medical treatment for the insured persons concerned, in return for the payment of an annual capitation fee. This arrangement was rendered possible by the fact that the profession constitutes a public corporation, having legal powers to make rules for the professional conduct of its members, and to enforce obedience. For persons whose insurance is not administered by the Government, other arrangements are made for medical treatment.

Insured women are entitled to an allowance of 60 per cent. of wages for four weeks before, and six weeks after confinement, and also to a lump sum to pay for attendance by a midwife, or, alternatively, to the attendance itself.

The Act is deficient in its policy towards the family; there is no medical benefits for dependants, and no maternity benefit for the non-wage-earning wives of insured men. A small funeral benefit is granted to dependants on the death of an insured person.

Liaison with workmen's compensation.—For ten years prior to the application of the Health Insurance Act, workers, in factories and mines had been entitled to compensation from their employers in case of industrial accident and disease. The compensation took the form of medical treatment and an allowance during temporary incapacity, and of a lump sum in case of permanent incapacity and death. The law did not require the employer to insure his risk.

The Health Insurance Act linked up health insurance with workmen's compensation; indeed to a certain extent it amalgamated them. Health insurance institutions took over from the employer his liability for compensation during temporary incapacity, and provided sickness and medical benefits instead. The employer's charges on account of the industrial risk, however, have probably been lightened but little if at all. In the first place, he pays at half the joint contribution for health insurance, and, where the undertaking is dangerous, his share may be considerably greater. Secondly, he remains liable to pay compensation where the industrial accident or disease causes permanent incapacity or death, and, simultaneously with the application of the Act, the rates of compensation in these cases were greatly increased.

Financial resources.—Three parties share the cost of health insurance benefits and administration; the State, which bears one-tenth of the cost, and employers and insured persons, who pay a joint contribution sufficient to cover the remaining expenditure.

The contribution is, in principle, shared equally by the insured person and employer. But this rule is subject to two important exceptions. The share to be paid by the insured person cannot exceed 3 per cent. of his wages and consequently, where the cost to be met represents more than 6 per cent. of wages, the employer must pay the excess. Again, where the competent Minister considers that an undertaking involves a heavy risk, he may raise the employer's share up to two-thirds, even where the insured person's share does not amount to 3 per cent. of his wage. It will be seen, therefore, that there is a partial adjustment of the charge between the employer and the insured according to the degree of risk.

Insurance institutions.—In planning their administrative machinery, the framers of the Act had to take account of the fact that over half-a-million workers were already organized in mutual benefit societies which could be adapted for the administration of health insurance, but that the majority of the persons to be insured possessed no such institutions and could not be expected to create them immediately. In these circumstances it was decided to provide for the administration of the scheme by two types of institutions, autonomous for the one group and State-administered for the other group of insured persons.

The mutual benefit societies were established in almost all State undertakings (arsenals, tobacco factories, railway shops, State steel works) and in many large private undertakings. The societies were therefore of the kind known as works funds, and were found only in connection with undertakings of considerable size. The policy of the Act proceeds from the assumption that all undertakings employing more than a certain number of workers are capable of setting up works funds, if they have not done so already. The Act, indeed, obliges every undertaking employing 500 workers and upwards to set up such a fund; for undertakings employing 300 workers and upwards the establishment of a fund is voluntary; and, finally, small undertakings employing 300 workers in the aggregate may combine to form a single fund. Thus provision is made for the gradual expansion of a nucleus of compulsorily constituted funds in large undertakings by the voluntary formation of funds in a widening circle of smaller undertakings.

Somewhat surprisingly, the only mutual benefit societies which are expressly recognized by the Act are those belonging to State undertakings: these societies subject to certain conditions, may administer health insurance without change of constitution. All other existing mutual benefit societies desiring to take part in the scheme must adopt a constitution conforming in every particular with the rules laid down in the Act and regulations, and identical with that to be adopted by any new funds which are set up for the sole purpose of administering the Act.

The mutual benefit societies, or works funds, which conform with the requirements of the Act are called "health insurance societies". The insured workers in any undertaking for which a society has been established are compulsorily affiliated to it. They, together, with the employer, are entirely responsible for the working of the society, under the supervision of the central

department and within the limits prescribed by the Act. They draw up their own budgets, fix the rate of contributions, collect contributions, organize their medical service, and pay benefits.

The insurance of persons who are not employed in undertakings where a health insurance society is established is administered by the State civil service. In every prefecture is a health insurance office, attached to the prefectural authority, but supervised by the central department. These offices perform the same functions as health insurance societies, but neither employers nor insured persons have any share in their management.

The offices have shown themselves much more expensive to administer than the societies. The result, however, was only to be expected, since the membership of an office is scattered in many small undertakings throughout the prefecture, and the cost of collecting contributions and verifying claims for benefits is relatively large. In the societies, on the contrary, the cost is relatively small, on account of the concentration of membership, and also because much of the administrative work must often be performed by the staff of the undertaking and therefore at the employer's expense.

One might have expected that even in the first three years' operation of the Act the number of health insurance societies would have grown rapidly, and that the proportion of insured persons affiliated to the offices would have decreased. In fact, the number of societies has increased but slightly, while the offices have maintained their share of the insured population. An explanation of this situation may be afforded by the economic depression, which is perhaps felt more severely by the larger undertakings.

The analysis of the Act is divided into five parts, dealing with its scope, financial resources, benefits, institutions and provisions for the settlement of disputes. Two appendices describe respectively the various measures and proposals for the extension of social insurance and social assistance which have appeared since the Act was passed, and the reception of the scheme by employers and workers. Finally, in case it should be desired to examine in greater detail any aspect of the law, the translations of the Act and regulations are also attached.

LIST OF ACTS, ORDERS AND REGULATIONS.

Act No. 70 relating to health insurance. 22 April 1922—L.S. 1922, Jap. 3.

Act No. 34 to amend the Health Insurance Act. 27 March 1926—L.S. 1926, Jap. 4.

Act No. 26 to establish a special account for health insurance. 27 March 1926—L.S. 1926, Jap. 4.

Act No. 20 to amend the Health Insurance Act. 27 March 1929.

Factory Act No. 46 of 28 March 1911 as amended by Act No. 33 of 29 March 1923—L.S. 1923, Jap. 1.

Mining Act No. 45 of 8 March 1905 as amended by Act No. 22 of 22 July 1924.

Orders.

Imperial Ordinance No. 243 respecting the enforcement of the Health Insurance Act. 30 June 1926—L.S. 1926, Jap. 4.

Order in pursuance of the Factory Act. 2 August 1916—Bulletin of the International Labour Office, Basle, Vol. XII, 1917, p. 27.

Imperial Ordinance No. 152 respecting the date of bringing into operation of the Industrial Workers' Minimum Wage Act and the Factory Act Amendment Act. 5 June 1926—L.S. 1926, Jap. 1.

Imperial Ordinance No. 153 to amend the Ordinance in pursuance of the Factory Act. 5 June 1926—L.S. 1926, Jap. 1.

Regulations.

Ordinance No. 36 of the Department of the Interior. Regulations for the enforcement of the Health Insurance Act. 1 July 1926—L.S. 1926, Jap. 4.

Ordinance No. 19 of the Ministry for Agriculture and Trade. Regulations in pursuance of the Factory Act, 3 August 1916.

Ordinance No. 21 of the Ministry for Agriculture and Trade. Regulations for the labour and relief of miners. 3 August 1916.

Ordinance No. 13 of the Department of the Interior amending the Regulations in pursuance of the Factory Act. 7 June 1926—L.S. 1926, Jap. 1.

Ordinance No. 17 of the Department of the Interior amending the Regulations for the labour and relief of miners. 24 June 1926.

FIRST PART.

Scope.

I. *The general formula defining the scope.*—All persons employed in a factory to which the Factory Act ¹ applies or in a mine to which the Mining Act ² applies are, with certain exceptions, subject to compulsory insurance [Health Insurance Act ³ section 13].

The undertakings to which the Factory and Mining Acts apply respectively are listed below.

A. FACTORIES.

The factories to which the Factory Act applies are:—

- (1) Factories where ten or more persons are regularly employed;
- (2) Factories where work is of a dangerous nature or injurious to health.

(Factory Act, section 1.)

The industries contemplated under (2) have been enumerated as follows:—

- (i) poisonous substances or medicines;
- (ii) taxidermy;
- (iii) measuring instruments using mercury;
- (iv) thermos bottles using mercury pumps;
- (v) files using lead;
- (vi) enamelled iron wares or of chemical compounds for enamelling;
- (vii) paints, pigments for toilet use or painting, or printing ink;
- (viii) employing sulphurous anhydride, chlorine gas or hydrogen gas;
- (ix) refining sulphur;
- (x) treating metal with heat by employing Potassium cyanide or nitrate;
- (xi) factis;
- (xii) refining of fatty oil;

¹ Factory Act No. 46 of 28th March 1911 as amended by Act No. 33 of 29th March 1923.

² Mining Act No. 45 of 8th March 1905 as amended by Act No. 22 of 22nd July 1924.

³ Hereinafter referred to as H. I. A.

- (xiii) boiled oil ;
- (xiv) imitation leather, or water-proof paper or cloth that requires a drying oil or a solvent ;
- (xv) rubber goods that require a solvent ;
- (xvi) vulcanizing rubber goods using a solvent or rubber cement ;
- (xvii) extracting resins or oils using a solvent ;
- (xviii) hair-oil using a solvent ;
- (xix) colour printing on mats using a solvent ;
- (xx) imitation pearl using a solvent ;
- (xxi) dry-cleaning using a solvent (excepting cleaning by merely 'sponging') ;
- (xxii) adhesive plasters using a solvent ;
- (xxiii) tannic acid ;
- (xxiv) compound dye stuffs or of their intermedium ;
- (xxv) celluloid, or its worked materials by heating or using a sawing machine ;
- (xxvi) nitrified cotton ;
- (xxvii) Articles made of twisted paper string using collodium ;
- (xxviii) ether ;
- (xxix) alcohol or its denaturalization ;
- (xxx) viscose ;
- (xxxi) distilling or refining of turpentine ;
- (xxxii) distilling, refining or canning of mineral oils ;
- (xxxiii) refining of asphalt ;
- (xxxiv) felt or paper used for building materials containing bituminous substance ;
- (xxxv) matches ;
- (xxxvi) gunpowder, explosives, fuses, cartridges or fireworks (mere handling of them is also covered) ;
- (xxxvii) smelting, melting or refining of metals ;
- (xxxviii) welding or cutting off metal using electricity or gas ;
- (xxxix) compressed or liquid gases ;
- (xl) ice using compressed or liquid gases ;
- (xli) lumber-making by use of motive power ;
- (xlii) electricity (power house, transforming station, charge station and switch station) ;
- (xliii) electric bulbs ;
- (xliv) glass (its etching, sand blasting or powdering is also covered) ;
- (xlv) dry-grinding of metals, bones, horns or shells ;
- (xlvi) metal leaf or powder using motive power ;
- (xlvii) crushing ores, earth and sand, shell or bone by use of motive power ;
- (xlviii) carbon used for electricity ;
- (xlix) coal-gas and cokes ;
- (l) carbide ;
- (li) lime ;
- (lii) felt or "fukitsuke" woollen cloth (imitation woollen cloth using pulverised woollen fibre) ;
- (liii) raising or trimming (of woven or knitted goods) ;
- (liv) cotton ;

- (lv) hackling hemp ;
 - (lvi) assorting old cotton, cotton scraps, old hemp, waste paper, waste cotton thread, waste wool and rags ;
 - (lvii) animal or blood charcoal ;
 - (lviii) refining fur, tanning, or manufacture of glue ;
 - (lix) refining hair or feathers ;
 - (lx) other works prescribed by the Minister of the Interior.
- (Ordinance for the enforcement of the Factory Act, as amended, para. 3.)

B. *Mines*.—The Mining Act applies to mines for the extraction of the following minerals :—

Antimony	Iron	Sulphate
Arsenic	Lead	Sulphur
Coal	Mercury	Tin
Copper	Phosphate	Zinc
Gold	Silver	

and to petroleum wells.

(Mining Act, Section 2.)

II.—Exceptions from the scope defined by the general formula.

A. *Persons exempted*.—Certain persons employed in undertakings to which the Factory Act applies are excluded from the scope of compulsory insurance, namely :—

- persons temporarily employed ;
- administrative employees whose annual remuneration exceeds 1,200 yen.

(H. I. A. Section 13.)

A person is deemed to be temporarily employed—

- (1) when employed for a fixed period of less than sixty days ;
- (2) when employed either for an indefinite period or on probation up to 30 days ;
- (3) when employed by the day up to 30 days ;
- (4) when employed on other terms prescribed by the Minister of the Interior.

(Imperial Ordinance respecting the enforcement of the Health Insurance Act*, para. 9.)

It is provided, however, that if a person covered by (1) continues to be employed beyond the fixed period, or a person covered by (2) or (3) continues to be employed for more than 30 days, he is not deemed to be temporarily employed.

B. *Undertakings exempted*.—Factories to which it seems unnecessary for the Factory Act to apply may be exempted by Imperial Ordinance (Factory Act, Section 1). Accordingly factories which are engaged exclusively in work of the following kinds are exempted from the application of the Factory Act and consequently from the application of the Health Insurance Act :—

The making of—

- (i) Gelatine, "kori-konnyaku" (a food stuff made from the root of *conophollus konjac*), frozen "tofu" (a kind of congealed bean jelly), "yuba" (a kind of bean curd), vermicelli or "fu" (a substance made from flour and water) ;

* Hereinafter referred to as H. I. O.

- (ii) basket trunks, hanging bamboo screens, bamboo baskets, ribs of Japanese umbrellas, or other articles made of wicker, rattan, bamboo-sheath, wood-shavings, vines, stalks or straw ;
- (iii) plaited straw and wood ;
- (iv) hats from " atan " (formosa grass), panama leaf or other substances of similar nature ;
- (v) folding fans, flat fans, Japanese umbrellas and Japanese lanterns ;
- (vi) toys or artificial flowers made chiefly of paper, thread, cotton wool, bamboo or woven materials ;
- (vii) patterned paper, paper boxes, " motoyui " (paper twine used for women's hairdressing) or " mizuhiki " (paper twine used for tying little parcels) ;
- (viii) clothes, " tabi " (Japanese socks and other hand-made wearing apparel) ;
- (ix) hand-made silk and cotton cord ;
- (x) batten lace or drawn-thread work.

(Ordinance for the enforcement of the Factory Act as amended, para. 1.)

These factories are, however, only exempt provided that they do not employ as prime movers, steam engines, steam turbines, gas engines, oil engines, water turbines, pulton wheels and electric motors (Ordinance for the enforcement of the Factory Act as amended, para. 1, and Regulations in pursuance of the Factory Act as amended, para. 1).

It is to be observed that these factories are exempt although they employ ten or more persons.

III. Application at the option of the employer of compulsory insurance to persons employed in certain undertakings.

An employer in any excepted undertaking which belongs to one of the groups enumerated below may, after having obtained the sanction of the competent Minister, cause all those persons employed in his undertaking to be insured who would have been insured if the undertaking had been insurable. Before the sanction is given, the consent of a majority of the persons to be insured must be obtained in favour of the proposal. (H. I. A., Sections 14 and 15.)

The following are the undertakings concerned :—

- (1) undertakings for the mining or collecting of minerals ;
- (2) undertakings for the manufacturing, working up, sorting, packing, repairing, or breaking up of articles ;
- (3) undertakings for the generation, transformation or transmission of electricity or motive power ;
- (4) undertakings for building construction or the erection, preservation, repair or demolition of the structures designated by the competent Minister ;
- (5) undertakings to which the Local Railway Act or the Tramway Act applies ;
- (6) undertakings for the transportation of goods and passengers by land, other than those mentioned in the preceding item, as designated by the competent Minister ;
- (7) undertakings for the loading and unloading of goods ;

(8) undertakings other than those mentioned in the preceding item, as designated by Imperial Ordinance.

(H. I. A. Section 14.)

An employer who has caused his workpeople to be insured may also cause them to cease to be insured, provided that he obtains the sanction of the Minister of the Interior. Before the sanction is given, a majority of at least three quarters of the insured persons must be obtained in favour of the proposal. (H. I. A., Section 19.)

IV.—The formality of becoming an insured person.

A person employed in an insurable undertaking is deemed to be insurable from the day on which he is employed in the undertaking or ceases to be excluded as being in temporary employment or in administrative employment at an annual remuneration exceeding 1,200 yen. (H. I. A., Section 17.)

From the workman's standpoint the question of interest is: has he the rights of an insured person *ipso facto* on becoming insurable, or is the acquisition of such rights dependent upon the fulfilment of some formality by himself of the employer?

The answer does not appear very clearly from the legal texts available. The employer is responsible for notifying the competent authority (the insurance institution) within five days after the person becomes insurable [Regulations for the enforcement of the Health Insurance Act*, para. 10]. Failure to notify is punishable by a fine, but no provision is made to enable the insured person to recover any benefits which he may have lost by the employer's default. The insurance institution is entitled to require the employer to produce his books, and, if necessary, the local health insurance officer may send an official to inspect the undertaking (H. I. A., Sections 8 and 9).

The evidence of title to benefit is afforded by the possession of an insurance card issued by the insurance institution with which the bearer is insured. The issue of this card is ordinarily consequent upon notification by the employer. Nevertheless, a person who considered that he was subject to insurance but who had received no card could always address himself to the health insurance office, and raise the question; in case the employer disputed the case, the person could take action through the health insurance enquiry commission.

V.—Voluntary Insurance for persons formerly compulsorily insured.

A person who ceases to be subject to compulsory insurance (cessation of insurable employment) but who has been insured for at least 180 days within the year preceding the date on which he ceased to be insured, or who has been insured for at least 60 consecutive days up to the date just mentioned, is entitled to continue in insurance if he applies to be allowed to do so within 10 days after ceasing to be insurable (H. I. A., Section 20 and H. I. O., para. 10).

VI.—Gaps in the scope of compulsory insurance.

The only employed persons excepted from compulsory insurance on the ground of the conditions of their employment are:—

- persons temporarily employed;
- administrative employees whose annual remuneration exceeds 1,200 yen.

* Hereinafter referred to as H. I. R.

Several large classes of employed persons are excluded from the scope of health insurance because they are engaged in occupations to which the Act does not apply, namely:—

- agriculture ;
- commerce ;
- transport by land and sea ;
- public administration ;
- factories not designated as dangerous and occupying less than 10 workers ;
- factories in certain industries designated as exempt unless using mechanical prime movers.

STATISTICS OF SCOPE.

L.—Statistics of population.

A. GENERAL POPULATION.

The total population of Japan proper was—

at first Census, October 1920	..	..	..	..	55,963,053
at 2nd Census, October 1925	..	..	..	..	59,736,822
Estimate, October 1926	..	..	..	..	60,521,600
Estimate, October 1927	..	..	..	..	61,316,600
Estimate, October 1928	..	..	..	..	62,122,200

(Estimates made by Statistical Bureau of the Japanese Cabinet.)

B. DISTRIBUTION OF POPULATION BY OCCUPATION.

Pending the completion of the publication of the results of the 1925 Census, the latest figures relating to the occupied population, are those of the 1920 Census.

Distribution of the occupied population 1920.

Occupations.	Men.	Women.	Total.
Agriculture	3,122,953	5,838,524	8,961,477
Fishing: salt production	310,350	38,149	348,499
Mining	279,237	95,792	375,029
Industry	2,446,326	1,281,181	3,727,507
Commerce	483,182	623,146	1,106,328
Transport	590,033	48,970	639,003
Casual work	358,726	133,405	492,131
Other	323,322	180,050	503,372
All	7,914,129	8,239,217	16,153,346

It will be seen that Japan is pre-eminently an agricultural country, in spite of the recent marked development of industry and trade. Though the industrial population is over one-fifth of the total, it is only two-fifths as large as the agricultural population.

C.—FACTORY WORKERS.

1. *Number of factories and workers.*—Detailed statistics are collected concerning factories employing more than five persons. The following table shows the number of such factories, and number and sex of the regular workers.

Number of factories and number of workers, by sex.

Year.	No. of factories.	No. of Workers.		
		Men.	Women.	Total.
1922	46,427	834,314	856,705	1,691,019
1923	47,786	838,197	926,936	1,765,133
1924	48,394	859,783	929,835	1,789,618
1925	49,161	852,554	955,827	1,808,381
1926	51,906	893,834	981,361	1,875,195
1927	53,680	923,201	975,671	1,898,872
1928	..	1,192,857	1,031,688	2,224,545
1929	..	1,145,252	1,057,252	2,202,504

(Department of the Interior.)

Thus nearly half of the factory workers are women. Over 80 per cent. of the women are employed in the textile industry. The proportion of women, however, tends slowly to decrease, in consequence of the rise of the mechanical and chemical industries, which employ chiefly men workers.

2. *Distribution of factories by size.*—In manufacturing industries, the small undertaking is still the predominant type, but the number of large establishments increases year by year.

Distribution of factories by size, 1926.

Factories employing.	Number of factories.	Number of workers.
6—10 workers	26,474	174,622
11—15 workers	7,684	90,211
16—30 workers	8,886	178,016
31—50 workers	3,675	138,316
51—100 workers	2,612	184,423
101—500 workers	2,045	405,269
501—1,000 workers	282	192,167
Over 1,000 workers	248	512,171
All	51,906	1,875,195

(Statistical Bureau of the Japanese Cabinet.)

The number of factories employing five persons or more on 31st October 1928 had risen to 55,446, the number of workers employed therein being 1,869,668.

3. *Distribution of factory workers by industry.*—The following table, based on data published by the Statistical Bureau of the Japanese Cabinet shows how workers in factories employing more than five persons were distributed among the different industries at 31st December 1926.

Distribution of factory workers by industry at 31st December 1926.

Industry.	Number of workers.
Textile	998,447
Machine and tool	305,327
Chemical	176,312
Food and drink	167,144
Gas, electricity and melting	39,105
Miscellaneous	188,860
All	1,875,195

D. MINE WORKERS.

Number of mine workers in 1925, 1926 and 1927.

Year ended June.	Metal.	Coal.	Oil Wells.	Total including others.
1925	44,861	252,898	7,320	310,426
1926	46,923	235,044	6,406	293,562
1927	45,656	239,167	5,889	295,629

(Japanese Year Book 1930.)

II.—Statistics* of insured persons.

1. *Number of insured persons.*—The number of insured persons has been as follows:—

March 1927	1,941,446
March 1928	1,889,244
March 1929	1,933,632

These figures do not include the workers who are employed in State undertakings and are compulsorily insured with mutual benefit societies for the same benefits as workers in private employment. The number of State workers is now approximately 160,000.

If the total number of insured persons be taken as 2,100,000, they represent 3·4 per cent. of the total population and perhaps 13 per cent. of the occupied population.

2. *Distribution of insured persons by sex*—

	Men.	Per cent.	Women.	Per cent.
1926	1,018,485	52	922,961	48
1927	996,912	53	892,332	47

3. *Distribution of insured persons by occupation.*—In the following table are shown the distribution of insured persons by occupation at 31st March 1927, and a comparison between the number insured and the number employed in each occupation, as given above in the table of the distribution of factory workers by industry at 31st December 1926.

Distribution of insured persons by occupation at 31st March 1927.

Occupation.	No. of insured.	% of workers in occupation.
<i>Factories.</i>		
Textile	971,441	97
Machine and tool	237,293	78
Chemical	169,166	96
Food and drink	51,357	37
Gas, electricity and melting	5,815	66
Miscellaneous	154,650	82
All factories	1,609,722	86

* These statistics are taken from a report supplied to the International Labour Office by the Japanese Government.

Distribution of insured persons by occupation at 31st March 1927—contd.

Occupation.	No. of insured.	% of workers in occupation.
<i>Mines.</i>		
Metal	45,703	..
Coal	244,698	..
Oil wells	3,981	..
Other non-metal	2,541	..
Factories attached to mines	1,854	..
All mines	298,777	..
Other occupations	32,947	..
All occupations	1,940,446	..

III.—Compulsory and elective insurance.

According to statistics given in the Japanese Year Book for 1928 and 1930, the number of persons who came under the Health Insurance Act at the instance of their employers and with the consent of the majority of workers in the undertakings concerned was—

In 1927	27,648
In January 1929	32,056

SECOND PART.**Resources and Financial system.****I.—THE SOURCES OF REVENUE.**

The revenue is provided by contributions from the employer and insured persons and by a grant from the State. (Health Insurance Act,* sections 70 and 72.)

II.—INSURED PERSON'S AND EMPLOYER'S CONTRIBUTIONS.

1. *The Contribution and the Basic Wage.*—The rate of contribution is fixed by each insurance institution for the persons insured with it (Imperial Ordinance for the enforcement of the Health Insurance Act,† paragraph 95).

The amount of the contribution depends in the case of each person upon his basic wage: it is obtained by multiplying the basic daily wage by the rate of contribution (H. I. O. paragraph 94).

The basic wage upon which the contribution is calculated includes payments made at regular periods, but not:

Bonuses payable at greater intervals than three months;

Use of dwelling house or rent where these do not affect the rate of wages;
(H. I. O. paragraph 1).

In the case of payments in kind, the cash value is to be calculated in accordance with a scale to be fixed by the insurance office or society (H. I. O. paragraph 2).

* Hereinafter referred to as H. I. A.

† Hereinafter referred to as H. I. O.

The basic wage is not the actual wage, but an approximation as determined by the following schedule :—

Wage Class.				Basic Daily Wage.	Actual Daily Wage.
				yen.	yen.
1	..	..	..	.30	Less than .35
2	..	..	..	.40	Between .35 and .45
3	..	..	..	.50	.. .45 .. .55
4	..	..	..	.60	.. .55 .. .65
5	..	..	..	.70	.. .65 .. .75
6	..	..	..	.80	.. .75 .. .85
7	..	..	..	1.00	.. .85 .. 1.15
8	..	..	..	1.30	.. 1.15 .. 1.45
9	..	..	..	1.60	.. 1.45 .. 1.75
10	..	..	..	1.90	.. 1.75 .. 2.05
11	..	..	..	2.20.	.. 2.05 .. 2.35
12	..	..	..	2.50	.. 2.35 .. 2.65
13	..	..	..	2.80	.. 2.65 .. 2.95
14	..	..	..	3.10	.. 2.95 .. 3.25
15	..	..	..	3.50	.. 3.25 .. 3.75
16	..	..	..	4.00	More than 3.75

(H. I. O. paragraph 3.)

Where remuneration is paid by the year or month, the basic wage is 1/360 or 1/30 respectively of the annual or monthly rate. In the case of piece-rate wages, the basic wage is 1/90 of amount received during the previous three months by the person concerned or another person similarly employed. (H. I. O. paragraph 5.)

The basic wage for each person is calculated annually by his employer, who reports it to the insurance institution concerned. He likewise reports any considerable changes in the remuneration of any person occurring in the course of the year. (H. I. O. paragraph 4 and Regulations for the enforcement of the Health Insurance Act,* paragraph 3.)

2. *Relation of Contribution to Risk.*—The rate of the contribution (i.e., the ratio of the contribution to the basic wage) is in principle the same for all insured persons insured with a particular institution. Nevertheless, higher rates may be imposed in respect of persons employed in dangerous undertakings. (H. I. O. paragraph 95.)

3. *Rate of Insured Person's Contribution.*—The compulsorily insured persons bear one-half of the contribution and the voluntarily insured bear the whole. (H. I. A. Section 72.)

4. *Rate of Employer's Contribution.*—The employer ordinarily pays one half of the contribution. Nevertheless, in the case of dangerous undertakings, where a high rate of contribution is levied, the proportion borne by the employer may be raised by order of the Minister of the Interior to two-thirds. (H. I. O. paragraph 96.)

5. *Maximum Limit of Contribution.*—The share of the compulsorily insured person may not exceed 3 per cent. of his daily wages. If it is necessary to levy a contribution which would involve an insured person's share in excess of this maximum, the excess is to be borne by the employer. (H. I. A. section 74.) There is no maximum limit of the employer's share.

* Hereinafter referred to as H. I. R.

6. *Contributions of Low-Wage Earners.*—In the case of a person whose remuneration is less than 55 sen a day, the share of the contribution to be borne by the employer is the same as if the person was in the wage-class 55-65 sen. The amount thus payable by the employer may not, however, exceed the total amount of the contribution. (H. I. O. paragraph 97.)

III.—THE STATE GRANT.

The State Treasury bears 10 per cent. of the expenditure for insurance benefits (but not administration) as incurred by each insurance institution. If, however, the total sum to be borne by the Treasury would exceed 2 yen per insured person per annum, the sum paid to the institution is diminished to that limit. (H. I. A. Section 70.)

IV.—THE COLLECTION OF CONTRIBUTIONS.

The responsibility for the payment of the joint contribution is placed on the employer (H. I. A. section 77). He is authorized to deduct the insured person's share from his wages (H. I. A. section 78). He must, however, prepare a statement of accounts concerning the deduction of contributions, open to the inspection of insured persons (H. I. O. paragraph 99.)

The Act gives insurance institutions a general power of requiring employers to inform them concerning the engagement, discharge and remuneration of insured persons. (H. I. A. section 8 as amended.)

Once a year the employer must draw up a statement showing the daily remuneration of all persons employed by him on a certain day, and submit it to the insurance institution. He also informs the institution of any modification which needs to be made in this statement, on account of the engagement or discharge of insured persons, or any "considerable" alteration in their wage rates.

On the basis of this information, the insurance institution draws up every month a list of the contributions due from the employer in respect of the preceding month.

There is no provision as to the method of remittance by the employer to the institution.

The health insurance societies naturally experienced no difficulty in collecting contributions, in view of the close concern of the employer with the society established for his undertaking.

The health insurance offices, on the other hand, were faced with the problem of collecting contributions from some 43,000 employers, many of them in a very small way of business and ignorant of the character and purpose of the scheme. Consequently, for some time after the Act was put into operation, many employers failed to effect payment at the proper time. The Government now states, however, that, with the gradual diffusion of a correct understanding of the scheme, the number of employers in arrears has greatly diminished, and that now, as a rule, the actual payments are equal to the expected amount.

V.—THE FINANCIAL SYSTEM.

1. *System of Annual Distribution of Costs.*—The financial system is that of annual distribution of costs, *i.e.*, the resources for any year are calculated so as to balance the probable expenditure for that year. Each society draws up its own budget and adjusts its rate of contribution to suit its probable expenditure. (H. I. O. paragraphs 44 and 45.)

2. *The Reserve Fund.*—Health Insurance Societies may establish a reserve fund in order to defray expenditure in excess of that allowed for in the budget

(H. I. O. paragraph 47). They must lay aside from the surplus a sum equal to 5 per cent. of the average annual expenditure during the three previous years until the reserve reaches at least the said annual average. The fund may only be drawn upon to cover a deficit in the resources required for insurance benefits (H. I. O. paragraph 50). Each society fixes the method of managing its reserve fund (H. I. O. paragraph 51).

If the reserve fund is insufficient to cover the deficit, the society may contract a temporary loan of limited amount which must be repaid within the fiscal year (H. I. O. paragraphs 53 and 54).

3. *Supervision by Central Authority.*—Each society must submit a budget annually for the approval of the Department of the Interior (H. I. O. paragraph 45); moreover, it must present annual and monthly reports on its operations to the Director of the Bureau of Social Affairs. (Regulations for the Enforcement of the Health Insurance Act, paragraphs 36 and 40.) The books of the societies must all be kept in the prescribed form.

Societies must obtain the sanction of the Minister of the Interior if they wish to raise a loan; and likewise whenever it is intended to alter the rate of contribution (H. I. O. paragraphs 49 and 54).

Societies must also obtain the sanction of the Minister for their methods of managing their reserve fund (H. I. O. paragraph 51).

STATISTICS OF RESOURCES AND FINANCIAL SYSTEM*.

1. Contribution rates.

The health insurance offices, which insure persons in all insurable occupations, have two rates of contribution only. Except for coal-mining, the rate is 4 per cent. of the basic wage. For coal-mining, however, the rate is increased, on account of the greater risk, to 8 per cent.

The most frequent rate of contribution fixed by the health insurance societies is also 4 per cent., but the rate in a large proportion of societies is fixed at a higher figure; in this connection it must be remembered that nearly one-third of the membership of societies consists of miners.

The following table shows the rates of contribution of health insurance societies at 31st March 1928.

Contribution rates of societies.

Contribution as % of basic wage.	No. of societies.	% of all societies.
Under 3	41	12.1
3-4	183	53.8
5	41	12.1
6	21	6.2
7	9	2.7
8	22	6.5
9	14	4.1
10	5	1.5
Over 10	3	0.9
Total ..	330†	99.9

* These statistics are based upon information communicated to the International Labour Office by the Japanese Government.

† The total exceeds the actual number of societies by 2 because two societies have two different rates of contribution each.

The contribution levied by the health insurance offices is equally divided between employer and insured person, except for coal-mining, where the employer pays 62.5 per cent. and the insured 37.5 per cent.

The contributions levied by the health insurance societies, on the contrary, exhibit a wide range of variation. In principle, the joint contribution is shared equally by the insured person and the employer. In fact, however, this is the case in little more than half the societies; in the remainder the employer's share is greater than half. The increase in the employer's share is authorized by two distinct provisions. In the first place, as the insured person's share cannot exceed 3 per cent. of his basic wage, the employer must pay the balance however much it may be. In the second place, the Act allows the Minister of the Interior to raise the employer's share up to two-thirds for any undertakings where the risk is considerable.

Sharing of contribution in societies, at 31st March 1928.

Joint contribution as % of basic wage.	No. of societies in which employer's share was					
	50%	50—60%	60—70%	70—80%	80—90%	Over 90%
Under 3 ..	37	3	1	..	..	..
3—4 ..	157	7	4	15	..	..
5 ..	6	30	3	..	..	2
6 ..	2	2	13	4	..	..
7 ..	..	4	2	2	..	1
8 ..	..	3	13	6	..	..
9 ..	..	..	1	12	1	..
10 ..	..	..	1	4	..	..
Over 10 ..	..	..	..	1	..	2
Total ..	202	49	38	44	1	5
% of all Societies	59.6	14.4	11.2	12.9	0.3	1.5

2. Contribution income.

Contribution income in years ending 31st March 1928 and 1929.

Institution.	Amount (yen).		Average per insured (yen).	
	1927-28.	1928-29.	1927-28.	1928-29.
Health insurance offices ..	18,211,859	18,735,547	16.3	16.1
Health insurance societies ..	18,217,602	18,746,062*	23.5	24.2
Total ..	36,429,461	37,481,609	19.3	19.4

* Estimate.

3. The State Grant.

State grant in years ending 31st March 1928 and 1929.

Institution.	Amount (yen).		Average per insured (yen).	
	1927-28.	1928-29.	1927-28.	1928-29.
Health insurance offices ..	1,615,000	1,600,000	1.45	1.38
Health insurance societies ..	1,667,628	1,535,262	2.12	1.99
Total ..	3,282,628	3,135,262	1.74	1.64

4. Income and expenditure.
(a) Health Insurance offices.

Income.

Income.	1st January— 31st March 1927	1st April 1927— 31st March 1928.	1st April 1928— 31st March 1929.
		Yen.	
Contributions	3,495,997	18,211,859	18,735,547
State grant	700,935	1,615,000	1,600,000
Other	352,570	7,510	40,714
Total ..	4,549,502	19,834,369	20,376,261
Average per insured	3·9	17·7	17·5

Expenditure.

Expenditure.	1st January— 31st March 1927.	1st April 1927— 31st March 1928.	1st April 1928— 31st March 1929.
		Yen.	
Benefits	3,336,808	17,040,567	17,458,808
Administration	550,463	1,991,772	2,150,697
Other	1,308	745,962	17,655
Total ..	3,888,579	19,778,301	19,627,160
Average per insured	3·4	17·7	16·9

(b) Health Insurance societies.

Income.	1st January— 31st March 1927.	1st April 1927— 31st March 1928.	1st April 1928— 31st March 1929.
		Yen.	
Contributions	4,359,753	18,217,602	18,746,062
State grant	238,384	1,667,628	*1,413,911
Loans	47,747	220,000	..
Carried over from previous year ..	..	451,011	913,875
Other	72,877	815,446	472,455
Total ..	4,718,761	21,371,687	21,546,303
Average per insured	5·9	27·5	27·9

*This figure for the State grant appears in the source in a table showing the income of societies; it differs, for a reason which is not explained, from the figure for the State grant for the same year which has already been quoted above in the statistics of the State grant and which appears in the source in a table showing the expenditure of the Treasury by way of State grant.

Expenditure.

Expenditure.	1st January— 31st March 1927.	1st April 1927— 31st March 1928.	1st April 1928— 31st March 1929.
		Yen.	
Benefits	3,780,480	17,742,133	18,433,639
Administration	173,780	629,390	948,259
Other	44,748	105,732	535,231
Total ..	3,999,008	18,477,255	19,917,129
Average per insured	5·0	23·9	25·8

The greater average expenditure of the societies would appear to be due to the fact that the majority of miners, who imply a heavy risk, are insured with societies.

5. Reserve fund.

(a) Health Insurance offices.

In the case of health insurance offices there is no statutory provision as to the amount of the reserve fund ; it is merely provided that the surplus in any year shall be employed to constitute a reserve fund common to all the offices. The excess of income over expenditure has been as follows :—

	Yen.
1st January to 31st March 1927	660,923
1st April 1927 to 31st March 1928	56,068
1st April 1928 to 31st March 1929	749,101
Total	1,466,092

This sum has actually been credited to the reserve fund.

(b) Health insurance societies.

In the case of health insurance societies, the Act requires the surplus income, up to 5 per cent. of the cost of benefits, to be credited aside annually to the society's reserve fund. The excess of income over expenditure has been as follows :—

	Yen.
1st January to 31st March 1927	719,753
1st April 1927 to 31st March 1928	2,894,432
1st April 1928 to 31st March 1929	1,629,174
Total	5,243,359

It is not known whether the whole of this sum has actually been credited to the societies' reserve funds. The total surplus is equal to 13 per cent. of the total expenditure during the period under consideration : it is largely in excess of the surplus required by the Act. It is clear therefore that the societies are fully solvent.

THIRD PART.

Benefits.

CHAPTER I.

BENEFITS IN CASH AND IN KIND.

A. *Cash benefits.*—The Act provides three kinds of cash benefits :—

- (i) sickness or accident benefit for insured persons ;
- (ii) funeral benefit for the dependants of deceased insured persons ;
- (iii) confinement benefit and maternity benefit for every insured woman who gives birth to a child.

1. *Sickness or Accident Benefit.*—Sickness or accident benefit is granted in case of incapacity for work owing to sickness or injury (Health Insurance Act*, sections 43 and 45). Title to benefit is not dependent upon the fulfilment of any conditions relating to the duration of insurance or the number or amount of contributions.

*Hereinafter referred to as H. I. A.

If sickness or injury is incurred by the insured through any cause unconnected with his work, the benefit is to be paid from the fourth day after that on which he became unable to work (H. I. A. section 45).

The benefit is equal to 60 per cent. of the insured person's basic daily wage (H. I. A. section 45).

The maximum duration of the benefit is 180 days in respect of a single illness whether industrial in its origin or not ; moreover, except in the case of industrial disease or accident, the benefit is not to be paid for more than 180 days in the course of a single calendar year (H. I. A., section 47).

The benefit granted to a person who has been placed in a hospital is graduated as follows :—

- (i) if no dependants, 20 per cent. of the basic wage ;
- (ii) if 2 dependants or less, 40 per cent. of the basic wage ;
- (iii) if 3 dependants or more, 60 per cent. of the basic wage.

(Imperial Ordinance for the Enforcement of the Health Insurance Act*, paragraph 79.)

If a person is entitled to receive his wages during sickness no insurance benefit is payable ; if he is entitled to part wages, insurance benefit is payable to the extent of the difference between the part wages and the normal rate of benefit (H. I. O. paragraph 85).

2. *Funeral Benefit.*—On the death of an insured person a dependant who arranges the funeral is entitled to funeral benefit amounting to 30 per cent. of the insured person's basic wage subject to a minimum of 30 yen (H. I. A. section 49, as amended).

3. *Confinement and Maternity Benefits.*—An insured woman who gives birth to a child is entitled to two benefits :

- (i) confinement benefit ;
 - (ii) maternity benefit.
- (H. I. A., section 50).

In order to be entitled to either benefit the woman must have been insured for a minimum period of 180 days during the year preceding the confinement. It is provided, however, that a woman who has been insured for at least 90 days shall be entitled either to confinement benefit or to the services of a midwife (H. I. O. paragraph 82).

In the case of a woman who has ceased to be insured, the two above-mentioned benefits are only awarded if the confinement takes place within 180 days after the day when she ceased to be insured (H. I. O. paragraph 84).

Confinement benefit consists of a lump-sum payment of 20 yen. The benefit is reduced to 10 yen if the woman is cared for in a maternity hospital or is provided with a midwife (H. I. O. paragraph 81).

Maternity benefit consists of an allowance of 60 per cent. of the basic wage of 28 days before and 42 days after child-birth, or for such shorter periods during which the insured woman abstained from work (H. I. A. section 50, and H. I. O. paragraph 80).

If the insured woman is placed in a maternity hospital, the benefit may be adjusted according to the number of her dependants in the same way as sickness benefit in like circumstances (H. I. O. paragraph 81). Similarly, it may be withheld in cases where the insured woman is in receipt of her wages during confinement (H. I. O. paragraph 85).

*Hereinafter referred to as H. I. O.

B. *Benefits in Kind*.—The Act provides three benefits in kind :

- (i) medical attendance ;
- (ii) treatment in hospital ;
- (iii) treatment in a maternity hospital or attendance by a midwife.

1. *Medical Attendance*.—The Act provides for medical attendance to be granted if an insured person is sick or injured (H. I. A. section 43).

The medical attendance to be granted consists of the following elements ;

- (i) diagnosis ;
- (ii) provision of medicine ;
- (iii) operations and other forms of treatment (including dental treatment) ;
- (iv) nursing ;
- (v) ambulance service.

Except in an emergency no operation which would cost more than 20 yen may be performed without the sanction of the insurance institution. Nursing and transport by ambulance are provided only when the insurance institution deems them necessary (H. I. O. paragraph 74).

The benefit may not be granted for more than 180 days in respect of a single illness, whether industrial in its origin or not ; moreover, except in the case of industrial disease or accident, the benefit is not to be provided for more than 180 days in the course of a single year (H. I. A. section 47).

A cash payment may be substituted for medical attendance in certain cases, namely :

- (i) when the insurance institution finds difficulty in organizing medical attendance ;
- (ii) when the insured person has, with the approval of the insurance institution, been treated by a practitioner not appointed by the institution ;
- (iii) when the insured person has in an emergency been treated by a practitioner not appointed by the institution (H. I. A. section 44 and H. I. O. paragraph 77).

The amount of the payment in such circumstances is to be fixed by having regard to the cost which the institution would have incurred if medical attendance had been provided (H. I. O. paragraph 78).

2. *Treatment in Hospital*.—The insurance institution may provide hospital treatment with reduced sickness benefit, as already described, instead of medical attendance accompanied by full sickness benefit (H. I. A. section 46).

3. *Treatment in a Maternity Hospital or Attendance by a Midwife*.—An insurance institution may provide treatment in a maternity hospital or attendance by a midwife, in either case with reduced benefit instead of full maternity benefit.

CHAPTER II.

ORGANISATION OF MEDICAL SERVICE.*

The medical service is separately organized for the insured persons of the health insurance offices and for those of the health insurance societies. For

* Sources : *A Medical Aspect of the Health Insurance System of Japan* by Dr. Taichi Kitashima, Tokyo, and information communicated to the International Labour Office by the Japanese Government.

the former it is on a national and uniform basis and for the latter it varies from one society to another.

I. *Medical service of health insurance offices.*—The medical service for persons insured with health insurance offices is provided in virtue of national collective agreements concluded between the State and the professional associations of doctors, dentists and chemists : they are collectively responsible to the State for the provision of the respective benefits of medical treatment, dental treatment and the supply of drugs.

A. MEDICAL TREATMENT.

1. *Japan Medical Association.*—According to the Medical Practitioners' Act, every medical practitioner must be a member of the district or city medical association. Such associations are grouped together to form prefectural medical associations, and these in turn are federated in the Japan Medical Association. The national association and its subordinate associations are a legally instituted corporation, with authority to make regulations affecting every member of the medical profession. The prefectural and local associations are responsible for ensuring compliance with the instructions of the central body.

2. *National Collective Agreement.*—The existence of such a strongly organized corporation made it possible for the State to entrust it with the entire administration of medical treatment for persons insured with the health insurance offices. A national agreement for this purpose was entered into on 4th November 1926, and has continued in force, with slight modification, ever since.

The State reserved " the right to suspend the operation of this agreement within a certain locality, or rescind the agreement when there is a conspicuous impediment to the medical attendance provided in this agreement undertaken by the Japan Medical Association ".

The agreement, together with the Imperial Ordinance for the enforcement of the Health Insurance Act and Regulations for the enforcement of the Health Insurance Act, determines the scope of the service to be rendered, the insured persons for whom each doctor is responsible, the procedure for obtaining the different kinds of treatment, the remuneration of doctors, and the supervision of the medical service.

3. *Scope of treatment.*—The scope of the treatment to be provided is defined as follows :—

- (i) diagnosis (consultation or visit, prescription, but not general medical examination) ;
- (ii) supply of drugs and appliances (*see below* " B. Supply of Drugs and Appliances. ") ;
- (iii) treatment, operations and other forms of medical attendance (excluding maintenance at health resort) ;
- (iv) nursing ;
- (v) ambulance service.

Treatment in connection with confinement is excluded from the scope of the treatment which the medical association is bound to provide. No information is available as to the organization of this treatment.

The doctor responsible for the treatment of an insured person is required to " engage in the examination and treatment with fair and sincere attitude, and without discrimination between insured persons ".

4. *Relations between doctor and insured person.*—The insured person may choose his doctor from among all those who practise in the prefecture where he resides and who have accepted service under the Act.

The insured person receives from his health insurance office an insurance card, proving that he is an insured person and entitled to benefit. When he needs medical treatment, he presents this card to the doctor of his choice, who treats him and retains the card for the duration of the treatment. The retention of the card by the treating doctor precludes the insured person from resorting to another doctor until the treatment is completed, when the card is returned to him. Nevertheless, it is provided that an insured person may change his doctor during treatment, if he obtains the consent of the health insurance office. The consent having been obtained, the insured person is entitled to have his card returned to him by the treating doctor, and may then select another doctor.

If the doctor considers that the patient requires an operation or treatment costing, or deemed to cost, over 20 yen, or hospital treatment, or transport to a hospital, or the services of a home nurse, he must, except in emergency, obtain the consent of the health insurance office beforehand, and then make the necessary arrangements. In an emergency consent must be applied for after the doctor has taken the necessary action.

If the patient needs treatment by a specialist, the treating doctor gives him a certificate of medical attendance which entitles the patient to treatment by any specialist, in the branch of medicine concerned, to whom the patient presents the certificate.

A doctor is required to visit, if necessary, any patient residing within a radius of 10 miles (4 "ri"). In sparsely populated areas, where doctors are few, an insured person may, if he obtains the consent of the health insurance office, demand a visit from a greater distance. In all cases however, where the patient's home is over 1½ miles (½ "ri") from the doctor's surgery, the patient himself is required to pay a supplement.

If the insured person requires treatment when outside his own prefecture, he may, if he has obtained the consent of the health insurance office, address himself to a doctor in the prefecture, where he happens to be. Even if he has not obtained permission he may always have himself treated by any doctor in an emergency, and claim repayment according to a scale fixed by the health insurance office.

5. *Remuneration of doctors.*—The remuneration of doctors under the agreement is based upon the following principle: a central pool of fixed annual amount is set aside from insurance funds for the remuneration of all doctors, and this amount is distributed among the doctors in proportion to the number and nature of the services which they render.

(a) *The Central Pool.*—The basis for the calculation of the amount of the pool is a fixed sum per insured person per year. It has to cover the cost of all the services enumerated above in "3 Scope of treatment", except (iv) nursing, and (v) transport.

A statistical investigation made specially for the purpose of the Act showed that the average number of days of sickness per person per year was 11.5. It was considered, however, that when the medical service became free, this number would increase. Accordingly it was raised by 50 per cent. to 17.3 days. Then it was assumed that the cost of all medical and dental treatment

would be 0.60 yen per day, or 8.65 yen per year. This sum, however, after deduction of the probable cost of nursing and transport—to be paid directly by the health insurance office—and the cost of dental treatment became 7.4267 yen. The basic sum of 7.4267 yen was subject to further deductions in respect of treatment of insured persons in State or municipal hospitals and in respect of drugs supplied to insured persons by chemist (as a rule drugs are supplied by the treating doctor).

In 1928 the Japan Medical Association asked for an increase of 60 per cent. in the basic sum. It seems indeed that during the first year's operation of the Act, the calls made on the doctors' services by insured persons greatly exceeded expectations, and this was probably the ground on which the demand for increased remuneration was made. The Government did not accede to this demand, but it took administrative measures to check excessive resorts to doctors. It also modified the method of organizing hospital treatment; the cost of hospital treatment was now to be borne by the State, but at the same time the basic sum was reduced to 6.912 yen; this arrangement, however, ceased in 1929. Moreover, in view of the great morbidity of coalminers, a special State subsidy of 1.5 yen per miner or about 45,000 yen per year was granted to the doctors.

In 1929, the Japan Medical Association again assumed responsibility for arranging for hospital treatment: the cost was to be deducted as before from the basic sum, but that sum was increased to 7.754 yen, and still stands at that figure.

(b) *Payments from the Central Pool.*—Each month the State pays to the Japan Medical Association an amount equal to one-twelfth of 7.754 yen multiplied by the number of persons insured with health insurance offices at the beginning of the month, subject to deduction in respect of treatment in public hospitals and drugs supplied by chemists.

From the balance is paid out in the first place the allowance for cost of administration: viz., 1 per cent. of the gross monthly payment to the Japan Medical Association and 5 per cent. thereof to the prefectural associations, which share in proportion to the number of insured persons in their prefectures.

The remainder of the monthly payment is then divided among the prefectural associations in proportion to the number of insured persons in their prefectures. The prefectural association divides out its share among the individual doctors according to the number and nature of the services performed by each.

To every form of service—consultation, visit, and operations of varying difficulty—a value represented by a certain number of points is assigned. The tariff of points was established by the Japan Medical Association with the approval of the Government. A few examples will illustrate the relative value assigned to the various services.

<i>Nature of Service.</i>	<i>Points.</i>
Consultation at doctor's surgery	3
Visit to patient's home: within 1½ miles	3
Each additional 1½ miles (at the patient's expense)	3
Prescription	2
Medicine per day	1
X-Ray examination	15—30
Extraction of tooth	2
Removal of tonsils	80
Excision of pulmonary tumour	400
Removal of appendix	250

Each doctor reckons, at the beginning of each month the total value of the services he has rendered during the previous month, and reports to his district or city association, which, in turn, transmits the figure to the prefectural association. The latter examines the claim to detect unnecessary treatment or unnecessary use of hospitals. If the doctor is found to have carelessly or intentionally increased the number of points to his credit, he is first warned, and then, if he repeats the offence, he is deprived of the right to engage in health insurance practice.

The prefectural association, having ascertained the total number of points earned by all the doctors in the prefecture, divides by it the monthly payment it has received from the Japan Medical Association. The resulting quotient is the money value of a point, and each doctor receives a payment equal to that value multiplied by the number of points represented by his services.

The money value of a point will, of course, vary according to the quantity and quality of the work done by the doctors in the prefecture, so that, in case of an epidemic, for example, the value might be very low. Its average value, however, is expected to be 0.20 yen, and it is estimated that if the health insurance scheme were extended to the whole population the income of a doctor under this system would be about 10,000 yen a year.

6. *Supervision of Medical Treatment.*—At first, the Government relied entirely on the Japan Medical Association and its constituent societies to secure efficient treatment, and had no machinery of immediate supervision.

In 1929, however, the Government found it necessary to appoint 16 medical inspectors. The functions of the inspectors are as follows:—

- (i) on behalf of insurance institutions to prevent malingering and the transfer of insurance cards to uninsured persons to afford guidance as to preventive measures;
- (ii) on behalf of doctors, to prevent too frequent demands on their services by insured persons;
- (iii) on behalf of insured persons, to secure that the medical treatment is adequate, that there is no discrimination against insured persons, and to decide whether or not the insured person should be removed to hospital.

B. SUPPLY OF DRUGS AND APPLIANCES.

Insured persons are entitled to medicines and appliances, including crutches, but not spectacles.

As a rule, Japanese doctors themselves dispense the prescriptions which they write for their patients. Medicines so dispensed are paid for at the flat rate of one point per day, *plus* 2 points for the prescription.

Where, however, the doctor does not dispense his own prescriptions, it is necessary that the insured person should resort to a chemist. He will also resort to a chemist for the dispensing of prescriptions written by a dentist.

The Government has concluded an agreement with the Japanese Chemists Association for the supply of drugs and appliances in accordance with prescriptions given by insurance doctors. The agreement provides for payment according to a scale of prices calculated by adding an appropriate dispensing fee to the cost price of the drug.

As already stated, the State itself pays the chemists out of the Central Pool.

It appears that the insured person may select any chemist who is established in the prefecture.

C. DENTAL TREATMENT.

Dental treatment is provided in virtue of an agreement between the Government and the Japan Dentists' Association.

The translation of the agreement is not yet available. Nevertheless, it seems that the duties of dentists do not include all extractions, since these may be performed by doctors. It does not appear that the provision of artificial teeth is included among the benefits of health insurance.

As in the case of medical treatment, a fixed sum per insured person per year is set aside for the remuneration of dentists. This basic sum was originally fixed at 0.685 yen. In 1927, however, it was reduced to 0.61 yen, but at the same time the Government made the Association a grant of 35,000 yen (about 0.03 yen per insured person) towards its administration expenses. In 1928, the grant towards administration expenses was increased to 0.12 yen per insured person per year, and the sum was raised again to 0.70 yen.

The method of remunerating dentists resembles that employed in the case of doctors.

Every month there is paid to the Japan Dentists' Association an amount equal to one-twelfth of the basic sum (to which, it would seem, the grant for administration expenses is added) multiplied by the number of insured persons, less payment to chemists for any drugs required by insured persons in connection with dental treatment.

From the amount thus calculated, there is deducted 3 per cent. for the administration expenses of the Japan Dentists' Association, and 5 per cent. for those of its constituent prefectural associations. The balance is available for the remuneration of dentists.

The balance is shared by the prefectural associations in proportion to the number of insured persons in the prefecture. The individual dentist is paid by his prefectural association in proportion to the number of points he has earned, in accordance with the scale of points drawn up by the Japan Dentists' Association. It appears that during the six months 1st April to 30th September, 1927, only the filling of teeth was remunerated on the point system, other services presumably being remunerated according to a scale of cash payments for the different services. From October 1927 onwards, however, all services performed by dentists have been remunerated on the point system.

II.—*Medical Service of Health Insurance Societies.*

Every Society organizes its medical service as it thinks fit, and consequently the arrangements are of a varied character.

There appear, however, to be broadly three types of organization:—

- (i) organization depending on the use of dispensaries and hospitals belonging to the society or the factory in which it is established, and on the employment of doctors and dentists therein;
- (ii) organization depending on agreements with individual doctors and dentists in private practice;
- (iii) organization depending on agreements with medical and dental associations.

Concerning types (i) and (ii), no information is available, but concerning type (iii), which has been preferred by the great majority of societies, some

details are known of the agreements with the Japan Medical Association. These agreements are of three kinds.

According to the first kind, the society simply pays the Japan Medical Association the same basic sum per insured person per year as does the Government, and the Association organizes the service in the same way as it does for persons insured with health insurance offices.

According to the second kind of agreement, the payment made by the society is proportional to the services rendered by the doctors to its members. The society pays the Japan Medical Association monthly an amount equal to the money value of the point in the prefecture where the society is established, multiplied by the number of points representing the services rendered by doctors to the members of the society. The point value is subject to a maximum unit of 0.25 yen and to a minimum limit of 0.15 yen.

The third kind of agreement is the same as the second except that the point value is always and everywhere fixed at 0.20 yen.

STATISTICS OF BENEFITS.*

I. Statistics of Cash Benefits.

A. INJURY AND SICKNESS BENEFIT.

1. Number of cases per 100 insured.

Year.	Offices.	Societies.	Total.
1926†	24.0	74.0	44.7
1927	36.1	72.2	50.9
1928	34.3	63.6	46.0

2. Cost.

Year.	Offices.		Societies.		Total.	
	Absolute.	Per insured.	Absolute.	Per insured.	Absolute.	Per insured.
	(000's yen).	(yen).	(000's yen).	(yen).	(000's yen).	(yen).
1926 (3 months)	889	0.78	1,615	2.00	2,504	1.29
1927	5,817	5.22	7,623	9.85	13,440	7.12
1928	5,857	5.06	7,768	10.05	13,643	6.95

* Sources: information supplied to the International Labour Office by the Japanese Government, and the *Japan Year Book*, 1928 and 1930.

† The figures refer only to the period, 1st January to 31st March 1926; the number of cases has been multiplied by 4 in order to show the annual rate.

B. FUNERAL BENEFIT.

1. Number of cases per 1,000 insured.

Year.					Offices.	Societies.	Total.
1926*	..	..	..	..	3.8	6.9	5.1
1927	..	..	..	..	7.7	8.3	8.0
1928	..	..	..	..	7.9	7.8	7.9

2. Cost.

Year.	Offices.		Societies.		Total.	
	Absolute.	Per insured.	Absolute.	Per insured.	Absolute.	Per insured.
	(000's yen).	(yen).	(000's yen).	(yen).	(000's yen).	(yen).
1926 (3 months)	34	0.03	42	0.05	76	0.04
1927 ..	225	0.20	184	0.24	409	0.22
1928 ..	237	0.20	220	0.29	457	0.24

C. CONFINEMENT BENEFIT.

1. Number of cases per 1,000 insured.

Year.					Offices.	Societies.	Total.
1926*	..	..	..	..	21.4	24.8	22.6
1927	..	..	..	..	27.0	24.5	25.9
1928	..	..	..	..	29.0	22.6	26.5

2. Cost.†

Year.	Offices.		Societies.		Total.	
	Absolute.	Per insured.	Absolute.	Per insured.	Absolute.	Per insured.
	(000's yen).	(yen).	(000's yen).	(yen).	(000's yen).	(yen).
1926 (3 months)	119	0.10	85	0.11	204	0.10
1927 ..	874	0.60	316	0.41	990	0.52
1928 ..	685	0.59	326	0.42	1,011	0.52

* The figures refer to the period, 1st January to 31st March 1926 only: the number of cases has been multiplied by 4 in order to show the annual rate.

† Includes cost of confinement benefit where provided in kind.

D. MATERNITY BENEFIT.

1. Number of cases per 1,000 insured.

Year.					Offices.	Societies.	Total.
1926*	..	..	..	..	14.1	2.50	18.5
1927	..	..	..	..	24.5	23.7	24.2
1928	..	..	..	..	26.3	22.6	24.9

2. Cost.

Year.	Offices.		Societies.		Total.	
	Absolute.	Per insured.	Absolute.	Per insured.	Absolute.	Per insured.
	(000's yen).	(yen).	(000's yen).	(yen).	(000's yen).	(yen).
1926 (3 months).	80	0.07	114	0.14	194	0.10
1927 ..	657	0.59	559	0.72	1,216	0.64
1928 ..	704	0.61	640	0.83	1,344	0.70

E. ALL CASH BENEFITS.

Year.	Offices.		Societies.		Total.	
	Absolute.	Per insured.	Absolute.	Per insured.	Absolute.	Per insured.
	(000's yen).	(yen).	(000's yen).	(yen).	(000's yen).	(yen).
1926 (3 months).	1,121	0.98	1,856	2.31	2,978	1.53
1927 ..	7,473	6.70	8,682	11.22	16,055	8.50
1928 ..	7,501	6.47	8,954	11.59	16,455	8.51

II.—Statistics of Benefit in Kind.

A. MEDICAL TREATMENT (HEALTH INSURANCE OFFICES ONLY).

1. Domiciliary Treatment.

Year.	Number of points.		Doctor's pay.		Pay per point (yen).
	Absolute (000's yen).	Per insured (yen).	Absolute (000's yen).	Per insured (yen).	
1926 (3 months)	13,624	11.9	1,657	1.45	0.12
1927	57,803	51.8	7,121	6.38	0.12
1928	51,352	44.2	7,209	6.44	0.16

* The figures refer to the period 1st January to 31st March 1926 only: the number of cases has been multiplied by 4 in order to show the annual rate.

2. Hospital Treatment.

Year.	Number of days.		Hospital charges (yen).			
	Absolute.	Per case.	Absolute.	Per case.	Per day.	Per insured.
1926 (3 months).	85,695	14.5	216,915	36.7	2.53	0.19
1927 ..	237,900	12.8	584,884	31.4	2.46	0.52
1928 ..	148,920	8.7	453,564*	26.5	3.05	0.30

3. Payments to public hospitals.

During part of 1927 and 1928, the experiment was tried of providing out-patient treatment for insured persons at 38 State and municipal hospitals. The cost of the treatment was paid by the State according to a scale of charges for the different services, and was deducted from the Central Pool out of which Doctors were remunerated. This arrangement was abandoned in 1929. The amount of the payments was as follows:—

1927	64,637 yen.
1928	234,445 yen.

4. Total cost of medical treatment.—(Yen).

Year.	Medical treatment (000's yen).	Administra-tion (000's yen).	Total.	
			Absolute (000's yen).	Per insured (yen).
1926 (3 months).	1,874	119	1,993	1.75
1927	7,771	532	8,303†	7.44
1928	7,897	650	8,547‡	7.37

B. SUPPLY OF DRUGS AND APPLIANCES.

(Health Insurance Offices only).

The cost of drugs and appliances supplied by chemists is very small, because they are generally supplied by the doctors themselves.

Year.	Chemists' charges (yen).
1926 (3 months)	1,077
1927	10,157
1928	7,918

* Whereof 98,376 for surgical treatment.

† This total should include a special State grant of 150,000 yen made to the Japan Medical Association in 1927.

‡ This total should include an annual State grant of 45,000 yen made to the Association in 1928 on account of the extra risk of coalminers.

C. DENTAL TREATMENT.
(Health Insurance Offices only).

Year.	Treatment (000's yen).		Adminis- tration (000's yen).	Total.	
	Filling.	Other.		Absolute (000's yen).	Per insured (yen).
1926 (3 months) .. ..	..	167	16	183	0.16
1927	353	627	113	1,093	0.91*
1928	261	708	136	1,105	0.94*

D. TOTAL COST OF BENEFITS IN KIND.
(Health Insurance Offices and Societies).

Year.	Offices.		Societies.		Total.	
	Absolute (000's yen).	Per insured (yen).	Absolute (000's yen).	Per insured (yen).	Absolute (000's yen).	Per insured (yen).
1926 (3 months)	2,188†	1.91	1,913	2.39	4,101	2.11
1927	9,473†	8.50	8,980	11.47	18,453	9.77
1928	9,799†	8.45	9,210	11.93	19,018	9.86

III.—Statistics of Medical Equipment.

A. STATISTICS OF DOCTORS.

1. Qualified Doctors.

Qualification of doctor.	1925.	1927.
University graduates	6,311	7,851
Graduates of medical schools	21,836	23,483
Passed examination	13,541	13,355
In practice before enforcement of law	2,447	2,069
Others	171	350
Total	45,326	47,108

2. Insurance doctors.

Year.	Number of insurance doctors.	
	Absolute.	Percentage of qualified doctors.
1926	32,155	..
1927	32,246	68
1928	32,110	..

*These rates are largely in excess of the rates allowed for the payment of dentists (0.64 including State grant in 1927 and 0.82 including State grant in 1928), but the explanation is not available.

† These figures are largely in excess of the sum obtained by the addition of the total already given for medical treatment, supply of drugs and dental treatment. The explanation of the discrepancy is not available, but it is accounted for at least in part, by the cost of home nursing and the ambulance service, which is defrayed directly by the health insurance offices.

B. STATISTICS OF CHEMISTS.

1. *Qualified Chemists.*

The number of qualified chemists was :—

In 1926	..	..	..	..	..	14,826
In 1927	..	..	..	..	..	16,180

2. *Insurance Chemists.*

Year.	Number of insurance chemists.	
	Absolute.	Percentage of qualified chemists.
1926	6,692	46
1927	6,708	42
1928	6,804	..

C. STATISTICS OF DENTISTS.

1. *Qualified dentists.*

The number of qualified dentists was :—

In 1926	..	..	..	..	..	12,548
In 1927	..	..	..	..	..	13,731

2. *Insurance dentists.*

Year.	Number of insurance dentists.	
	Absolute.	Percentage of qualified dentists.
1926	10,145	83
1927	7,808	57
1928	8,265	..

D. STATISTICS OF HOSPITALS.

1. *Public hospitals.*—These are hospitals established by the State and the municipalities; treatment is free, but patients are charged for their maintenance.

In 1927, number of public hospitals	..	..	..	85
In 1927, number of beds	..	..	..	9,444
In 1927, number of in-patients per hospital	..	..	..	964
In 1927, number of out-patients per hospital	..	..	..	9,880

2. *Charity hospitals.*—These are hospitals established by Imperial or private generosity. Treatment and maintenance are free.

In 1927, number of charity hospitals	..	..	..	60
In 1927, number of beds	..	..	..	8,102
In 1927, number of in-patients per hospital	..	..	..	573
In 1927, number of out-patients per hospital	..	..	..	2,874

3. *Other hospitals.*—Besides public and charity hospitals, there are 1,854 private hospitals, 1,397 infectious diseases hospitals, and 149 venereal diseases hospitals.

FOURTH PART.**Insurance Institutions.****I.—PRINCIPLES OF AFFILIATION.**

The insured person, as an individual, has no choice in the institution with which he is insured : if there exists a health insurance society in the undertaking in which he is employed, he must belong to it ; if not, he is insured with the local health insurance office (Health Insurance Act,* section 24). Persons who are employed in a State undertaking where an approved mutual benefit society exists, are insured with that society.

II.—TYPES OF INSTITUTIONS.

There are three types of insurance institutions :—

- A. The health insurance offices,
- B. The health insurance societies, and
- C. Mutual benefit societies.

A. *Health Insurance Offices.*—The health insurance offices, which are distributed throughout the country to the number of 50, were, until 1st August 1929, branches of the Social Affairs Bureau, but are now attached to the authorities of the prefectures in which they are situated, though remaining under the supervision of the Bureau. The staff consists of members of the national civil service. So far as the collection of contributions and the administration of benefits are concerned, they appear to be worked on the same lines as health insurance societies.

B. *Health Insurance Societies.*—1. *Formation of societies.*—Health insurance societies belong to the type of insurance institution known as “ establishment funds ”. A society may be set up in any undertaking of an insurable character where 300 or more persons are employed ; or it may be set up by a combination of two or more employers together employing 300 or more persons (H. I. A. section 28). For this purpose the term “ undertaking ” may include several workplaces (H. I. A. section 33). The same provisions as to the formation of societies which apply in the case of an undertaking which is unconditionally subject to compulsory insurance apply also to undertakings which have opted to become compulsorily insurable (H. I. A. section 30).

The formation of a society in connection with an undertaking is subject in the first place to the consent of the majority of the insured persons (H. I. A. section 29). When their consent has been obtained the rules of the society must be drawn up and submitted to the Minister of the Interior (H. I. A. section 29). Not until the Minister has given his sanction can the society commence operations (H. I. A. section 34).

Where an undertaking which is unconditionally subject to compulsory insurance employs 500 or more insured persons, the consent of the insured need not be obtained in order to establish a society, but the employer may be directed by the Minister of the Interior to establish it (H. I. A. section 31). The rules of a society so formed must likewise receive the sanction of the Minister (H. I. A. section 32).

2. *Constitution of societies.*—A health insurance society is composed of the employer and all the insured persons employed in his undertaking, together with persons voluntarily insured who were formerly employed there (H. I. A. section 27).

* Hereinafter referred to as H. I. A.

When the society is first formed, the responsibility for drawing up the first budget and fixing the rate of contribution for the first year rests with the employer (Imperial Ordinance for the Enforcement of the Health Insurance Act,* paragraph 14).

It is the employer who, until a regular director is appointed, manages the affairs of the society (H. I. O. paragraph 18). The principal organ of the society is the meeting of delegates (H. I. O. paragraph 19). The number of delegates must be an even number of at least 12; half of whom (including himself) are appointed by the employer and half elected by the insured persons; all the delegates must belong to the society (H. I. O. paragraph 20). The periodicity of the meeting is not prescribed by law. Whenever one-third of the delegates so require a meeting must be held (H. I. O. paragraph 27).

The business of the meeting includes :—

- Budget ;
- Administration of reserve fund ;
- Loans ;
- Alteration of rules ;
- Rate of contribution (H. I. O. paragraph 25).

The meeting is presided over by the chief manager of the society (H. I. O. paragraph 28). The quorum for a meeting is half the full number of delegates (H. I. O. paragraph 29) except in the case of an alteration of rules, when a majority of three-quarters of the full number of delegates is required (H. I. O. paragraph 31). All questions are settled by a simple majority of those present (H. I. O. paragraph 30).

The meeting may elect from its own number a committee to which it may delegate any of its own powers (H. I. O. paragraph 26).

The officers of the society are known as the managers. They must be an even number of at least 4, two of whom are appointed by the employer's delegates, and two are elected by the delegates to the insured persons; the managers must be insured persons belonging to the society (H. I. O. paragraph 36). The managers appointed by the employer elect from among the whole body of directors a chief who is the principal officer of the society (H. I. O. paragraph 36). The managers manage the society in accordance with the instructions of the meeting except in urgent circumstances, when they may decide on their own responsibility (H. I. O. paragraphs 39 and 40.)

C. Mutual Benefit Societies.—There existed already before the introduction of the health insurance scheme, mutual benefit societies for the workers in most State undertakings and in a certain number of large private undertakings. These societies had, on the eve of the introduction of the scheme, in 1926, a total membership of over half-a-million. They provided benefits in case of sickness and accident, retirement and death.

Although the existence of these societies had doubtless accustomed a section of the factory population to the conception of insurance and to its working, yet only the societies belonging to State undertakings have been allowed to share in the administration of compulsory health insurance.

Mutual benefit societies in private undertakings have no place in the application of the Act. Information is not available as to their adaptation to the new situation arising out of the introduction of compulsory insurance and the creation of health insurance societies on the model laid down by the Act. It

* Hereinafter referred to as H. I. O.

may be surmised that in some undertakings the mutual benefit society continues to exist side by side with the new society, for the purpose of providing additional benefits, but that in others the society has been dissolved.

In order to obtain approval for administering health insurance, mutual benefit societies in State undertakings must fulfil two conditions :

- (i) their benefits must be the same as the statutory benefits ;
- (ii) the State must pay at least the same proportion of the cost of benefits as is borne by the State and the employer together in the case of health insurance societies (H. I. O., paragraph 7).

STATISTICS OF INSURANCE INSTITUTIONS.

A.—Number and Membership of Several Types of Institutions.

1. Health Insurance Offices.

Year.	Number.	Membership.		
		Absolute.	Per office.	Percentage of all* insured.
1926	50	1,140,865	22,817	58.8
1927	50	1,115,221	22,304	59.0
1928	50	1,160,953	22,819	60.0

* Not including persons insured with mutual benefit societies in State undertakings and estimated to number approximately 160,000.

2. Health Insurance Societies.

Year.	Number.	Membership.		
		Absolute.	Per society.	Percentage of all insured.†
1926	316	800,581	253	41.2
1927	337	774,023	230	41.0
1928	343	772,679	225	40.0

† See note to previous table.

3. Mutual Benefit Societies.

The number of mutual benefit societies has remained ten during the three years under consideration, and the membership is estimated at about 160,000. There are no statistics concerning the operations of these societies.

The Japan Year Book, 1930, gives following statistics concerning mutual benefit societies in both State and private undertakings in 1926, i.e., immediately before the application of the Health Insurance Act. The total membership in that year was 539,359.

Income and Expenditure of all Mutual Benefit Societies in 1926. (yen).

INCOME.					Absolute.	Per insured.
Source.						
Contributions	..	..	..	..	14,335,099	26.5
State grants	..	..	..	..	11,315,239	20.9
Other	..	..	..	..	7,289,613	13.5
Total					32,939,951	61.0

EXPENDITURE.

Benefit.	Absolute.	Per insured.
Death	2,157,259	3.90
Sickness and accident	1,210,199	2.24
Continued service	702,886	1.30
Retirement	4,928,603	9.12
Medical	1,573,112	2.91
Other	974,196	1.80
Total	11,544,262	21.4

B.—Distribution of Membership of Offices and Societies.

1. DISTRIBUTION BY SEX.

(a) Offices.

Year.	Men.		Women.	
	Absolute.	Percentage of Membership.	Absolute.	Percentage of Membership.
1926	573,994	50.3	566,871	49.7
1927	548,025	49.0	567,196	51.0
1928	571,635	49.2	589,318	50.8

(b) Societies.

Year.	Men.		Women.	
	Absolute.	Percentage of Membership.	Absolute.	Percentage of Membership.
1926	444,491	55.5	356,090	44.5
1927	448,887	58.0	325,136	42.0

2. DISTRIBUTION BY OCCUPATION.

Occupation:	1926.				1927.				1928.		
	Offices.		Societies.		Offices.		Societies.		Offices.		
	Absolute.	Percentage of Membership.	Absolute.	Percentage of Membership.	Absolute.	Percentage of Membership.	Absolute.	Percentage of Membership.	Absolute.	Percentage of Membership.	
<i>Factories.</i>											
Textile	597,031	52·34	374,410	46·77	598,456	53·69	345,978	44·71	603,846	52·00	
Machines and Tools	146,138	12·80	91,155	11·39	140,140	12·57	87,274	11·28	157,202	13·54	
Chemical	124,727	10·93	44,439	5·55	121,965	10·94	44,950	5·81	131,112	11·29	
Food	41,415	3·63	9,942	1·24	41,972	3·76	7,936	1·02	39,616	3·42	
Gas, Electricity, Smelting	21,819	1·91	3,996	0·50	20,574	1·85	4,449	0·57	23,459	2·02	
Miscellaneous	143,916	12·62	10,734	1·34	120,067	11·55	11,275	1·45	142,351	12·27	
<i>Mines.</i>											
Metal	14,370	1·26	31,333	3·91	12,991	1·16	27,787	3·59	11,359	0·98	
Coal	43,280	3·79	201,418	25·16	40,706	3·65	209,184	27·03	40,397	3·52	
Oil Wells	3,981	·35	..	..	4,528	0·40	..	..	3,996	0·34
Other Non-Metal	1,136	·10	1,405	0·17	1,332	0·12	1,468	0·19	2,410	0·21	
Factories attached to mines	1,854	·16	..	..	1,711	0·15	..	..	2,492	0·22
<i>Other occupations</i>	1,198	·11	31,749	3·97	1,779	0·16	33,722	4·35	2,213	0·19	
Total ..	1,140,865	100·00	800,581	100·00	1,115,221	100·00	774,023	100·00	1,160,953	100·00	

C.—Cost of Administration of Cash Benefits.

1. *Health Insurance Offices.*

Year.	Absolute (Yen).	Per insured (Yen).	Percentage of total Expendi- ture.
1926 (3 months)	550,463	·48	14·1
1927	1,991,772	1·79	10·7
1928	2,150,697	1·85	10·9

2. *Health Insurance Societies.*

Year.	Absolute (Yen).	Per insured (Yen).	Percentage of total Expendi- ture.
1926 (3 months)	173,780	·217	4·3
1927	629,390	·81	3·4
1928	948,259	1·21	4·7

3. *Central Administration.*—No information is available as to the cost of central administration.

FIFTH PART.

Supervision and Settlement of Disputes.

I. SUPERVISION.

Supervision over the administration of health insurance is exercised by the Minister of the Interior and the director of the Bureau of Social Affairs.

It is naturally the supervision of the more important matters which is performed by the Minister of the Interior, who is generally empowered to take any action necessary for supervision (Health Insurance Act,* section 37). In particular, he has to approve the rules of the society and all alterations of rules (H. I. A. section 29). The rate of contribution and the budget for the first year (Imperial Ordinance for the Enforcement of the Health Insurance Act,† para. 14), dissolution of societies (H. I. O. para. 71).

He may appoint a government official to administer a badly run society (H. I. A. section 38). He may annul any resolution of a society or of its management when such resolution appears illegal or opposed to the interests of the members (H. I. A. section 39).

The Bureau of Social Affairs is a subdivision of the Department of the Interior. The Bureau has a division called the social insurance division which conducts the central administration of health insurance and through the 50 prefectural offices insures those persons who are not members of health insurance societies.

The Bureau of Social Affairs also exercises certain supervisory powers over the societies, in particular: the issue of instructions to the managers of a society whose meeting has failed to come to a decision (H. I. O. para. 39); the sanction of

* Hereinafter referred to as H. I. A.

† Hereinafter referred to as H. I. O.

approval of alterations in the rate of contribution (H. I. O. para. 49); the approval of methods of administering the societies' reserve fund (H. I. O. para. 51); the sanction of loans (H. I. O. paras. 53 and 54); sanction for the disposal of property of the society (H. I. O. para. 55).

II. SETTLEMENT OF DISPUTES.

A. Machinery.

The machinery for the settlement of disputes arising out of health insurance consists of a hierarchy of special courts, the director of the Bureau of Social Affairs, and the ordinary law courts. Only the constitution of the special courts will be here examined.

There are three grades of special courts: health insurance enquiry commissions of first, second and third instance. All are under the supervision of the Minister of the Interior. The areas for which the commissions are responsible are to be fixed by the Minister (H. I. O. Paras. 102 and 103). Each commission consists of a chairman and members.

The chairman of a commission of first instance is to be appointed by the Cabinet on the advice of the Minister of the Interior: he must be a government or municipal official or person of scientific experience. The chairman of a commission of second instance is appointed in the same way, but must be one of the higher officials of the Department of the Interior. The commission of third instance is presided over by the Director of the Bureau for Social Affairs (H. I. O. paras. 104 and 105).

The members of the commissions of the different grades consist of persons of the following categories:

- Government or municipal officials or persons with scientific experience;
- Employers of insured persons;
- Insured persons.

In a commission of first instance there are two or three from each category the representatives of each category being equal in number.

In a commission of second or third instance, there are three or five respectively, from each category (H. I. O. para. 106).

The members of the commission of first instance are appointed by the Minister and the members of the other commissions by the Cabinet on the Minister's recommendation (H. I. O. para. 108). They hold office for three years (H. I. O. para. 109).

B. Procedure.

Generally a case is settled from a perusal of the relevant documents, but if necessary a hearing may be held. Decisions are given by a simple majority of the members (H. I. O. paras. 115 and 116).

1. *Disputes concerning benefits.*—Any person who is dissatisfied with a decision regarding insurance benefit may apply to the health insurance enquiry commission of first instance for an enquiry; and any person who is dissatisfied with the decision of this commission may apply to the health insurance enquiry commission of second instance for an enquiry; and any person who is dissatisfied with this decision may bring an action in the ordinary law court (H. I. A. section 80).

2. *Disputes concerning contributions.*—Any person who is dissatisfied with the assessment or collection of insurance contributions or other monies under the Act may appeal to the director of the Bureau of Social Affairs, and any person

who is dissatisfied with the verdict of the director may appeal to the Minister of the Interior or bring an action in the administrative court (H. I. A. section 81 and H. I. O. para. 124). When an appeal is made to the director of the Bureau of Social Affairs the verdict is to be given after enquiry by the health insurance enquiry commission of second instance and when the appeal is directed to the Minister the verdict is to be given after enquiry by the health insurance enquiry commission of third instance (H. I. A. section 82).

APPENDIX I.

Extension of Social Insurance and Social Assistance.

Simultaneously with the introduction of health insurance, the workmen's compensation provisions were adopted and improved. Subsequent to its introduction, several Bills have been drafted by the Social Affairs Bureau for the purpose of enlarging the scope of the existing workmen's compensation and health insurance legislation and of covering additional risks; none of these Bills has yet become law. Moreover, the law relating to public assistance for the destitute has been made more liberal.

J. Amendment of Workmen's Compensation Provisions.—The Factory and Mining Acts of 1911, effective since 1916, provided for compensation in case of industrial accident, on the basis of employers' liability. An injured worker received 50 per cent. of his earnings for the first three months of temporary incapacity, and thereafter 33½ (1/3 ?) per cent. until the incapacity was found to be permanent. In case of permanent total incapacity, a lump sum of 150 days' earnings was paid, and in case of death, a lump sum of 170 days' earnings.

These provisions were amended in order to link them up with the Health Insurance Act and also to raise the rate of compensation. In case of industrial accident or disease, the worker receives sickness benefit from the health insurance office or society for the first 180 days of incapacity: thereafter the employer is individually liable to pay the worker an allowance equal to 40 per cent. of his earnings until the injury has healed. If the worker is found to be permanently incapacitated, the employer must pay a lump sum up to 540 days' earnings, and if he dies, a lump-sum of 360 days' earnings.

2. Bill to extend scope of workmen's compensation.—The purpose of this Bill, drafted in 1929 by the Social Affairs Bureau, is to institute workmen's compensation for workers engaged in certain hazardous undertakings not covered by the Factory and Mining Acts. It applies to numerous classes of workers, and in particular to those employed on railways, and in all other means of transport by land, in warehousing, water, electricity and gas undertakings, building, and civil engineering. The scale of compensation is to be prescribed. The Bill is to be introduced at the next session of the Diet.

3. Seamen's Social Insurance Bill.—In 1928 the Bureau of Social Affairs drafted a Bill to establish a comprehensive system of social insurance for seamen. The contributions which would have been required from employers and workers to finance this project were, however, regarded by both parties as too heavy, and the Bill was accordingly remodelled on a less ambitious scale. The Bill is to be introduced at the next session of the Diet.

The measure, which applies to all Japanese seamen and to officers, subject to a salary limit, provides medical treatment and periodical payments in case of sickness or injury and a funeral benefit, on the same scale as the Health Insurance Act; but it also grants allowances for a limited period to the seaman in case of invalidity, and to his dependants in case of death. The contribution is to be fixed at 5 per cent. of wages—2 per cent. each being paid by workers and employers, and 1 per cent. by the State.

APPENDIX II.

Opinions of Employers, Workers, and Doctors on the Health Insurance Act.

At the beginning of its operation, the Health Insurance Act was the object of a considerable volume of criticism from employers and workers alike, and also from the doctors. The employers wished to restrict the scope of the scheme or even abolish it altogether. The workers, or a certain section of them, considered that the whole contribution should be borne by the employers, and strikes took place in many works because employers refused to accede to this demand. The doctors were at first overwhelmed by insured patients, and thought that they had made a bad bargain.

In order to examine the complaints of the various interests, the Government appointed in July 1927 the Commission for the Investigation of the Health Insurance Act, consisting of officials, professors and representatives of employers' and workers' organizations. The Commission heard evidence from the parties concerned, and the chief points of their evidence are mentioned below. As the result of the Commission's investigations, the principal Act was slightly modified by an amended Act of 27th March 1929, and steps were taken to check the abuse of medical benefit.

Employers' Opinions.—A number of large associations of employers, including the Tokyo and Osaka Chambers of Commerce, the Industrial Club, the Spinners' Association and the Mineowners' Federation formulated proposals for the amendment of the Act.

The following are some of the chief points upon which these associations take a common view:—

- (1) Injury and sickness arising out of employment should be excluded from the Health Insurance Act, and should continue, as formerly, to be dealt with under the compensation provisions of the Factory and Mining Acts.
- (2) The amount of the State grant should be increased.
- (3) Salaried employees should be either excluded from the scope of the scheme or be included as voluntary contributors.
- (4) The supervision exercised by the Government over the health insurance societies should be relaxed.
- (5) Benefits should be withheld in cases of venereal disease and chronic or endemic diseases which are difficult to cure.
- (6) The procedure for the grant of benefits should be simplified.
- (7) In order to encourage insured persons to moderate their claims, provision should be made for rewarding those who make no claims within a certain period.
- (8) The system of medical treatment should be improved: the freedom of choice of doctor must be restricted.
- (9) Existing mutual benefit societies should be allowed to administer health insurance.

Some employers contended that the risks were already sufficiently covered, before the introduction of compulsory health insurance by the compensation provisions of the Factory Mining Acts and by the mutual benefit societies: they therefore advocated the repeal of the Health Insurance Act. Others drew attention to the considerable increase which had occurred during the first six months of 1927 in the percentage of workers absenting themselves from employment.

Workers' Opinions.—There was some divergence of opinion between the left and right wings of the labour movement as to the amendment of the Act: the most conspicuous point on which they differed was that, while the latter were willing to pay part of the contribution, the former insisted that the whole cost should be borne by the employers and the State. The workers as a whole seem to have been in agreement upon the following points:—

- (1) The principle of compulsory health insurance is sound, but the Act required amendment.
- (2) The system of medical treatment should be improved.
- (3) The share of the cost borne by the employers and the State should be increased.
- (4) The scope of the Act should be extended, irrespective of budgetary considerations.
- (5) Dividends should be paid from contributions to persons who claim little or no benefits.

In addition, the Japanese Labour and Farmers' Party, which represents moderate trade union opinion, advocated certain other changes—

- (1) Benefits for industrial accidents should not be provided under the Health Insurance Act, but under other legislation.
- (2) The collective agreement with the Japan Medical Association should be cancelled, and doctors should be employed directly by health insurance institutions.
- (3) The procedure for the grant of benefits should be simplified.

The Social Democratic Party, representing the right wing of the trade union movement, demanded that the health insurance societies should be administered solely by the workers, and that compulsory insurance against old age and unemployment should also be instituted.

Doctors' Opinions.—When medical benefit began to be granted in January 1927, the surgeries of insurance doctors were flooded with insured patients, many of the persons

suffering from slight ailments, and hardly needing medical attention. On the basis of the experience of the mutual benefit societies, loaded by 50 per cent., it was estimated that the average number of days on which an insured person would require medical treatment would be $17 \frac{1}{3}$ days a year. It was upon this figure that the collective agreement of the Government with the Japan Medical Association was based, with the expectation that the value of a "point" under that agreement would be 0.20 yen. In fact, however, the demands on the services of doctors greatly exceeded the estimate—the number of days of treatment rising by 70 per cent. over the expected figure. In consequence the value of the "point" was only 0.094 yen in March, 0.089 in April and 0.087 in May 1927.

In these circumstances the doctors became very discontented. Many demanded that the collective agreement should be cancelled. In some localities they took concerted action to refuse their services. Those who continued to serve adopted a policy of discrimination between private and insured patients, to the detriment of the latter: this policy gave rise to complaints from the insured.

The Japan Medical Association made a number of proposals for the improvement of the medical service, in particular, to the effect that no medical benefit should be given for illnesses which do not affect the working capacity of the insured person and that a waiting period of not more than seven days must be introduced.

Action by the Government.—The recommendations of the Commission for the investigation of the Health Insurance Act were of a moderate character:—

- (1) Salaried employees whose remuneration exceeds 1,200 yen a year and who are at present excluded should henceforth be included unless they individually claim exemption.
- (2) The health insurance offices should administer the insurance of all voluntarily insured persons.
- (3) An insured person should be required to bear part of the cost of medical benefit for sickness or injury not arising out of his employment.
- (4) The rate of sickness or injury benefit should be increased where the sickness or injury arises out of employment and decreased where it does not so arise.
- (5) The post offices should, if possible, be used for the purpose of collecting contributions.
- (6) The State should, in addition to its present charges, bear the cost of administration.

The Amending Act, which was passed on 27th March 1929, did not carry out these recommendations. The Bureau of Social Affairs considered that it was necessary to have further experience of the working of the scheme before any considerable changes were introduced. It modified the legal procedure for the enforcement of the payment of contributions, raised the rate of funeral benefit, and deprived insured persons of their right to benefit when the sickness or injury is due to "notable misconduct".

Administrative measures were, however, taken to check the abuse of medical benefit by insured persons and to secure adequate treatment by doctors. Sixteen medical inspectors were appointed for this purpose. These measures have been so effective that the value of the "point" rose to 0.128 yen in October, 0.156 yen in December 1927, 0.164 yen in January and 0.188 yen (i.e., almost to the expected value of 0.20 yen) in February 1928.

BRITISH SOCIAL HYGIENE COUNCIL.

Memorandum in relation to venereal Disease.

In view of the recent study made by the Delegation which visited India in 1926-27 from the British Social Hygiene Council at the invitation of certain of the Provincial and States Governments and the subsequent establishment of Branches of the Council in India, to survey the position relative to venereal disease and social hygiene, the Council accepted the invitation. The Executive Committee appointed a special Sub-Committee to review the information already in the possession of the Council, to collect further information and to prepare a memorandum of evidence.

The Sub-Committee consisted of :—

Chairman		J. A. Richey, Esq., C.I.E., late Commissioner for Education with the Government of India.
Major-General H. Hendley, C.S.I., I.M.S.		Late Deputy Director of Medical Services in India. Inspector General of Civil Hospitals, Punjab.
Miss L. I. Lloyd		Lately Assistant General Secretary, European Association in India and Government nominee to the Corporation of Calcutta.
Sir Charles McLeod, Bt. Lady Tata.	.. .. .	Of McLeod and Co., Calcutta.
Dr. J. E. Sandilands, M.A., M.D.	.. .. .	Late Medical Officer of Health, Bombay.
Major J.-M. Shah, I.M.S.	.. .. .	V. D. Officer designate Provincial Government of Bombay.
Colonel Evans, I.M.S. (Retired)	.. .. .	Lately Professor of Obstetrics and Gynaecology at Medical College, Bombay.

With the Committee were associated :—

David Lees, Esq., D.S.O., F.R.C.S.	}	Members of the Delegation to India.
Mrs. Neville Rolfe		

The Sub-Committee finding that no specific information on the subject of venereal disease among the industrial population of India was available framed and issued at the close of last year a questionnaire.*

The questionnaire was particularly designed to elicit evidence on the following points :—

- (a) The extent to which opportunities for the diagnosis and treatment of venereal disease existed for the industrial population in India.
- (b) The known prevalence of syphilis and gonorrhœa where facilities for its detection existed.
- (c) The probability of infection being diffused from industrial centres through the countryside.

N.B.—It was frequently stated to the Delegation when in India that venereal disease was mainly confined to the ports and large industrial areas. On the other hand opinions were expressed that disease was prevalent and becoming more widely disseminated in these rural districts from which the migrant labour in the large industrial centres was recruited and that the practice of

attracting labour to industrial centres under conditions that necessitated a man leaving his family in the village led to social difficulties that contributed to the spread of disease.

The questionnaire was issued to Branches of the Social Hygiene Council in Bombay, Madras, Calcutta and Burma with the request that they would seek the co-operation of the Surgeon General and of the Chambers of Commerce in distributing the questionnaire to those in a position to furnish replies. Requests were submitted to the Surgeons General to issue the questionnaires to district medical officers and to the Chambers of Commerce to issue them to the employers of labour. In Bihar and Orissa, the Punjab and the United Provinces similar requests were made direct by the British Social Hygiene Council to the Chambers of Commerce, the Directors of Public Health and the Inspectors General of Civil Hospitals, and it is only through this assistance that the Council have been able to prepare this Memorandum.

One hundred and sixty replies have been received up-to-date. These replies, which cover the conditions affecting approximately half-a-million of employees, have been carefully analysed and studied by the Committee.

They fall naturally into four categories according as they relate to:—

- (1) Large centres of industry such as Bombay, Ahmedabad, Cawnpore, Nagpur and Rangoon.
- (2) Single industrial enterprises whose situation has been determined by local and natural resources, such as the Tata Iron and Steel Works at Jamshedpur, the coal mines at Jharia, the Manganese mines in the Central Provinces, the Egerton Woollen Mills at Dhariwal.
- (3) Tea gardens in Assam and Bengal.
- (4) One or two large public enterprises such as Railways whose employees are spread over a number of centres.

A.—From the returns received it appears that facilities for modern methods of diagnosis and treatment of venereal disease are available only in a few large cities such as Bombay and Madras.

The Medical services supplied by the employers in the large majority of cases do not include treatment for venereal disease. Of the two hundred firms who have supplied statistics, thirty-five employ medical men trained in Western Universities, one hundred and three employ medical men who obtained their qualification at some Indian Universities.

At none of the Universities or medical schools in India has the curriculum up to now included any special training in the diagnosis and treatment of venereal disease. Graduates in medicine in Indian Universities have, however, had the requisite training to enable them to profit by the provision of post-graduate courses in this subject.

The cost of the drugs required for the treatment of syphilis and gonorrhœa would be beyond the financial resources of the patient and would not be a charge that could be legitimately imposed on the employer.

The efficient treatment of either syphilis and gonorrhœa is, however, not possible without drugs and appliances or access to a laboratory service both for purposes of diagnosis and for the ascertainment of cure. The absence of a sufficient supply of drugs and of suitable laboratory facilities at a low cost or free for the qualified medical practitioner at present makes it impossible to provide any effective scheme for treating venereal disease on a large scale

B.—With the general absence of facilities for proper diagnosis it is impossible to gauge the incidence of venereal disease among industrial workers in India. In some cases even when such facilities exist employers report that the work-people prefer in the first instance to consult practitioners of indigenous systems of medicine or use quack remedies before coming for treatment by the qualified medical staff. Consequently venereal disease is not often returned as a cause for absenteeism or withdrawal from employment.

As an indication of the urgent need for action and of the serious and increasing damage to the population as a whole which will accrue from a continued and extended dissemination of syphilis and gonorrhœa may be cited the following evidence.

Bombay.—The Certifying Surgeon of Ahmedabad submitting a general return for some 40,000 work-people (men, women and children) employed in thirty-eight mills in that city, estimates that 6 per cent. are infected with syphilis and 8 per cent. with gonorrhœa.

This estimate is borne out by the detailed figures supplied by the Raipur Mill in Ahmedabad. Of its 1,400 employees, 129 were treated for syphilis and 146 for gonorrhœa in the last year.

Central Provinces.—The Manager of the Empress Mills, which employ some 8,800 hands, writes very forcibly of the prevalence of this evil. He states however that the workers only come to the Mill doctors for treatment "when native remedies fail". He gives statistics showing about 175 cases treated annually.

The medical officer of the Burhanpur Tapti Mills employing over 1,500 people estimates that between 10 and 15 per cent. are suffering from venereal disease.

United Provinces.—The Medical Officer of Health, Cawnpore, states that the British India Corporation statistics show that 1.5 per cent. of their staff is infected with venereal disease.

Bihar and Orissa.—The Tata Iron and Steel Works employ over 24,000 hands. Of these 1,281 were treated for venereal disease at the Company's hospital last year.

Burma.—No hospital statistics are supplied but the estimates of qualified medical officers attached to various mills in Rangoon are startling, varying from 15 per cent. to as high as 60 per cent. of infection among the labourers.

Assam and Bengal Tea Gardens.—Here the incidence of venereal disease is reported to be very low owing to the fact that the coolies live a normal family life in well-organized village communities. Venereal disease is chiefly confined to new recruits.

C.—An analysis of 121 returns in which the statistics for immigrant labour are supplied, show that of 256,430 workers 131,239 are immigrant; of the immigrants 101,854 are men, who in 47,690 cases are accompanied by their wives. The figures for the city of Bombay are particularly significant. Of 54,624 workers 46,905 are returned as immigrants, of these 30,184 are men, only 9,311 of whom are accompanied by their wives.

In view of these figures the Council have asked the Surgeon-General of the Bombay Presidency if it would be possible for him to arrange for a survey of the villages in the Satara and Ratnagiri Districts, from which it is reported that many of the labourers are recruited, and of other villages which do not supply labour with a view to ascertaining whether there is evidence that any

greater prevalence of venereal disease in the former could be attributed to the return of infected labourers from the city.

The system of temporary unions with local women in industrial centres is only reported from Burma.

Although a number of firms report the existence of schools, sports clubs and gymnasium for their employees, very few have any organized system of welfare work such as is found at the Tata Iron and Steel Works at Jamshedpur. On the other hand in reply to the enquiry as to whether, if film illustrated lectures were made available, the management of the works would give facilities for their display to be accompanied by lectures, was answered in the affirmative by practically every mill.

We would suggest that this would provide an extremely useful avenue through which public enlightenment on general matters of health including venereal disease could be disseminated under the auspices of the Government Medical Services provided material for visual education was made available.

SOCIAL AND ECONOMIC CONSEQUENCES OF VENEREAL DISEASE.

It is recognized that venereal disease is only one aspect of the public health problem, but it is agreed by all medical authorities that, in view of the serious consequences of untreated syphilis and gonorrhœa on the health and working capacity of the individual and of its direct effect on offspring, it is an aspect of primary importance.

Medical men with long experience are agreed that these diseases are widely prevalent in the large towns throughout India. For example, Colonel Scott, Professor of Pathology, King George's Medical College, carried out a Wassermann test on all patients who went to the Kasauli Institute for the treatment of dog bite. He found by this means that about twenty-two per cent. of them were syphilitic. The opinion of some of the professors of the Lucknow Medical College is that about 20 per cent. of the adult population of Lucknow suffers from syphilis and gonorrhœa.* At the same time although the incidence of venereal disease in rural districts may at present be small, there is a danger of its spreading there because of the gradual absorption of men from country districts by industrial towns. If those men contract venereal disease and the condition is untreated or improperly treated, they carry infection back to their wives and families, so that venereal disease must spread slowly but surely throughout the entire population.

Moreover, many of those who suffer from untreated venereal disease will fall victims to sequelæ, conditions which develop in the prime of life when a man's output should be at its highest. While recognizing that the incidence of the different sequelæ of syphilis varies in different races, the following figures are quoted as an index to possible proportions.

It has been estimated for England and Wales, that every 100 cases of untreated syphilis in males will in due course, give rise to four cases of General Paralysis of the Insane, two cases of Locomotor Ataxia, and sixteen cases of sudden death from heart disease. There are no figures from India which at least usefully for comparison with the above, but medical men are agreed that very prevalent, these conditions, namely heart disease of syphilitic origin is

*A. B. Souza, As it is his considered opinion that the elimination of syphilis given at 4th Imperial Sanitary and Social Hygiene Congress, July, 1929.

would reduce organic disease of the heart and of the large blood vessels in Bengal, and probably in the greater part of India, to negligible proportions.

Further, it must be realized how skilled workers are insidiously rendered inefficient by venereal diseases and how the output of workers is lowered over long periods of time as their energies are sapped by their after effects. Major Hassan Suhrawardy of Indian State Railway Medical Service considers that it is not the enervating climate and the trying environment and working conditions of India which cause neurasthenia amongst workmen, but that in a large number of cases the determining cause is badly treated venereal disease.

As evidence of what can be effected by realizing that industrial inefficiency from the effects of venereal disease is an economic problem, we quote the experience of a large industrial firm in the United States of America which installed in its works facilities for diagnosis and treatment. As the result labour efficiency improved by 33½ per cent. in one year, and the firm estimated that it had gained 40,000 dollars from its investment in the clinic.

Another aspect of paramount importance is the effect of venereal disease on women and children, and the splendid results obtained from ante-natal treatment. Recent figures compiled from a treatment centre in London show that from 300 untreated syphilitic mothers there were only 41 healthy children born of every 100 pregnancies. Of the same 300 mothers, after ante-natal treatment for syphilis had been instituted there were 91 healthy children born of every 100 pregnancies.

While we must again point out that the above figures may not apply in their entirety to India, they serve as an index to possible findings.

In view of the above facts, the Council submit therefore, that it would be to the social and economic advantage of the Provincial Governments in India to take serious cognisance of syphilis and gonorrhoea among the general population of India; that the industrial centres and large works and plantations provide a useful organization through which the Government could, at relatively little cost, secure the active co-operation of the employers in public enlightenment and where necessary, secure the provision of facilities for diagnosis and treatment for a large number of the employed population.

RECOMMENDATIONS.

It is urged that pending the development of the public health services for the whole population of India it is important that the prevalence of venereal disease should be reduced in the industrial community, particularly among the immigrant groups of workers in order to check the dissemination of disease throughout rural India.

The recommendations of the Social Hygiene Delegation of 1926-27 to the Provincial Governments visited included:—

- (a) The appointment of a venereal disease specialist to the staff of the Civil Surgeon.
- (b) The provision in co-operation with the Government of India of increased laboratory facilities to be provided free for hospitals and to recognized venereal disease officers.
- (c) The provision of an adequate supply of drugs to the recognized hospitals and to the venereal disease treatment centres.
- (d) That the venereal disease service throughout the provinces should be co-ordinated and under the supervision and direction of a fully qualified venereal disease specialist.

Action along these lines has already been initiated by the Provinces of Bombay and Madras. So far as is applicable to the present enquiry the British Social Hygiene Council wish again to recommend these and to add thereto the following recommendations :

From the analysis of the return received it is pointed out by some of the employers that the knowledge on the part of the employer that the worker had contracted venereal disease would tend to act as a deterrent to workers seeking treatment from the Medical Officer employed by the firm. The Committee are of the opinion therefore that where the population is sufficient to warrant it, better results would be obtained by the establishment of a Government Treatment Centre in the town. It is anticipated that the dissemination of information among workers will overcome this difficulty in India as has been the case in other communities. We believe that for the groups of industrial workers in rural districts it will be possible to secure the attendance of those infected for treatment for venereal disease by the Medical Officer of the firm if in preliminary lectures, the point is stressed that no penalties will accrue to the individual patient.

- (a) That free treatment centres be provided by the Provincial Governments in all centres containing an estimated industrial population of over 10,000 such as Nagpur, Ahmedabad and Cawnpore.
- (b) That industrial concerns not situated in centres served by a Government clinic and employing more than 1,200 workers should employ a medical man qualified to diagnose and treat venereal disease, or should give their medical attendant the opportunity to attend a post-graduate course to enable him to qualify to diagnose and treat venereal disease. Any such centre supervised by a competent medical man should, from the financial standpoint, be recognised as part of the Government system for the prevention of venereal disease.
- (c) That in order to make the foregoing recommendation effective the Provincial Government should arrange for post-graduate courses in the diagnosis and treatment of disease for qualified medical men. These men when qualified to the satisfaction of the Surgeon General should be recognized as competent to receive supplies of drugs for the treatment of syphilis and gonorrhoea and have the use of the services of Government laboratories.
- (d) That the Provincial Health Departments should, for the centres required under recommendation B. provide material for visual education—films, diagrams, slides, etc.—on problems of public health including venereal disease. A systematic campaign of public enlightenment should be undertaken in co-operation with employers of labour either through a propaganda department of the Provincial Government or through appropriate voluntary agencies such as the branches of the British Social Hygiene Council established in Bombay, Bengal and Madras.

PART II.

Oral Evidence.

Minutes of Evidence taken before the Royal Commission on Labour in India.

LONDON.

First Meeting.

Wednesday, 9th July 1930.

PRESENT :

The Rt. Hon'ble J. H. WHITLEY (*Chairman*).

The Rt. Hon'ble V. SRINAVASA SASTRI, P.C., C.E.	Mr. KAREER-UD-DIN AHMED, Bar.-at-Law.
SIR VICTOR SASSOON, BART.	MR. JOHN CLIFF.
SIR IBRAHIM RAHIMTOOLA, K.C.S.I., C.I.E.	MR. N. M. JOSHI. DIWAN CHAMAN LALL.
SIR ALEXANDER MURRAY, KT., C.B.E.	MISS B. M. LE POER POWER.
MR. A. G. CLOW, C.I.E., I.C.S.	LT.-COL. A. J. H. RUSSELL, O.B.E., I.M.S. (<i>Medical Assessor</i>).
MR. S. LALL, I.C.S.	} (<i>Joint Secretaries</i>).
MR. A. DIBDIN.	

Mr. HAROLD E. CLAY, National Secretary for the Passenger Services Group of the Transport and General Workers' Union.

L-1. *The Chairman* : Mr. Clay, we are very much indebted to you for coming to help us this morning, and, in particular, for the admirable memorandum which you have submitted to us on the matters on which we wish to consult you. You are the National Secretary for the Passenger Services Group of the Transport and General Workers' Union ?—Yes.

L-2. And you have held that position, I understand, for some time ?—That is true.

L-3. Could you tell me for how long ?—Since 1925, but prior to that I was a full-time officer of the Union, working for 21 or 22 years in association with the passenger industry.

L-4. And you have almost, I might say, a lifelong experience of trade union organization in connection with transport ?—That is so.

L-5. And in particular you have been concerned with the organization of the Transport and General Workers' Union ?—And with the unions that made up that amalgamation.

L-6. Under the unions that came together to make up that amalgamation ?—That is so.

L-7. And in the course of your work in that connection you have had to consider the question of how far works committees, or works councils, whichever name you give them, can form part of a trade union organization to protect the interests of your workers, and also to co-operate where you think fit with the management of the industries with which you are concerned ?—That is so. We would say that joint machinery of various kinds has been considered by us and adapted in various forms at different times.

L-8. You will understand, perhaps, that I have a little paternal interest in this question, and I was much gratified to read the account which you have given us of what has been done in your industry. May I just take you over one or two points in your memorandum?—If you please, Sir.

L-9. The group of workers that you represent covers more than 97,000 road passenger workers?—That is so.

L-10. You tell us that as one of the means for the consideration of the questions in which you are concerned, provision has been made within the constitution of the National Council for works committees?—That is so.

L-11. Then you give us the objects for which those works committees have been constituted?—Yes.

L-12. "To provide means whereby the workpeople may be given a wider interest in, and greater responsibility for, the local conditions under which their work is performed"?—Yes; in fact, we set out the constitution of the works committees in full.

L-13. That is to say that the works committees are constituted with the good will, in fact with the co-operation, of the union itself?—Yes. I ought probably to explain that the union and the two employers' associations make up the Tramways National Joint Industrial Council, and it was that body in the first instance that evolved the constitution for works committees under which the bulk of the undertakings are now working, and the unions, with the employers' associations and with the individual employers, have been whole-heartedly in favour of the development of works committees or other forms of joint machinery.

L-14. May I take it, then, that the secret of the success of your scheme is due to the fact largely that from the very beginning it has been a joint work of construction?—I think that is so.

L-15. And I am interested to see that amongst your objects you put in No. 4: "To promote the efficiency and success of the undertaking, and to secure the co-operation of all concerned to those ends"; and No. 5: "To promote the efficiency of the services and the investigation of circumstances tending to reduce efficiency, or in any way interfering with the satisfactory working of the undertaking." Then the next point which I note particularly is that you provide for the meeting of these works committees at regular intervals. You also tell us that "meetings of works committees shall be held at regular intervals of about four weeks."—We regard that as very essential. In fact, if you do not make provision for regular meetings you do not get the same degree of attention on the part of your people, and you do not get the same regard and the same interest taken in the machinery. As a matter of fact, one of the best features of the works committee machinery that we have is that men do know that on given days, or in a given week, the problems that have arisen, whether they be small or of a larger character, can be dealt with and can be disposed of; and it is the fact that they can be disposed of that is important.

L-16. The next point that I particularly noticed in your memorandum is that "No recommendation shall be regarded as made, or resolution passed, unless it is approved by a majority of the members present on both sides of the works committee." That follows, in the works committee, the procedure which I think applies in the Joint Industrial Council?—Yes, excepting that I do not think you get just the same difficulties arising from that in the works committee that you get on some of your national councils, because there in the national body you may get

what we term a "no decision", but in the works committee the view is accepted that it is largely a matter not of voting but of agreement.

L-17. Exactly. Thank you. Then you give us particulars of the undertakings which are covered by this arrangement. There are the Metropolitan Electric Tramways, Limited, the London United Tramways, Limited and the South Metropolitan Tramways and Lighting Company, Limited. Further, you give us particulars of the working of this system in other places than London?—Yes. I would not like the Committee to feel that these are the only places where works committees are in operation. I took these really because they represent, from the standpoint of constitution, different types, although their work is in essence the same.

L-18. Yes. They may be taken as typical instances of the successful working of works committees with the good will and support, indeed as part, of the general trade union machinery?—Yes, with the further point that we have given these to show that in composition we are not rigid. While the trade union or the trade unions represent the workers' side, there is provision for a different method of election and for a different form of representation.

L-19. Yes, that is so. It is important in any system of this kind that its particular form should be evolved within the industry itself?—Yes, and with due regard to local conditions.

L-20. Exactly. It is only those people who are spending their days within the particular industry or within the particular locality that can frame the best constitution in their particular case?—That is so; and not then be afraid of amending where they find the need for it.

L-21. Dealing about sub-works committees, you give us an interesting table showing how many cases have been considered in a period, and how many of them have been disposed of. I suppose one may take it, for instance, that taking the first line, where there are 65 matters considered, 53 were disposed of by the sub-committee,—that is, disposed of by agreement between the two sides?—That is so, although in this regard I think it will be well if you can take the more complete table that Mr. Spencer has prepared, because he deals with the position over the whole period of the existence of the works committees, and it does elaborate rather more in detail the point that I have set out roughly here.

L-22. *Mr. Cliff*: I take it that the second column there does indicate cases in respect of which a decision has been reached?—That is so, and in the main disposed of at the first meeting without any reference back.

L-23. *The Chairman*: You give us the views of your Union: "The view of the Members and Officers of the Union is that on the whole the machinery works very satisfactorily. A number of questions which may appear to be relatively unimportant, but which have a direct bearing upon the comfort and working conditions of the men can be dealt with, and as the records show decisions reached. The fact that the meetings are held regularly gives the men an added satisfaction for matters are not allowed to drag on from month to month without a settlement." That is most interesting. Then you tell us about the Walthamstow Corporation Tramways, the Birmingham Corporation Tramways and Omnibuses, and the Leeds City Tramways, the London General Omnibus Company—that is a case where there has been felt so far to be no pressing need for works committees, although you have provision made for them in the constitution?—Well, we treat the London General Omnibus Company as a unit, and while we have no works committees as commonly understood, we have

various forms of joint machinery. One of the types is set out here, and, as you will see, it not only is a very valuable piece of machinery, but it has a fair volume of work to do, as the record of cases dealt with indicates.

L-24. During our investigations in India we found, on the part of trade union officials, a rather widespread suspicion of works committees as being things that were antagonistic to trade unions. You know, I imagine, as a matter of history, that in past days there has been that same suspicion in this country in some places?—Yes, I believe I have heard of it and met it.

L-25. But your long experience appears to show that where the matter is approached in the right way—I mean, from the very beginning it is a question of joint construction, and the schemes prepared within the industries themselves, not imposed by any outside or higher authority—there the system brings success and brings benefit both to the employers and to the workers?—I think in general I would agree, but I feel there are dangers that one has not to be unmindful of; but providing that the union and the union representatives realize that they must retain their independence and their freedom of action, then I feel that the works committees are a very valuable part of industrial organization and trade union structure.

L-26. *Mr. Sastri*: Would you kindly explain to me—I am rather ignorant of this subject—what is the co-ordination between the National Council, the district council and the works council? I do not quite understand the situation.—Well, in the first place the two employers' associations elect representatives to the National Council. The Union, on the other hand, elects the employees' side or the workers' side. The representatives on the District Council are elected in a similar manner to those on the National Council; in addition the National Council members from the various districts are *ex-officio* members of their District Council.

The Works Committee is elected independently. The workers' side is elected from and by the trade union members employed on the particular undertaking and the employers' side from and by the Management of the undertaking. The Works Committee operates under the constitution of the National Council, its actions must be in conformity with the agreements of the National Council. There is, therefore, unity and cohesion between the Works Committee, the District Council and the National Council.

L-27. So then do you report every now and then to the national organization?—In practice the minutes of the works committees would go to the Secretary of the District Council. If the District Council or the Secretary feels that there is nothing of importance, the minutes are received. The matters of importance would receive consideration, or some recommendation or resolution from the District Council. The minutes of the District Council, in turn, go to the National Council, where the same procedure is followed, minutes being received if there is no special business that calls for particular mention.

L-28. You say you are the National Secretary. Would you attend, as a rule, the works committee meetings?—Not as a rule, although I have that right, and have on occasions, when special business has been considered in London and elsewhere, been invited to attend. But we feel that it is better from the works committee side that it should be a works committee without undue interference from those of us who are national officers.

L-29. Would you mind giving me a picture, as it were, of a meeting of a works committee, how it is composed, how people sit together, and give me a typical instance of a subject which is discussed?—We sit together very much as we sit here this morning. As a matter of fact, it is a committee.

L-30. Do the employers and the employed sit together, mixed up, or do they sit on opposite sides of the table?—At the last meeting which I attended—and I am pleased to say Mr. Spencer is here, and we were both together—we met in one of the rooms of a depôt after we had been going round inspecting cars and car equipment, vestibule fronts, and a number of problems in which we were jointly interested. After this inspection we adjourned to the mess-room, and I do not think we were very much concerned as to how we were appointed; we were concerned with being members of a committee with certain problems to face. We got down to face those problems. As a matter of fact, they were questions of what we term deficient sand gear raised by our members, questions of running time, questions of allocation for meal reliefs, and a host of other what one might term ordinary routine problems, none of which might be regarded as important, but each of which, if not attended to, would produce an atmosphere in which it was difficult to deal dispassionately with a bigger problem; and I think, if I may say so, that that is one of the most valuable aspects of works committee operation. You do produce an atmosphere in which your bigger problems, those that might create trouble, can be faced more dispassionately than would be the case if there was the irritation due to a number of minor difficulties not having been adjusted.

L-31. In the process of your evolution have you now arrived at a definite line of demarcation between what is specially the union's activity and what is specially the works committee's activity, or do you overlap?—Well, I think the union is an integral part of the works committee.

L-32. Or is the works committee an integral part of the union?—We have not yet taken over all the employers' jobs. No, I think that both the employers and ourselves regard this as a piece of machinery which we can jointly work for the handling of particular problems, but we realize that there are other problems that must be dealt with through the ordinary machinery for negotiations, and if there cannot be a settlement, well, we may have a break, or we may go to the machinery of the National Council, through which we have made provision for dealing with the wider problems.

L-33. You speak here of the expenses being shared equally between the employers' side and the employees' side?—That is so.

L-34. Are the expenses very heavy in these cases?—Not in the main. Where we speak of expenses there we speak of the ordinary expenses of the machinery side of the Council. The other costs would be the costs for loss of time, and we make provision so that there is no loss of time in attendance at works committee meetings. That is met by the employers as if it was working time.

L-35. How are the expenses of the working committee met,—by a special subscription or by a subsidy from the general funds?—No, we meet them from the ordinary Union contributions. We regard this as one of the types of service that the Union can provide for its members.

L-36. So the Union pays all the expenses of the works committees?—We pay the expenses that would fall on the workers' side, and the employer would pay the expenses that fall on his side.

L-37. You say that the joint secretaries are an officer of the Company and an officer of the Union. The District Secretary of the Union is always elected, is he not?—In our case he is appointed. He is appointed by the Executive of the Union after examination, but he is a full-time officer of the Union; he is not a man working on the job, he is a whole-time servant of the Union.

L-38. The officer of the Company who is selected is selected by the Company, not by the employees. You have no voice in the selection of that officer?—No; we claim the right to select our own person, and we have to give the same right to them.

L-39. You say the works committee can deal with any question which is covered by the constitution, but not with matters which would conflict with the national agreements. Will you just give one or two instances of matters which would form part of the national agreements?—For example, we have two agreements in the tramway industry, one dealing with wages, the other dealing with conditions. In our conditions agreement we make provision for an average 48-hour week, which is guaranteed, but it is averaged over a period of weeks, or it may be averaged over a period of weeks. Now, the question of average is a matter that can be discussed within the system, within the particular undertaking. Now, the works committee could not make any decision that would take the average outside the thirteen weeks. Then there is the question of duty schedules, which are an important part of road passenger work, and probably the most important. There is certain elasticity or fluidity provided for in the agreement with regard to the calculation of duty schedules. We may try, through the works committee, to get down to the minimum that the national agreement allows, but we could not exceed the maximum. Then there are questions such as spread-over, which is the question of the time which a man may take to get a particular duty. That is a matter that could be discussed by the works committee, because it is left in that way by the national agreement.

L-40. There is one question about the general relations. In India we are not yet well organized in these matters, and it is difficult for us always to judge. Would you say from your experience that trade unions and works committees must both exist together, or could the trade unions manage all the business themselves without the mediation of works committees as a rule?—Well, I think it would be better for the trade unions to manage the business, but out of our general experience we have found that whether we call them works committees or not, we have to evolve some form of joint machinery for handling problems which are of common interest to both parties.

L-41. So it would not be said that they were in any way alternatives?—Where they have been put forward in that way we have strongly resisted them, because then they become organizations in the pockets of the employers, and the trade unions must retain their independence of action, and their independence in organization.

L-42. *Sir Ibrahim Rahmitoola*: In your memorandum you give a list of objects and the constitution. In the constitution you say the members of the workpeople's side must be employees—that is to say, employees of the undertaking; no one who is not an actual employee of the undertaking is allowed to be a member?—That is so, other than the Secretary.

L-43. Then in the statement of objects you say that the object is "to promote the efficiency and success of the undertaking, and to secure the

co-operation of all concerned to that end". I take it that the trade unions of the workers' organization realize that the success of the undertaking is materially to their advantage ?—I think they realize that the more there is made, the more there is to divide.

L-44. Exactly. Then you say, "To promote the efficiency of the services and the investigation of circumstances tending to reduce efficiency, or in any way interfering with the satisfactory working of the undertaking." The workers realize that the success of their undertaking would secure to them better advantages than if the undertaking was not successful, and with that view they co-operate with the employers to secure the best efficiency possible in the services ?—Well, I would not say that that is exactly the view of the workers, but I think that their view would be that the more successful the undertaking is, and is made, the better chance there is for their having a higher standard of life and better conditions ; but they realize from experience that there are occasions where an industry may be efficient, it may be well run, but the division of the results of labour are not satisfactory.

L-45. Quite ; but the fundamental point remains, that unless workers co-operate in running the undertaking in as efficient a manner as is possible, there is no hope for their own future prospects ?—Well, we should say that in co-operation lies their chance of future prospects.

L-46. And every worker is educated and literate here in Great Britain ?—I think that is a very big factor.

L-47. Then there is one further question I should like to ask. You have all these joint organizations which, after deliberation, reach certain decisions. How are they enforced ? Are the decisions of the representatives meeting in these committees loyally carried out by the workers, or is there any conflict between the representatives in the committees after they have reached a decision and the body of the workers in carrying out those decisions ?—I think the best answer one can give would be that these decisions are not enforced, but they are accepted, and our experience has been this, both in the works committees and on the National Council, that we have had very few instances indeed where decisions, once having been reached, have not been carried out loyally by both sides. It has sometimes been difficult to get a decision, but once having reached a decision there has been a wonderful amount of loyalty to the institution, if I may use that term, on both sides.

L-48. And the workers clearly realize that that loyal co-operation is essential for the success of the undertaking in the joint interests of both employers and employees ?—I think they do.

L-49. *Miss Power* : The evidence of certain witnesses deals very largely with classes of employment where there is strong trade union organization. Do you consider that strong organization on the workers' side is an essential condition to the effective working of works committees ?—I think it is ; I think it is very important.

L-50. Have you any experience of works committees in industries that have no organization ?—I have experience of so-called joint committees, where there is no trade union organisation, and where I think I would say that the joint committee tends to become an appendage of the employer, and is liable to be disbanded if it becomes a little awkward. I think there must be organization on the workers' side, and independence in action.

L-51. In the case that you refer to, did the existence of that committee lead to organization on the part of the workers ?—I would not say that it

led to organization exactly in all cases, although we find that organization does exist at the moment. It is difficult, of course, to say just what are the factors that have led to organization.

L-52. You would not subscribe to the opinion expressed to us sometimes in India, that works committees act as rivals to trade unions, and are therefore looked upon as objects of suspicion by the workers?—They may act as rivals, but then I do not think they are works committees in the sense in which we understand them, as being joint machinery voluntarily entered into by both sections in industry. I think there, where you get that type of works committee, there should be no conflict between the works committee and the trade union. As a matter of fact, the trade union is the one side of the works committee.

L-53. Supposing there were no national agreements regarding the two essentials of hours and wages, do you feel that under such circumstances a works council should still be precluded from dealing with them?—I think much depends on the kind of industry, and its state of development. Our drive here has been, as you know, in the bulk of industries for national agreements, although in certain industries where there is no national agreement joint machinery is in existence, and in some of the localized industries in Yorkshire there has been joint machinery in existence, as the Chairman knows, for a considerable number of years—in fact, joint machinery that goes a long way further than the machinery dealt with here.

L-54. But do the committees in that case deal with hours and wages?—In the localized industries they may, and they go further, and deal with cases of discipline and quite a host of other problems.

L-55. I was about to pass on to that very point, and ask you whether you agree with Mr. Spencer that works committees must not interfere with discipline and management?—I think I do, in the sense in which Mr. Spencer puts it forward. I think the questions that arise out of what are termed discipline and management are probably better dealt with by direct negotiation than through this particular form of machinery.

L-56. *Mr. Joshi*: Miss Power just asked you a question about the difficulty of establishing works councils in a trade which is not organized. I want to know whether the trades which you represent are fully organized, or are there any workers who are not in the organization?—Unfortunately there are a few, but we would regard the industry that I represent as being fairly well organized.

L-57. That is true. Do those people who are not members of any organization insist upon being represented on the works committee?—They sometimes put forward a claim, but we say that representation follows payment.

L-58. And there is no subscription for the works committee?—No, the subscription is to the trade union, and we have to say that if you do not pay for service, well, you are not entitled to it; although sometimes, I suppose, we are a little more generous in action than we are in speech.

L-59. The employers do not insist upon the workers who are not in your organization being represented?—They have done on occasion, but we have come to an agreement, I think, now on both sides that organization is desirable, and that if people are not prepared to organize and want to be anarchists, well, as another person said a little time ago, that is not a crime, but still, it carries with it certain disabilities.

L-60. With your experience, can you say that if works committees are established where there is some kind of organization in industry, and the employers insist upon the unorganized workers also being represented in the works committee, that works committee will succeed?—I think it is extremely unlikely, in this country at any rate. As a matter of fact, I personally would not support a works committee along those lines.

L-61. Then the harmonious relations which you maintain and the good will might not exist if the workers' side on the works committee consisted of some representatives of unions and some representatives of unorganized workers?—We have found this, that where we, as Unions, have supported the institution and the operation of works committees, it has been because we have been dealing in an organized sense on our side with an organized body of employers, and where suggestions have been put forward along the lines you indicate, we have not viewed those suggestions with favour; we think they are rather too dangerous.

L-62. So your general feeling is that for the success of the works committee it is better that the Unions should be represented on the works committee instead of the workers themselves?—I think it is the workers in the industry, or in the particular industrial occupation, who are represented, but they are represented due to the fact that they are organized.

L-63. How do the elections to the works committee take place? Do the unions send representatives directly, and how do the Unions elect representatives—by the committee of the Union, or how?—It varies a little, but the machinery of the local branch of the Union is such and here we are dealing with an industry where the local branch of the Union does largely coincide with the local association of the employers, and it is a little different from some of the other trades in this country. It is not difficult for us, through the ordinary machinery of the trade union branch, to arrange for election either by ballot, by election in branch meeting, or by such other methods as the members themselves prefer. If you take, for example, the Birmingham case, there you have what I may term sub-branches at each garage. They elect a small committee to deal with their local problems, and the central committee is made up in turn from the chairman of each of those sub-committees; but they are all an integral part of the Union machinery.

L-64. And the employers do not insist upon a separate election being held for the members of the workers' side; they leave it to the organization to elect in whatever manner the Union thinks best?—Yes. I think we should have to say, if they objected, that we have the right to elect our own people in such manner as appears to us proper, and we, in turn, would have to concede that right to the employers.

L-65. I do not quite understand your reply to the question whether the Secretary of the branch of the Union, or the Secretary of the Union, if he does not happen to be an employee of the concern, merely attends or takes part?—I think that what you have to do really is to understand the make-up of English industrial life. We here act on the assumption that sometimes the right to speak is worth two votes, and if you have the Union Secretary, who is a full-time officer of the Union, in attendance at the Committee, and if you further bear in mind the fact that it is not voting that counts so much as general agreement, then the fact that the Union representative or the Secretary, in addition to being one of the joint secretaries of the committee, is an advocate, shows you, I think, the value of his attendance there.

L-66. And employers do not object to the presence of the Secretary, and his speaking?—No, I think in the main they rather welcome it, because you do get a man who in the first place had a fairly long experience of the industry before he was appointed a permanent officer; he is appointed a permanent officer because he has certain qualities that mark him out from his fellows, if I may use the term; and the practical experience on the job, *plus* his experience in handling the sort of problems that come the way of a trade union official, are not without value to the employers' side of the committee.

L-67. *The Chairman*: He is not a person in another profession: he has, in all cases, I think, been brought up within the industry or some cognate industry?—In our case in every instance he has gone through the industry itself on one side or the other.

L-68. *Mr. Joshi*: As regards the chairmanship, you stated that the chairmanship is held alternately?—Yes, in certain cases.

L-69. In certain cases; and in other cases what happens?—In other cases you deal with it from the standpoint of tactics. It is sometimes advisable to put the employer in the chair, and then you are assured that the decisions arrived at will be carried out.

L-70. Do the employers insist upon being chairman?—No, I do not think they do. As a matter of fact, it all depends on the personnel of the committee. There are certain employers who feel that they have a right to the chairmanship, but one has to remember, really, that works committees in this country only go back a matter of about ten years, and in that period there has been a very great change in the outlook and attitude not only of the trade unions towards these problems, but also of the employers.

L-71. Now as regards the constitution of the National Councils and the district councils, does the Union send representatives direct, or do the works committee representatives send representatives to the district committees and national councils?—On the district and national councils the Union is represented direct.

L-72. I was wondering whether you could advise us as to the form of national councils and district committees in trades which are not organized. Would there be any difficulty in organizing a national council or a district committee by means of the works committees themselves? The representatives of the workers' side on the works committees might send representatives to the district committees where the trade is not organized?—I think it might be possible to evolve a form of machinery of that kind, but I think coincident with that it would be necessary to engage in fairly intensive union propaganda, or else there are dangers that the machine may not act—so it appears to me—in the interests of the operatives.

L-73. How is the constitution of these works committees settled? Is it settled by the employers without consultation with the workers, or do they jointly take part in framing the constitution of the works committee?—I think, taking the constitution as a whole of works committees, district and national, it is a matter of joint collaboration. I might add here that so far as our own council is concerned we have altered the constitution very drastically from what it was in the first place. We accepted, in the first instance, with slight modifications, the model constitution outlined by what was termed the Whitley Committee. Then, as the result of experience, we found there were certain weaknesses, and certain gaps, because of the particular nature of our industry. Then in 1927 we

had a sub-committee at work. That sub-committee went into the whole constitution, with the advice of an expert draughtsman. We then put forward to the council certain recommendations from this small joint committee. The council accepted them, and that is how we arrived at our existing constitution, national, district and local.

L-74. *Mr. Cliff* : Would you amplify that by explaining what the machine known as the tribunal is?—Yes, we found—and this further amplifies a reply I gave to the Chairman—that the method of voting on the National Council resulted in too many instances in a ‘no decision’. The method of voting provides for a majority either side of the Council being necessary before a decision could be registered and on certain issues for a majority of the three parties on the Council, the Company representatives, the Municipal representatives, and the Trade Union representatives. We found that this resulted in recurring instances of a ‘no decision’ and this was not good for the Council, the employers, or ourselves. We therefore tried to evolve a form of machinery which would get away from the ‘no decision’ and we worked out an addition to the constitution which we called the Tribunal. Where any big issue was raised—it might be wages, hours or conditions of service—and the National Council could not reach a decision, the question was automatically referred to the Tribunal. That body consisted of five representatives from each side of the National Council, with two additional representatives nominated by each side of the Council, with an independent chairman. This machinery was used in 1924 for the consideration of a comprehensive and intricate application from the Union. The case was a difficult and complicated one to handle but agreement was reached on the Tribunal. The report of the Tribunal was not enforceable, it was recommendatory, but when it was submitted to the Industrial Council, the Council unanimously accepted it, not because they agreed with it, but because it was the decision of a body to which they had referred the matter for adjudication.

L-75. *The Chairman* : And a body which they themselves had constituted?—Which they themselves had constituted.

L-76. *Mr. Joshi* : Is there any rule prohibiting individual cases being considered by the joint industrial committees, or is it dealing with individual grievances?—There is no rule that prevents it, but we find that individual grievances ought to be handled on the spot, and therefore we do not wait for the ordinary meeting of the works committee in handling those problems.

L-77. Are they handled by the Union, then?—They are handled by the Union and the men.

L-78. And the employers do not object to the unions handling individual grievances?—It would depend, of course, upon the character of the grievances, but in the main we have evolved in quite a number of undertakings what we call a form of disciplinary machinery, where the man may be represented before either a board, or before the employer, when he has been tried for what is an alleged offence against discipline.

L-79. Would you explain to us what this machinery is as regards cases of discipline?—I will take, for example, if I may, the London General Omnibus Company. We entered some time ago into an agreement with them under which, where men were reported—and it ought to be borne in mind that we are dealing here, as Mr. Spencer says, with a highly disciplined staff, where discipline is much more stringent than it is in the workshops—we entered into an agreement with the London General

Omnibus Company where, on cases of discipline, there should be a form of machinery which gave the man a right of appeal from the decision of a local body or a local court right up to the Operating Manager, and therefore we have a local disciplinary body composed of representatives of the Company, and at that board the man concerned can be represented by an officer appointed by the Union. Assuming the man is not satisfied with the decision, he can appeal to what is termed the central board, upon which, again, are represented the officers of the Company. The man is represented by an official of the organization, probably not the same official who took the case at the lower court. If the man is not then satisfied he can appeal in this case to the operating manager, against the decision of the central board ; or it may be that instead of appealing on fact, you make an appeal on sympathetic grounds, which is an admission, really, that you have not too good a case, but that you would like to look at it on other grounds ; and many times they have done that when, if you had been standing on facts, you might have gone down. That is where the Union official probably is able to advise.

L-80. In framing the agenda for the meeting of the works committee, does the Union on the workers' side suggest matters for consideration, or do the members of the works committees suggest matters for consideration ?—In the main the agenda is prepared by the joint secretaries from matters which come to either of them. Take the employers' side : the matters may come along from the heads of different departments. On the Union side they may come along from the ordinary branch meetings, or in the ordinary way in which complaints do come ; but the secretaries use their judgment in formulating the agenda, always leaving an item that we are very proud of in this country, " Any other business " ; and you can invariably get in under that if you are cut out under the others.

L-81. Do the workers send forward some matters for the agenda ?—No, I do not think that the individual would be allowed to. He would be allowed to submit matters, but somebody, obviously, has to decide whether those matters should be gone into ; because they may raise a question of principle which the general body do not desire to raise.

L-82. *Mr. Ahmed* : Your council is a council by agreement ?—Yes.

L-83. Between the parties ?—Between the two parties.

L-84. Without consulting the majority of the workers, members of your union ?—No ; before we instituted the National Council—.

L-85. When was that ?—The beginning of 1920—we did consult the membership, and I presume the employers took their ordinary methods of consulting their membership with regard to the institution of this form of machinery.

L-86. And the invitations came from the employers' side ?—Well, I am not sure that there was an invitation from either side.

L-87. What was the nature of business that this arrangement was come to ?—Well, before that we had been dealing with the employers on wages and conditions. We had no permanent machinery. I ought probably to say this, that in our industry in the pre-war days all our negotiations were local.

L-88. Was it just after the Whitley Commission submitted its Report ?—Yes, it was some little time afterwards ; but I do not think, if I may say so, with all due respect to the Chairman, that it was the issue of the Report itself that brought into existence the National Council so much as it was the recognition on both sides that some form of permanent machinery was desirable for this industry ; and having recognized that,

we then looked at the machinery suggested by the Whitley Committee. We adopted it with slight modifications, and it has worked, and worked very efficiently, ever since.

L-89. Who made the suggestion first ?—I do not think that anybody made it. I think it is one of those things that just happened.

L-90. Was there no provisional meeting ?—Oh, there was a provisional meeting.

L-91. Between whom ?—Between the representatives of the employers' associations and the trade unions concerned.

L-92. Was there any trade union that convened a meeting asking the employers' representative to come if they would agree to such an arrangement ?—No, I do not think it happened in that way. We have a number of informal arrangements entered into in this country, and if one had to try to find out the origin of quite a number of our institutions—well, all we would be able to say, to use the phrase of Mr. Cliff, was that these were born. Just how they happened it would be difficult to say, and we never bother very much about their inception ; we do bother with the fact as to whether they work or not ; and this works.

L-93. Before 1925 you were some officer of the trade union ?—Yes ; and am now.

L-94. And you were working before 1925 for 22 years. You have said so ; is that so ?—Well, I was an officer of the Union in 1912. Before that I spent some years in the industry.

L-95. So I take it that somebody must have taken the initiative, and you say that you sat together, but you cannot say where the suggestion came from ?—I think it would be extremely difficult to say just in what way the idea originated, excepting that it ought to be borne in mind that for two or three years we had been in joint negotiations with the employers on problems affecting the industry, but we had no permanent form of machinery. Both sides agreed that some permanent form was desirable.

L-96. Since the foundation of your council arrangement—that is 1920 and up till now are there any cases of disagreement between the workers and the employers ?—Oh, yes, we have had one or two where we could not agree.

L-97. What were they ?—We had certain questions of wages in 1920 ; one or two questions of conditions later. In one or two cases we have had a stoppage, and then we have settled it afterwards.

L-98. What was the particular sort of differences in the beginning between the workers and the employers ? Did the workers want something to which the employers did not agree ?—I think in the question of wages the workers wanted certain wages which the employers said they could not concede.

L-99. And then how was it settled ?—Well, we had a stoppage for a period, and then we discussed it later, and we did not get all we wanted then.

L-100. I suppose if similar methods of council were arranged in India—you see, our employers in that country do not come forward to sit alone with the employees, but if a similar method was adopted there—many disputes might be settled successfully, if they had the same method as you have here ?—I think they can, and I think we would have to say here that while we have had a few disputes, open disputes, with the employers between 1920 and now, they have been nothing like so great in volume as would have been the case had there not been this form of machinery.

L-101. Do you find the employers are reasonable to the working people in this country, because you have had only one or two cases of disputes in this country since 1920 ?

The Chairman : I think that is too wide a question to be asked.

L-102. *Mr. Ahmed* : And I suppose if the employers in India are reasonable, as they are in this country, we would not have much fight in India ?—Well, I do not know.

L-103. Your Secretary is a full-time secretary, a paid officer ?—Yes.

L-104. Do you get any contribution from the employers' side ? Do they help your organization ?—No ; and if there was a suggestion to that effect we should refuse it, because we should feel that payment from the employers is a thing that could not fit in with independence of the trade union.

L-105. Do they contribute to the expenses that you incur in your Union ?

The Chairman : No, we have been told, Mr. Ahmed, that each side pays its own share of the expenses of the joint organization.—That is so.

L-106. *Mr. Ahmed* : That is with regard to your council organization ?—With regard to the council, each side pays its own share of the expenses.

L-107. How do you get your representative in the council of arrangement—by election of the workers ?—Well, we elect them through the ordinary machinery of the Union, and we build it up on the basis of dividing the country into areas, and one representative from each elected through the ordinary machinery that the Union use for electing all representatives.

L-108. So I understand that your council represents all the workers in this country as far as your operation of the works committee is concerned ?—It would represent all the workers in this particular industry.

L-109. And there is no other organization which is the mouthpiece of the workers in this country except yours ?—On the National Council we have one representative from another trade union by arrangement, because they have in one part of the country a small membership who are trade unionists and to whom we feel it would be unfair to deny representation.

L-110. But do they deny as a matter of fact, or do they accept you ?—Oh, they accept us, and when we have come to the question of wages and conditions they agree that as the representative of the overwhelming majority interest we should represent them.

L-111. In some matters they agree and in some matters they do not agree when it does not suit them ?—No. You have to remember that they have a long association with another trade union. They say to us, " Well, though we are not members of your Union we are members of another ; we would like representation on your council ". Now, they are trade union members, and we agree to them having a representative on the council, which in fact gives them one ; and we have twenty-one.

L-112. *Sir Alexander Murray* : On this question of representation on works committees, you say you prefer the workers' side to be represented by Union elected representatives. Supposing there are two or three unions, rivals, competing for the affections of the workers.

Sir Victor Sassoon : And unfriendly to each other.

Sir Alexander Murray : How would you adjudicate, or allocate the appointments to the works committee in a case like that ?—Well, we face

this problem in some of the systems with which we are associated, and while there may be differences between unions, and they may be of a deep and far-reaching character, in the main we find out that those differences do not reflect themselves when we are dealing with problems of that character; but assuming that they did, then I think you have got to give representation with due regard to the number of men involved who are members of each particular Union. I think you can only settle this by reference to a principle that is bigger than any of the unions concerned.

L-113. Quite true. You would count heads, in other words, and allocate accordingly?—I think that is the only sort of rough and ready way you can do it, without, on the other hand, you are spread over a number of departments, and then it may be a question of interests represented rather than heads.

L-114. You told Mr. Ahmed just now that because one Union wanted representation you gave it representation, although you did not agree with it probably in other connections. If you recognize that another union is entitled to representation, would you not equally recognize that work people who are not members of a union are also entitled to be represented on the works committee?—My own view is that they are not, because here is a form of machinery that you evolve that does entail certain expense; it certainly entails the question of service, and I do not think that people who are not prepared to contribute for a particular kind of service are entitled to have that service.

L-115. But the expense, if I may say so, is negligible, and may be ignored in discussions of this description?—Yes, but.....

L-116. Let me put it to you in this way. We are faced in India with thousands of workers employed, and with thousands of employees not represented at all. In some cases you may have a union representing 300 or 400 workers out of many thousands. Now, do you suggest that the works committee on the workers' side must be limited to the trade union members, and not extended to the workpeople as a whole?—Under those conditions I do not know that you could do it, but what I said in reply, I think, to Mr. Joshi was this, that where you do get that form of organization you get it with a recognition, or a recognition in the minds of those who are thinking out the problem, that that is only temporary, that coincident with this development you must have intensive trade union propaganda, so that there can be organization on the workers' side, because I take this view, that if the employer is a single person he does represent an organized community, and there must be organization on the other side in order to enable the worker to cope with that.

L-117. I quite agree with that, but if there is no organization, or very little—negligible organization—what would you do in a case like that?—There may, in those circumstances, have to be what we know in this country as a form of paternalism. You may have to help the people in industry towards self-government, but, as I understand it, behind the idea of works committees is the principle of industrial self-government, and industrial self-government, as political self-government, I understand means the right to make a holy mess of things if you want to.

L-118. For instance, in the London General Omnibus Company—you spoke about them to Mr. Ahmed—there is no works committee, is there?—Not by name, but there is a form of joint machinery. If you take, for example, the schedules machinery that I have set out here,

there on the one side we provide in the first case for the handling of a problem at the garage, at the seat of origin ; then if it cannot be settled there we arrange for a representative of the Union and a representative of the Company to handle the problem. If a matter of principle is involved, or if the case cannot be settled, then we provide for representatives on both sides to come together as a joint committee to handle this particular problem. While we do not call it a works committee in name, in essence I think it has many of the characteristics of the works committees we have previously referred to.

L-119. Take the London tramways now. You have works committees there, have you not, or councils, but if there is no settlement the matter comes up to the district secretary of the union ?—On certain matters of principle ; but on the detailed day-to-day problems I think we either get a settlement or else we agree that there is not likely to be a settlement, and then the case goes by default. It may be raised again at some time later, or the employers may have convinced our people that we had not a case.

L-120. As a matter of fact, after having read your interesting statement and listened to your still more interesting evidence, I have come to the conclusion that there are many ways of bringing together the employers and the employed in this country. You have it yourselves in connection with the trams and omnibuses. Do you agree that in India, too, where there is no organized trade union, to speak of, or very little trade union organization, it may be possible to create machinery, local machinery, of the type of works committees that would enable a start to be made in building up organization on both sides ?—Yes, provided, of course, that you do it with that object ; but I have seen cases where there has been an attempt to form what is termed joint machinery in order to prevent organization. Now, where that takes place we resist it, and resist it strenuously.

L-121. I quite agree ; but in India one of the troubles is that they tell us the *sardars* or foremen have too much power in between the employer and the employed. Well, I have always a feeling myself that works committees omitting altogether the foremen and bringing together the representatives of the workmen and of the employers would be very helpful !—Of course, that trouble is not confined to India, I am afraid.

L-122. *Sir Victor Sassoon* : I take it that any decisions that may have been come to, any settlement that may have been arrived at, are enforced on both sides without any difficulty ?—As I think I said earlier, the beauty is that they are not enforced, but that they are accepted.

L-123. Well, are accepted ?—Are accepted. I think you will see that there is a difference. You see, there are no penalties that follow, no monetary penalties that follow the non-acceptance.

L-124. Let us take it that you have come to a decision, and the men, or some portion of the men, refuse to agree,—not all, but some. What would happen then ?—Well, we would probably have a row.

L-125. Who would be the parties to this row ?—I do not know. In one instance the difficulty became a difficulty between the union and a section of its members.

L-126. That is what I am driving at ?—That is the odd thing that happens, and the odd thing for which we realize we cannot provide, just as we may get a recalcitrant employer. Well, it is awkward, but you cannot impose a monetary penalty upon him ; you hope that probably

common sense will prevail, and at least loyalty to his own side, if not loyalty to a decision to which we were parties.

L-127. Then you do get cases in which part of the employees will not accept a decision which their own representatives have agreed to?—That has happened, but fortunately the cases are very rare.

L-128. In spite of the strength of your union, the union would not take internal disciplinary action in such cases—or would they?—Oh, well, we have to deal with it then as a union, and it all depends upon the circumstances how it is dealt with; but I think we would admit quite freely that there is no form of machinery that can be made absolutely watertight; and all we say for the joint industrial council and its various committees is this, that in the main their decisions have been loyally accepted over a period of ten years. The disputes have been very few, and that, after all, is a fair test over a decade of the machinery's working.

L-129. But of course you cannot help us except by saying that it is the union's job to see that their own members obey the rulings of their representatives?—That is as far as one can go.

L-130. But that does take place. I take it that there would be some form of internal pressure to see that the followers obeyed their leaders?—We would accept this view: If we come to an agreement it is our business to see that that agreement is honoured. If we did not intend it being honoured we should not make the agreement.

L-131. And if you are not able to make it honoured?—Then, of course, we have difficulties.

L-132. Would not that make it difficult to come to an agreement on a works committee on the employers' side if they knew that they were going to honour the agreement but were not sure whether the other side were in a position to get it honoured?—With regard to the local machinery I have no single case where you have had a decision arrived at that has not been honoured. What I had in mind was some of the decisions which are made nationally, and which are made by people who are a little further removed from the workshop than are the people on the works committees.

L-133. Just one technical question. You mentioned a tribunal. How many members would there be?—There are five from either side definitely from the council. Then two who would be nominated by either side, two representing employers' interests and two representing the workers' interests; and then there would be an independent chairman. That would give you a tribunal of fifteen.

L-134. And that is the body which is above the ordinary machinery—Above the ordinary machinery of the national council, but again arising out of our general experience of these matters we do not make their decisions mandatory.

L-135. They merely advise?—They really advise, and we have built up a code in this country whereby we do accept the advice that is given to us by bodies whom we have appointed ourselves. I mean, it is by no means the only form of machinery in this country that is purely advisory, but the decisions are, I think, as readily accepted as are the decisions of bodies who have power to enforce them,—probably more readily.

L-136. *The Chairman*: That, as one might say, was an alternative for compulsory arbitration, which has always been opposed by the trade unions in this country. Your industry and many other industries have built up internally their own system for getting decisions on matters of difficulty, but they are probably all the better carried out because they

are not statutory or, in the technical sense, compulsory ?—I think that that is our general experience.

L-137. *Mr. Ahmed* : And in your experience with the last twenty-three years, as a matter of fact, the employers come down to the decisions of the majority, including the workers' representatives ?—In the main, yes.

L-138. And that is the reason why there is a satisfactory working of your councils of arrangement ?—Well, I think we have all realized this, that there are certain things that are more important than getting our own way as individuals.

L-139. *Diwan Chaman Lall* : I take it that the system of setting up works committees is a system of representation on the part of the workers ?—That is so.

L-140. And that the basis of that representations is joint effort on the part of the employers and the workers ?—Yes.

L-141. But for the joint effort it could not work ?—No ; I think that is perfectly true.

L-142. Does it, in your own opinion, create a sense of responsibility on both sides—that is, if grievances of the type that you have scheduled in your memorandum are discussed mutually and freely, and on the basis of equal representation, does it create a sense of responsibility ?—I think it does, and in addition I think it gives to the worker a sense of a new status.

L-143. Following from that may I also add this. Am I correctly informed that one of the essential conditions for the successful working of a works committee is that there must be absolute independence ?—That is the view I take.

L-144. By which I mean, for instance, that there is no dictation from the employer to the worker as to the type of representation that should be appointed to the works committee ?—I think we have had no experience of that being done excepting in this regard, that we may find on occasions there is a person on the employers' side whom it would be difficult to work with. You do not object, but you suggest that it might be advisable if so-and-so was not on, and the employer likewise makes a suggestion to us on occasions that " if you want the machine to work well, we have no right to interfere, of course, but it might be advisable from all sides not to appoint so-and-so " ; but we retain the right, if we want to be awkward, if you like, to say, " Well, we shall appoint just whom we like ". But in actual practice those occasions are very rare indeed.

L-145. You used a very significant phrase about industrial self-government. I take it that if you did not have that basis for the works committee there would be no works committee. For instance, if the employer turned round and said to you, " I shall nominate so many members of the works committee ; you shall select so many additional members ", you would naturally resent that ?—The employer would not get agreement.

L-146. When Sir Alexander Murray asked you a question about there being many, many ways of settling these difficulties and these problems that are brought before the works committee, may I take it that the basis for all these different ways must be firstly independence and secondly equal representation ?—I think the drive must be towards independence and equal representation, though you may not have arrived in all cases at the stage where either is possible.

L-147. *The Chairman* : I have just two further questions to ask you. Do not answer this unless you care to do so ; but I wondered if you could give us any idea of the percentage of organization in your own industry of which we have been talking. Would you put it at 70 per cent. or 80 per cent. or 90 per cent. ?—Well, it is difficult. I can give you these figures, that we represent 97,000. I think outside of that you might say there are probably 4,000 to 5,000 who are organized in other unions. Then there are a number of people who are not within the category of the person whom we could enrol, namely skilled craftsmen and the like ; and I think I am speaking now by the card, but the figures could be checked ; I think the total number of insurable people in the industry is about 154,740 odd, and that includes, as you know, the whole of the clerical staff below the insurable limit, the whole of the craftsmen whom we would not enrol, and therefore if you take 97,000, the figure I have given you, as a round figure, you will see that it does represent a substantial measure of organization in the industry. I thought it better to answer your question in that way, rather than give a percentage which might be illusory.

L-148. *Quite*. The other question is as to the possibility, in an industry where there is only a very elementary trade union organization, of building up organization from the works committees as against the other way which has happened in your industry,—building the works committees from the industrial council. I understood you to say that provided the works committees were frankly adopted as an education and training to the workers in organization, and did not go along with any penalization of trades union work, you thought in some cases the works committee might be the means from which the wider organization could be built up ?—I think it is one of the means that might be adopted towards the other end, but even there I think one would have to say that it does produce an element of danger. It could be a dangerous weapon against organization in the hands of those who were unscrupulous enough to make it so.

L-149. I quite agree ; but supposing the leaders of the trade union, such as it might be, although it might be a weak trade union, were brought into consultation and they helped in the form of works committees so that it was not done behind their backs or without their knowledge, you think that in some cases the works committee might be the beginning and foundation of a larger organization in a particular industry ?—Yes, and I think, too, it would be a very effective means of providing education in the basic problems of industry for those who were representatives on the works committee.

(The witness withdrew.)

Mr. CHRISTOPHER JOHN SPENCER, General Manager of the Metropolitan Tramways, Limited, etc.

L-150. *The Chairman* : I think you are the General Manager of the Metropolitan Electric Tramways, Limited, the London United Tramways, Limited, and the South Metropolitan Electric Tramways and Lighting Company, Limited ?—Yes ; they are separate companies, but the organization for three undertakings is one.

L-151. You have heard the interesting evidence just given to us by Mr. Clay ?—I have.

L-152. He spoke as representing the workers in the industries of which you are General Manager. Do you, in general, accept what Mr. Clay has told us, or are there any points to which you would like to add anything?—No, I do not think that I have heard Mr. Clay say anything at all this morning to which I should take exception, and with which I am not in practically complete agreement.

L-153. From the employers' side you also hold the view that the works committees have been of benefit both to the industries as a whole, to the workers and to those whom you represent, the employers?—I most certainly think so. As you will see set out in my written evidence, my experience with this sort of thing goes back a good many years, and from the start it was obvious that if representatives of the employees, and preferably the employees themselves, who were in touch with the daily work, could from time to time come into contact with the management, or those who were charged with the management and supervision, under proper control, nothing but good could arise; and my experience most certainly is that in the first place that creates an atmosphere of trust on both sides; there is a feeling, after common discussions of common problems, that each side, whilst of course being concerned with its own angle and its own interest, is anxious that the concern as a whole should be successful, and that it should be run efficiently. That sets up, if I may say so, almost a sort of comradeship between both sides. It is good for the employees to appreciate, in perhaps a way that they could not appreciate in any other way, the difficulties of the management; and, on the other hand, it is very good for the officers of the company to realize the point of view of the workmen. When such an atmosphere exists, even the bigger problems, problems where there is almost bound to be diversity of view, are discussed in a proper atmosphere. It is not an atmosphere of suspicion; it is generally an atmosphere of recognition of the strength of each side, of the strength of the case that they put forward, and with such an atmosphere it is not difficult to go forward sometimes to another body, the National Industrial Council or the tribunal arising out of the National Industrial Council; and say, "Here is our difficulty; this is how we look upon it; if you, the tribunal, can help us by saying something that we from our more or less narrow point of view have not seen, we shall be glad to hear it". And, as Mr. Clay said, when it has occurred—and I do not think it has occurred more than once so far as we are concerned—although they have thought they were entirely right, they have loyally abided by the decision. The system has been found to give most successful results.

L-154. There is an interesting point in your excellent memorandum, to which I would draw attention, as to the way in which, in your own case, this matter was approached. In this case you, as the employers' representative, invited the local secretary of the trade union to come and have a talk with you?—Yes.

L-155. You had a suggestion to put to him?—Yes.

L-156. What you then called a consultative committee?—Yes.

L-157. The secretary of the trade union, Mr. Palin, readily met with you, and you two persons together found yourselves in general agreement and proceeded to consider the actual construction of the plan?—Yes.

L-158. So that in many cases the best kind of work originates with a quiet talk, possibly with two persons only, it may be with three or four, but not with a cut and dried constitution prepared by one party or the

other ?—That is so. In this particular case which you are good enough to mention, you will realize that this was during the early days of the war, and naturally our ordinary arrangements were being upset in all sorts of directions ; we were constantly faced with problems of a novel character ; and, as you state, in those circumstances I discussed the possibility of the men meeting me from time to time and discussing the whole thing to see what was right and reasonable to both sides, and we set up what we called a consultative committee. There was no question of votes, no question of representation ; it was merely a few elected representatives from the employees meeting myself as General Manager, and my assistants, and discussing our common problems from time to time to see what was right and what was proper.

L-159. And you would agree with Mr. Clay that one of the chief virtues of this system is that the meetings should be regular ?—Absolutely.

L-160. And that they should not be merely called when some trouble has arisen ?—No, I fully endorse what Mr. Clay has told you. The very fact that on certain dates and at regular periods these meetings are held has always been a reply to the man who has got a grouch, who is suffering from some grievance, or thinks he is. It can always be said, " Well, you can take it forward at the next meeting, which will take place on so-and-so " ; and we have found in practice that that is more or less able to eliminate the man who says that he has a grievance and he cannot get any attention. He will not always get the attention that he desires, but at any rate he does get consideration.

L-161. Quite. In the Appendix II to your written memorandum you give us a very interesting table of the experience running over the years from 1921 to 1929, in which you show us that 461 cases were brought forward for discussion ?—Yes.

L-162. And mutual agreement was reached in no less than 395 cases ?—That is so.

L-163. And there were only 66 cases where the Company could not agree to the contention put forward by the workers' side ?—That is so.

L-164. And the table also shows, I think, in the main, that as years have gone on the proportion of cases resulting in agreement has increased, and the proportion of cases of disagreement has decreased ?—Yes, that is so. So that last year, in 1929, there were only three cases left over, in the year before two cases, and in 1927 only one ; and so on.

L-165. Then I take it that in the cases in the last column, where the company could not agree, one of two things happened. Possibly the workers' side had been convinced that their case was not as good as they had originally thought, or they thought that it was not a matter which need bring about a breach of relations between themselves and the employers, and therefore did not press it ?—In some cases the employees were convinced, after full discussion, that what they were asking for was impossible, and that it was reasonable that the employers, in all the circumstances, could not give those things.

L-166. *Sir Victor Sassoon* : Would that be under the 66 cases ?—Under the 66 ?

L-167. Even if they agreed that they have no case, it still comes under the 66 ?—They would not agree that they had no case. In that case it comes under the head of cases not settled. I remember one or two cases where we could not agree, we could not see eye to eye, and

the matter was referred to the National Industrial Council, generally matters of interpretation of a clause of an agreement. The men contended that the clause meant this, the employers said, No, it means that ; and that resulted in a hearing before the Standing Committee of the National Joint Industrial Council, when both sides were heard. I was charged with the duty of presenting the case from the company's point of view, and someone was appointed by the trade union to present the men's case before that Committee ; and a decision was given. I do not remember whether the companies' view or the men's view was upheld at the finish ; at any rate, the case was heard and settled one way or the other ; but still, it would be inside the 66 cases which we were not able to settle by our works committees. I can say that there is nothing outstanding of an aggravating character and which is acting as an irritant. There is nothing of that sort at all.

L-168. *The Chairman* : No. Then in general what you have to tell us is that you believe this system of works committees to be a valuable addition to the organization of an industry ?—Yes. Perhaps there is something else that I ought to say in addition to the promoting of a good atmosphere. It is of considerable value to the company to get into such close touch with those who are concerned with average operations. Many minor things are brought forward which frankly the management have never appreciated, of common interest, not to the interest of the one side or the other, but merely in the interests of the concern—little things that are going on, ought not to be going on in this corner or in that corner or the other. Those matters are brought forward quite frankly at these meetings, and are discussed from the point of view of what is the right thing for the undertaking—such things, for example, as an employee may find out. He may come forward and say, “Are you aware that at a certain terminus a connecting service does not properly fit ? The schedules do not seem to be properly adapted so that passengers can change from one to the other without having to wait a considerable time ”. All that sort of little things that come forward that have been quite missed in the office the man on the road sees, and he hears the passengers talk, with the result that they come on before the board ; and the atmosphere is now such that instead of the management resenting that sort of thing and telling the men to mind their own business, the men are thanked for their criticism, and the matter is attended to. I could quote scores and scores of such cases.

L-169. That is to say that this machinery offers to the workers in an industry an opportunity of taking part on the constructive side ?—Certainly.

L-170. And gives them a feeling that they are in a real sense partners in the prosperity of the industry ?—Certainly.

L-171. And your works committees by no means spend their whole time in little bickerings about personal grievances, or even about the particular advantage of the workers' side, but they do spend a substantial part of the time in matters affecting the industry as a whole ?—They do ; in fact, I should say that the bulk of the time is spent now in that way. Of course, all these little grievances really have been wiped out ; there is very little to talk about in that direction. The bulk of the time now is spent, if I may say so, considering our common interests, and there is recognition of the fact that there is a very large common interest, and that interest is that the trams should be run to the best advantage, and

a very large percentage of the time in the discussions we have is spent on those sorts of points, where something could be done to improve this or improve that or improve the other. There is the utmost frankness on both sides, the utmost frankness without being rude. There is no question of heat, or anything of that sort, but the discussion is just as quiet as it is in this room now, and questions concerning management are talked about in the frankest way without anybody feeling aggrieved at all, even if it is found that some particular officer's department is not quite as good as it might be. I must confess that after many years' experience I have nothing but praise for the scheme.

L-172. *Str Ibrahim Rahimtoola* : You have said in answer to the Chairman that the Company should keep in touch with the workers. You used the word Company. Whose duty is it, on behalf of the Company, to keep himself in daily touch with the workers in order to achieve the results which you have so ably described to the Chairman?—I conceive it to be primarily my duty as General Manager, and as representing the Company.

L-173. It is the General Manager who deals with that question?—If you will allow me to continue?

L-174. Yes.—I know, of course, that it is quite impossible for me personally to deal with all sorts of questions; therefore they are in the first place dealt with by departmental heads, officers and assistant officers. They meet in the sub-committees, and they discuss all matters of detail and the minutes come up to the central committee, of which I am chairman. It so happens that I am chairman; anybody else could be appointed chairman by the committee, but they do me the honour to appoint me chairman, and have done year by year. In that way I know from the minutes of the sub-committees everything that is taking place, and anything of any moment is referred to this central committee for discussion. In that way I am personally in touch with all these questions so far as that is possible, and they are discussed before me, and I can feel the pulse of the undertaking in that way.

L-175. And you think that that is a very great advantage to the enterprise itself, in having such close co-operation and touch between the management and the workers?—I do, a very great advantage.

L-176. *Mr. Cliff* : I have one question, Mr. Spencer, and that is on a matter in your Appendix I to your memorandum. I think it would be of service to the Commission if you could describe the status of the people who are named in the Appendix.—I suppose you are referring to the "Minutes of a meeting of the Works (Central) Committee held at 55 Broadway, Westminster, at 3 P.M., on Wednesday, March 12th, 1930"?

L-177. That is the one, yes.—In the Chair there is myself as General Manager. On the other side Mr. A. V. Mason is my Deputy, and Engineer to the three tramway systems. Mr. Bond is in charge of the permanent way. Mr. Hunt is in charge of the power supply and the electric equipment on the roads, cables, overhead wires. Mr. Shaw is the General Traffic Superintendent, and, of course, controls all the uniformed staff and inspectors and so forth. Mr. Hewitt is the Rolling Stock Engineer in charge of all cars. Mr. Andrews is the Assistant Traffic Superintendent, and Mr. Schofield is the Assistant Rolling Stock Superintendent; so all these are intimately concerned with the general management of their own departments. Then on the other side there is Mr. W. Palin. He is on the employees' side. As a matter of fact, he is a car fitter in one of our

depôts. He is the Vice-Chairman of the Council, and if I am not there he would take the chair in my place. Mr. Dowling is a motorman (a tram car driver), employed at one of the depôts. Mr. Kennard is a motorman. Mr. Rodrigues is a motorman also. Mr. Seammell is a conductor. Mr. Evans is a conductor. Mr. Wilbrey is a motorman. Mr. Nutting is a motorman, and Mr. Hodsdon is a conductor. In attendance you have Mr. D. Tovey, who is one of their officials as trade union officer, and Mr. Shelton, who is with me now, as the Company's joint secretaries on this Council.

L-178. *Mr. Joshi* : I have only one or two questions. Do you also consider that in order that these works committees should succeed for the prosperity of the concern it is necessary that the workers should be treated as partners, and not as mere employees whose concern it is only to work, to work hard, and to receive whatever the employers pay ? Do you consider that to be necessary ?—Well, I would not say that you must look upon your workers exactly as partner, and yet it is, in my view, absolutely necessary that they should be in consultation with the management. Partnership goes rather farther than that. I would not go so far as to say partnership.

L-179. Not legal partnership ?—No ; neither would I think it right, for example, for all the higher policy of the company to be discussed with the employees. I think that would be outside their scope in that sense ; but so far as conditions affecting their work are concerned, I think it is right, and it is to everybody's advantage, that they should have the fullest opportunity of expressing their views. If you would read these minutes you would see what I mean. For instance, I will just take up the minute that I was reading before. The first item on the agenda is dealing with observation mirrors—that is, simply a mirror on the side of the car so that the driver can see what is overtaking him : “ A request was made that, in addition to fitting mirrors on all cars on the Hounslow route, they be placed on cars where motormen are unable, through the position of the stairs, to see round the side without difficulty.” Those are the sort of things, in the main ; 99 per cent. of them are very trifling, but very important from the point of view of the man.

L-180. Do you think it is necessary to insist that individual grievances should not be considered at all by the works committees, for the success of the works committees ?—Generally, yes, we do not, if some man has a personal grievance, that may be mentioned at the works committee, unless some question of general principle is raised. It is generally arranged that the man shall come and see me or the Head of his department about it. The works committee would function by saying, “ Will you see this man and see what it is all about ”, rather than discuss the personal affairs of some individual in the works committee ; and if the man wishes to come and see me he can bring with him the trade union representative. In connection with personal matters, right outside this organization, I should like to say that our organization is that if a breach of discipline is committed,—and unfortunately breaches are constantly being committed,—this matter is first dealt with so far as the uniformed staff is concerned by the General Traffic Superintendent. He has full power to act in the matter, and he has at hand a disciplinary committee consisting of his assistants, who consider the case, and they advise him what they think ought to be done. The General Traffic Superintendent may then act, and dismiss or punish the employee for some breach of discipline. The employee, after being dismissed, has a

right of appeal to me personally. Of course, in most cases he appeals : he has everything to gain and nothing to lose. He appears before me, represented and assisted by a trade union official, and the whole case is very thoroughly threshed out, and I must then take the full responsibility of final decision. In practice only dismissal cases come forward to me, so that the final court is myself.

L-181. *Mr. Sastri* : What happens afterwards if you decide that the dismissal was right ?—Nothing happens. It is simply confirmed. I have never had a case where after appeal to me the Union or anyone has troubled further ; in fact, they have been good enough to say that the hearing has been fair and proper. They may not agree with my decision, but they cannot complain, that a fair hearing of the case has not taken place.

L-182. *Mr. Joshi* : Leaving aside the cases of discipline, there will be other cases of individual grievance ?—Oh, yes.

L-183. Do you take them ?—No. they can come to me, but very seldom do come to me.

L-184. *The Chairman* : Mr. Joshi's point, I think, is with regard to the works committees ?—On the works committees, no.

L-185. But I gather that there is nothing barred out by your rules for discussion in the works committees ?—No, there is nothing in the rules which would prevent anything coming before us. It is open to the members to put anything they like on the agenda, and from time to time matters which really deal with the affairs of some individual have been put on the agenda, and from the Chair I have suggested to the committee that this was not the sort of thing that the committee should deal with, and the committee have always agreed.

L-186. *Mr. Joshi* : Does the Union take up such cases of wrongful dismissal ?—Oh, yes.

L-187. You do not object to the Union representing such cases ?—I welcome it. I think it is in the interests of the company that absolute justice should be done to any man, and absolute justice cannot be done to any man unless that man is well represented. It frequently happens that a man has a good reply to something, but he himself has not got the ability to put it fairly before anyone in a judicial position. The Union have men who, I am bound to admit, are well skilled in the art of advocacy, and they certainly do their work extremely well.

L-188. Do you think it necessary for the success of your works committee that the workers' representatives should be represented by the workers themselves and not nominated by the employer as in his opinion representing the employee ?—I think the employees' representative should be nominated or elected by themselves, and certainly not by the employer. I would not dream of suggesting who should be there and who should not.

L-189. You are quite sure in your mind that the works committee representatives of the workers who are not elected by the workers but who are placed there by the employers have not the slightest chance of success ?—Not the very slightest. They would have the very opposite effect, I am afraid.

L-190. *Mr. Ahmed* : In the appendix II, to your written evidence you say that from 1921 to 1929 there were 66 cases where the company could not agree. How were those cases settled ?—Well, mostly they have been dropped. I have a list here of some of the cases ; I thought a

question might be asked on that interesting point, and I have a few sample cases here to see just what happened to them. Supposing I take the first one. Here is a question of inside staff seniority : " Mr. Mason " —who is my deputy—" pointed out that the man in question had been acting as a car fitter for a number of years, during which period no question of seniority had been raised, and that if this case was varied on any seniority grounds, then the whole shop would be upset." I need not go into a lot of detail. It was a general question, though it arose on one man. It was a question whether, under certain circumstances, seniority ought to hold, and it was decided that the best course to pursue was to let the matter stand, but to record that a mistake had been made in the past as regards this particular man's seniority. We could not touch that man, therefore. That is one of the cases which is left over. Then there is another case, a matter of overalls for the inside staff. That was a request that we should supply the cleaners and workmen with overalls, and I stated from the Chair that " though this was a request that the inside staff be supplied with overalls to protect them whilst carrying out their duties it was in fact a request for an increase of pay, in which event it would seem that application should be made in the ordinary way." I further stated that " after fully considering the matter I could not agree to supply overalls free but these could be bought in bulk and sold to the staff as required at cost price." Those are typical cases.

L-191. So you took up the case of each and every one of the sixty-six cases, and you considered and paid attention to their grievances ?—Yes.

L-192. And you did arrange conditions to their general satisfaction in the 66 cases ?—Yes.

L-193. Did you arrange every one of them, and were they satisfied ?—Yes.—Well, they were not dissatisfied ; at any rate, they took no further action.

L-194. You have said further that there were also cases where interpretation was needed of certain agreements ?—Yes.

L-195. Who interpreted them ?—The Standing Committee of the National Joint Industrial Council. The National Joint Industrial has certain committees. One of the committees is known as the Standing Committee. Amongst the duties of the Standing Committee is the interpretation of agreements.

L-196. And who are these people of the Standing Committee ? How are they elected or appointed or nominated ?—They are members of the Joint Industrial Council which represents both sides of the industry, both the employees and the employers, for the whole country. The Standing Committee is elected from them, with a chairman. It so happens that I have for many years personally been the chairman of that standing committee, but lest you should think that that is unfair, I might say that on these occasions I have not occupied the chair.

L-197. But you were elected ?—Yes, but my vice-chairman, who happened to be Mr. Cliff, I think, took my place when the cases have been raised.

L-198. And I suppose after an interpretation was made people were satisfied ; they had no grievance ?—I do not remember what happened. I believe on one occasion the interpretation which the men put upon it was adjudged to be correct, and we loyally accepted that condition ; and when it was the other way round the men did the same.

L-199. I suggest to you, because you are an experienced man in the line not only for twenty years, but then there are some more years now, having come into contact with a lot of difficulties since the War, after the Whitley Council boiled down everything, if similar methods were adopted in India I suppose we shall have no occasion of dispute between the employers and employed?—I am afraid I do know enough about the psychology of India to say anything about that.

L-200. But you welcome that a similar method should be adopted as always possible for the settlement of disputes between the employers and the employed?—I would not consider that I am competent to say whether this, that or the other system was suitable for India.

L-201. You are an experienced man?—It certainly is right in this country with the psychology of the English people. Whether it is right in India I do not know.

L-202. You have said in your written statement that both sides were reasonable and I suppose if both sides are reasonable in India there will be no cause of dispute?—I think that is probably true the world over, if only you could get both sides to be reasonable.

L-203. *Sir Alexander Murray*: You gave the employment of the various members of that committee on page 1 of this document. I notice that with the exception of the vice-chairman, who is a car fitter, all the rest are drivers or conductors?—Yes.

L-204. But there are lots of other men, hundreds of other men on your staff that are not drivers and conductors. How do you represent them?—They are not all drivers and conductors. I think I said the vice-chairman was a car fitter.

L-205. That is the only one. The others you said were all drivers and conductors?—Yes, they are.

L-206. Is that a fair arrangement?—Well, that represents, of course, the great bulk of our staff. This particular works committee does not deal with the repairing staff at the works. There we have a separate works committee, quite independent of this, where other unions are concerned, and where other classes of labour are concerned.

L-207. That is exactly what I wanted to get at. Here is an organization of, you say 4,000 workers. Mr. Clay says 3,000 workers.—The 3,000 would be covered by him, and I am now told that shops and repairs would account for the balance of 1,000.

L-208. You have given us the one committee, but now you say there is more than one works committee in connection with these 3,000 workers?—There is another works committee at our car overhauling works, and they deal with their own affairs.

L-209. So that you could visualise three or four different works committees dealing with a big organization?—With a big organization with a great diversity of labour, possibly that would be so if they could not be brought together; but we did decide that so far as the shops were concerned their problems were quite different from those of the uniformed staff, and that they should have their own committee at the works.

L-210. All your officials are put on this particular committee, I see—the power man and the rolling stock engineer, who really have more to do with shops, probably, than with traffic, are on this particular committee?—Yes, but take, for example, the permanent way man. He is the permanent way engineer for the three systems. He has, of course, several assistants in charge of sections, and they would deal with that sort of thing, just as the rolling stock engineer, for example, is in charge

not only of the shops but of all depôts, and all matters on the road. At the works there is a works manager or a works superintendent. He would deal with the works Committee there.

L-211. And the total number of men you have got? Can you tell us how many are members of unions?—No, I do not think I can. I do not think I was asked that question. I am afraid I could not say, but if I might express an opinion, so far as my experience goes I should say that something over 99 per cent. of them belong to some trade union or other. The number of men who are not members of a union is negligible.

L-212. Suppose it was the other way about, and there were 99 per cent. that were not members of trade unions. How would you constitute your shop committee then?—I do not know how you could do it. You must have some sort of organization.

L-213. Unfortunately that is what we have got to deal with. What would you suggest as the result of your experience?—You must have organization of some sort. It is impossible to deal with it without. You cannot have representation without organization.

L-214. If you have no organization, what do you do?—Organize them. It is the only way.

L-215. *Sir Victor Sassoon*: As an employer?—As an employer, no; but for them to get organized if they want representation. It does not matter to me how they organize; but you must have organization.

L-216. *Sir Alexander Murray*: But if there is no organization?—Then you cannot have representation.

L-217. You cannot recommend anything in that way?—No, I cannot. When I say organization I do not necessarily mean the orthodox trade union organization, but organization of some sort is absolutely necessary; and further, I do believe that that organization should be apart from the employer, or it is open to grave suspicion.

L-218. I quite agree; but could not you suggest anything?—No, I do not think I can. I have had no experience apart from this particular sort of organization.

L-219. Your committee started as a consultative committee and then became a works committee?—Yes.

L-220. It was really consultative to start with?—It was consultative, yes.

L-221. Would not that be a feasible proposition for people without organization?—No, I do not see how it could be, because if you get a consultative committee you must have members there who represent the bulk, and without organization they could not be representative.

L-222. *Sir Victor Sassoon*: I should like to take that point a little further, because I do not think that we are quite clear as to what you mean. Assuming that you have got an industry which has no trade union, or which has a nominal trade union, perhaps with a maximum membership of 5 per cent., naturally you could not allow a union with only 5 per cent. of your employees to nominate at their own sweet will the workers' side?—Oh, no, of course not.

L-223. But could not you conceive that you might, shall we say, organize the men for the purpose of electing their representatives in a firm, irrespective of whether they are members of a trade union or not?—Yes, but that would be organization. That is what I mean. I do not want to be misunderstood. When I say organization I do not necessarily mean trade union organization, but organization of some sort is absolutely essential before you can work these schemes.

L-224. So that although, as you quite rightly say, it would not be right for the employers to start a trade union for their men, there is no reason why they should not organize the machinery by which men in different departments could have an opportunity of electing representatives to one of those joint works committees ?—True.

L-225. That would be the organization, all the organization, that would be necessary ?—Certainly.

L-226. And as long as the representatives on these works committees do represent the men, although you may consider it desirable that there should be a trade union, you have no desire that the men should be forced to elect any particular person ?—Oh, no, of course not. I should make it perfectly clear by ballot, preferably secret ballot, so that there is no question of knowing exactly what man is voting this way and what man is voting the other way.

L-227. So that where your men are partly members of a union and partly refuse to be members of that union, or want to be members of another rival union, you say that that does not concern you : all you are concerned about is that they should elect their representatives ?—Yes.

L-228. You do not care whether they are members of a union or not ?—No. Of course, in my particular case the point does not arise, because they are all members.

L-229. But if it did arise, your view is to let them elect their representatives whether they are members of a union or not ?—Certainly ; but again I would stress that that would involve the beginning of an organization of some sort. How it would end I do not know.

L-230. *The Chairman* : Going on from that, you would agree that in some cases the organization of works committees might in some cases be the basis upon which unions of a wider scope might be formed ?—Yes.

(The witness withdrew.)

Captain L. H. GREEN, M.A., Secretary of the Flour-Milling Employers' Federation.

L-231. *The Chairman* : You are the Secretary of the Flour-Milling Employers' Federation and also of the National Joint Industrial Council for the Flour-Milling Industry ?—Yes.

L-232. Your first phase, I think, is quite simple and clear. The second one at first sight is not quite so clear. You are Secretary of the National Joint Industrial Council for the Flour-Milling Industry ?—Yes.

L-233. You do not say there " joint secretary " ?—No, because I am the only secretary. I am the secretary of both sides.

L-234. That is, on the Council you represent both sides ?—I record the decisions, and represent both sides, and if I may just amplify that, in my dual capacity as representing both sides, in any part of Great Britain where there is a flour mill I can and do turn up at either directors' board meetings or trade union branch meetings.

L-235. Your appointment in that respect, as the sole secretary of the joint council, was a matter for the council itself, I presume ?—Yes.

L-236. And in your case they did not feel that it was necessary to have a secretary for each side of the council ?—No. There is a convener, of course, on the labour side, who convenes the sectional meetings, but the full council elected me as its secretary and treasurer.

L-237. And you tell us in the memorandum which you have been good enough to submit that the industry is satisfied with its council, and

that the work of the council has developed from dealing with the questions of wages, hours and conditions of labour to the other questions of safety, health, technical education, the resettlement of workpeople who lose their jobs, and so on?—Yes.

L-238. Then you tell us that in your industry in a number of cases works committees have not been thought necessary, although there is provision for them under your constitution?—Yes.

L-239. Those being cases where the actual employer, I suppose, is on the spot?—Yes.

L-240. And is in close and constant contact with his workers?—Yes.

L-241. But if the one side or the other thought it desirable in such a case to have a works committee, the way is open to them to form one?—Quite.

L-242. Then again you tell us that in your opinion the very success of the National Council has militated against the extensive use of the local body?—Yes.

L-243. As contrasted with the evidence we have just been hearing, this again seems to show that the exact nature of the machinery is peculiar, perhaps, to each individual industry?—Yes.

L-244. For that reason it was recommended in the Report which is sometimes referred to, although certain sketchy schemes were put forward, that in every case the actual constitution should be the work of the industry itself?—Yes.

L-245. On the other hand you tell us of a case where they meet once a month, and the manager in this case says the committee is most helpful, and when the right spirit is inculcated into the meetings a difference of opinion is taken as willingly as an affirmative. I take it that your experience confirms the view that a great deal depends on the personnel of the leaders on both sides, as to its success?—Entirely in the council work. I do not know if I am in order in referring to the question of organization. I have been listening to the recent evidence with great interest, and in our experience of the works committees, as regards the men's side of the joint works committees, we make no inquiry as to whether the men are in a union or not, and the union has nothing to do with the election of the representatives on the works committee at the mill; the men by shops or crafts within the mill elect their own representatives on the joint works committee. The trade union official can always be present by invitation, and generally is, at the works committee meeting; both sides like to have him; and because of the restricted nature of the problems discussed at the works committee we hold there is no need for any more elaborate organization. When it comes to the national body or the joint district council, where decisions may have to be taken affecting the interpretation of agreements or a group of mills, or even the industry as a whole by implication, then we hold that you must have organization on both sides—a formal organization in order to obtain some sort of sanction for the carrying out of an agreement; but we look upon the works committee at the mill as a domestic matter, in which, within the limited range of subjects set out in their constitutions, there are no national questions involved. If a national question, or a question affecting other mills, should happen to come out in the course of a discussion, then it goes to the national body or the district council. But the men themselves elect their representatives; and there are mills, though very few, where there are very few trade unionists, and where the men on the works committee

are almost wholly non-unionist. That is not usual, but such cases do exist.

L-246. That is to say that in your industry the workers with the employers have evolved a system most suitable for the particular case?—Yes, I think so. That, I think, is also carrying out the model constitution which the Report which is commonly known by your name, Sir, suggested,—that the representatives of the workpeople shall be elected by ballot by and from the workpeople regularly employed by the firm; as far as practicable each department or section shall be represented. It is recommended that as far as possible the members of the workpeople's side of the joint works committee shall be members of a trade union. But it leaves them entirely free, according to the degree of organization that they have.

L-247. Yes, that is so,—to build on things as they are, but not to build so as to be an obstacle to better organization in the way of trade unions in the future.—Quite; and those remarks of mine are entirely limited to the question of joint works committees, not to the national body or the district body.

L-248. And then do I take it that the representatives on the national and district bodies have agreed to the methods which obtain for the constitution of these works committees where they exist?—Yes.

L-249. That the methods have been arrived at with their knowledge and general assent?—Yes. That is not to say that every joint works committee that exists has got a written constitution which has been submitted to the larger body and approved; but all the members are aware of the practice in individual mills, and they agree with the present practice.

L-250. And what it leads to is this, that in industries there is such a diversity of circumstance that no cut and dried scheme can be prepared suitable for even two or three industries?—Quite.

L-251. That only broad outlines, foundations, can be indicated as desirable, and you call upon the constructive genius of each industry to build its own superstructure?—Yes.

L-252. And you tell us, in conclusion, that you have circularised all the members of the employers' side of your council, and that the memorandum you have sent to us is based on their replies?—Yes. I have consulted, of course, also the chairman of the employees' side of the Whitley Council, the full council, the national body, and he is in agreement. I consulted him about this memorandum also because he is my vice-chairman this year, and we regarded this as a joint inquiry. In my capacity as secretary of the employers' organization I got into touch with every individual firm, and in my joint capacity I consulted my vice-chairman, who represents the workpeople's side of the national body, and who is in close touch, and he agrees with what I have written in my memorandum.

L-253. *Mr. Clow*: When the joint industrial council meets, is it customary if there is a point of difficulty that the two sides meet separately sometimes?—Oh, yes, on a point of difficulty referred to the national body. The executive is the body that meets most frequently—the joint executive committee. Notice of the dispute is sent to me, and I see that both sides have particulars. Then the joint executive is called together, and they consider the dispute on its merits. Then they may wish to separate and consider their individual points of view. They retire to another room, and then meet again either for further discussion or for settlement of the point concerned. Sometimes we require the attendance of the person with the grievance or the parties to the dispute.

L-254. Is the representative of the Ministry of Labour present as a rule?—Always at the meetings of the council, but not at the meetings of the executive committee.

L-255. *The Chairman* : That is the liaison officer?—The liaison officer. He is an observer.

L-256. Yes, but he is only present if invited?—In practice he is always invited to the meetings of the full council, but not to the meetings of the joint executive.

L-257. He has no right of attendance, but in practice he is invited?—That is so.

L-258. *Mr. Ahmed* : You have said that the full council has elected you as secretary?—Yes.

L-259. What is the composition of this full council? How many of them are the workers' representatives and how many of the employers, and so forth?—In equal numbers. There are twenty-one representatives of the workpeople, elected by their different trade unions, and there are twenty-one employers' representatives, eighteen of whom are elected by the Flour-Milling Employers' Federation, two by the English Co-operative Wholesale Society and one by the Scottish Co-operative Wholesale Society.

L-260. And you are of opinion, for the reasons stated in your written statement, that if these methods are applied in India, I take it from your experience you would say that things might turn out satisfactorily in view of the condition of both sides?—I have not made any reference to India in my memorandum, and I have not been there.

L-261. I am asking you.—From my limited knowledge of things the psychology both of employers and of workpeople as such seems to be much the same all over the world, and here we have had ten very difficult years, and have got through very successfully by this method, and one's experience suggests that it is worthy of consideration by other people.

L-262. The Whitley Councils have done a lot of good since their administration in this country?—Entirely.

L-263. And I take it that if similar methods are applied they will do the same in India?—We hope so. It is largely due to the presence—so we regard it—of a live working Whitley Council that we got through the 1926 difficulties successfully.

L-264. *Sir Alexander Murray* : Could you off-hand tell us how many employees there are here altogether represented by the Flour-Milling Federation?—Employees?

L-265. Yes.—No, I cannot tell you with precision, but the great majority of the employees are organized into trade unions.

L-266. You do not know the total numbers?—I cannot tell you the numbers of their membership, but the great majority are members of one of the three trade unions with which we deal. Where the men are not members of trade unions it is usually in the country districts.

L-267. How do they get the percentage?—How do they get their percentage?

L-268. How do they say there is 21 per cent. of workpeople on the National Council?—Not 21 per cent. 21 actual members who between them represent the districts into which the country is divided.

L-269. *The Chairman* : You spoke of three different trade unions?—Yes, there used to be thirteen or fourteen when we started, but they have gone in for a policy of rationalization.

L-270. And this organization, perhaps, has helped in that direction—the simplification of trade unions?—I do not think I would like to say that. I do not quite know the methods on which they have proceeded in simplifying, but the fact remains that when the Council first started we had representatives of thirteen or fourteen unions, and now they have been gradually amalgamated so that there are only three.

L-271. *Sir Alexander Murray* : And these three trade unions which now exist in your industry, are they to some extent overlapping and rival, or do they agree amongst themselves as to the proportion of representatives?—They agree among themselves on the number of their representatives on the Council.

L-272. They do?—Yes.

L-273. And therefore between themselves they probably disclose their membership?—Quite.

L-274. And the agreement is made on that basis?—Yes, but I have no knowledge of that matter in my official capacity.

L-275. *Sir Victor Sassoon* : I do not know whether you are able to tell us, but you were saying there were seventeen districts from which these representatives of labour were sent. Now, how would they be elected there, and how would the question of different trade unions in that district, and unorganized labour, be dealt with?—The different unions meet on the Joint Industrial Council, and the same sort of procedure obtains on the Joint Industrial Council amongst these seventeen joint district councils that obtains on the national body. Again, precisely how that side elects its own representatives I do not know. All I know is that a proportion is observed in the numbers when they come to the national body between the big unions and the little ones.

L-276. There is no direct election there?—No, it is a domestic matter which they arrange among themselves.

(The witness withdrew.)

LONDON.

Second Meeting.

Monday, 14th July, 1930.

PRESENT :

The Rt. Hon. J. H. WHITLEY (*Chairman*).

The Rt. Hon'ble V. SRINAVASA SASTRI, P.C., C.H.	Mr. A. G. CLOW, C.I.E., I.C.S.
Sir VICTOR SASSOON, BART.	Mr. JOHN CLIFF.
Sir IBRAHIM RAHIMTOOLA, K.C.S.I., C.I.E.	Mr. N. M. JOSHI.
Sir ALEXANDER MURRAY, KT., C.B.E.	Miss B. M. LE POER POWER.
	Lt.-Col. A. J. H. RUSSELL, O.B.E., I.M.S. (<i>Medical Assessor</i>).
Mr. S. LALL, I.C.S.	} (<i>Joint Secretaries</i>).
Mr. A. DIBDIN.	

Mr. R. E. BANNATYNE, C.B., Assistant Secretary, Home Office.

The Chairman : I think it will be convenient if we take the questions to-day in the order in which they are set out in the letter which I directed should be addressed to the Home Office, the first subject relating to the

position of Indian seamen employed in British ships with regard to workmen's compensation. In India we had suggestions put before us that although an endeavour has been made to bring the lascar seamen into the exercise of their full rights under the workmen's compensation, the difficulties between the English law as affecting those employed on ships registered in the United Kingdom and the Indian law still appears to leave some gap; that is the suggestion that is put to us in India whereby at any rate there is a possibility of the lascars not obtaining the full rights that were anticipated under the law. We have fortunately amongst our colleagues two members who are rather specially equipped on this question and I propose to ask them in the first place to put their questions, and then the rest of us will see if there are any matters left.

L-277. *Mr. Clow* : I think you recognize that the present position is not entirely satisfactory, at any rate from the point of view of Indian seamen?—There are two points I think mentioned in the letter.

L-278. I am not referring to the details; these admittedly are trifles; I mean that the Indian seamen is not able in practice to secure the remedy which the British Act gives him?—I understand that has been given up in practice.

L-279. Although the British law provides in theory a remedy, that is not in practice a real relief?—The history of it was that the Indian Government represented to us in 1923 that Indian seamen did experience difficulty in recovering compensation under our Act, owing to unfamiliarity with the procedure and because they could not come to this country, and also suffered hardship owing to delays. The Home Office did not itself probe these difficulties; we took it from the Indian Government, and of course, *a priori* one would expect there would be difficulties. We set about trying to find a method which, while avoiding legislation, would secure the lascar seaman the compensation which the Indian Government thought was applicable to him, namely, the compensation under the Indian Act.

L-280. I think we all agree that the arrangement has very greatly improved the situation?—Yes.

L-281. But I notice as regards the suggestion that the stipulation which is at present voluntary should be made compulsory, you state that if that were done awkward questions are likely to arise?—It is surely very awkward to have a seaman with a remedy under two different Acts.

L-282. The seaman in a sense has a remedy under two different Acts at present, because nearly all shipowners do enter into the agreement?—Yes, that is so, but it is not strictly a statutory provision for compensation.

L-283. I do not want to take you outside your legitimate province, but would you anticipate any legal difficulty if the Indian Government were to prescribe that no Indian seaman would be recruited unless the shipowner entered into this stipulation?—I think we might be faced with a claim from the shipowners that they should be taken out of the British Act in respect of the Indian seamen, and that from our point of view would be to set up a most undesirable precedent. In workmen's compensation generally the principle has always hitherto been that the seaman should recover compensation under the law of the country in which his ship is registered, and any departure from that general principle would be rather a serious precedent.

L-284. With regard to precedents, I think you will agree there is no exact parallel to the case of Indian seamen: the Dominions are not a parallel case?—I should not like to say that there is no parallel.

L-285. You have a large number of seamen employed on ships many of which never come within 6,000 miles of England, and many seamen who have never seen England, and yet the ships are registered in this country?—Yes, but I should not like to say there is no parallel. For example, I might mention that some time ago the Danish Government said that they were not satisfied with the position and suggested that steps should be taken which would facilitate the claims of Danish subjects including Danish seamen serving in British ships in this country, and we came to a Convention with them on the subject which provides for the acceptance of written evidence; it does not depart from the general principle that the Danish seaman serving on a British ship must look to the British law for compensation, but it facilitates his recovery of compensation under that law. What I meant was that if you have a precedent for departing from that general principle, various countries might suggest that there should be a departure also in their case, with the result that the owner of the ship might have a number of seamen of different nationalities serving under him who would all have to recover compensation under different laws. That would be a very undesirable result, if it actually took place.

L-286. Pursuing that line, would there be any possibility of establishing in India arbitrators or tribunals competent to receive and dispose of claims under the British Act—You mean tribunals set up under the British Act?

L-287. Under the British Act in, say, Calcutta and Bombay, where practically all the cases arise?—The only procedure at present available under the British Act of which I am aware is the procedure by which a committee can be set up representative of employers and employed with power to decide questions finally.

L-288. If you wanted to set up an authority outside Great Britain to deal with claims under the Act, fresh legislation would be necessary?—I think that would probably be the case.

L-289. Do you see any objection in principle to the idea?—I do not see any at present, provided there was a strong case for it, and if the Government of India did not object to a tribunal being set up. It would be a tribunal under our Act?

L-290. Of course?—Yes.

L-291. *The Chairman*: That would require British legislation?—I should think so, certainly.

L-292. *Mr. Clow*: Do you know of any parallel case; I mean have, say, Consular authorities or authorities of that character any judicial powers abroad?—No, I do not know of any parallel. We had complaints a number of years ago that Chinese seamen belonging to Hongkong and Singapore were not able to recover compensation, but we dealt with that complaint by an arrangement under which certain officials at Singapore and Hongkong would examine into claims and send home statements which would be accepted here. That was not a statutory arrangement; it was a purely administrative arrangement.

L-293. Accepted by whom: by the employer?—By the employer, yes.

L-294. Supposing an employer desires to appeal or contest the claim?—The arrangement was that he would accept or at any rate give the greatest possible weight to, a claim verified in this way.

L-295. *Mr. Joshi*: You say in your memorandum: "The Workmen's Compensation Act of the United Kingdom applies to members of the crew of any ship registered in the United Kingdom and any other British ship or vessel of which the owner or (if there is more than one

owner) the managing owner or manager resides or has his principal place of business in the United Kingdom". So that the Indian legislature can legislate, on the analogy of this, for shipping registered in Great Britain but which have their offices in India, can they?—You mean in cases where the owner or managing owner or manager resides or has his principal place of business in India?

L-296. Take the British India Steam Navigation Company; they have their manager in India, in Bombay and Calcutta. Can the Indian legislature pass legislation covering that Company?—I understand that it is not considered competent for the Indian legislature to deal with accidents on the high seas on a ship registered in the United Kingdom; whether that applies equally to a ship which is not registered in the United Kingdom but has a manager out in India, I am afraid I cannot express an opinion.

L-297. You have not considered that aspect at all?—No.

L-298. I am thinking of a case of a ship which is registered in Great Britain which has got offices in Bombay and Calcutta?—If it is registered in the United Kingdom, our view is that the Indian legislation could not deal with accidents on the high seas on that ship.

L-299. But I was talking of the analogy of the British Act which provides compensation for sailors of ships which may not be registered in Great Britain but which have got principal offices in Great Britain?—I am afraid I could not express an opinion on that point.

L-300. *Sir Alexander Murray*: In that sentence which Mr. Joshi has read from your memorandum you say "and any other British ship or vessel". Does not that mean British registered ship?—I am sorry I do not quite follow.

L-301. Mr. Joshi is making a distinction between ships registered in the United Kingdom and British ships; what do you mean by "any other British ship"?—I am afraid that is beyond me; I have only been dealing with ships registered in this country.

L-302. *Mr. Joshi*: Then later on you say; "It is not considered to be competent for the Legislature of any part of the British Overseas Dominions to impose requirements on a British ship which is not registered in that part nor within its territorial jurisdiction." Is that according to some legislation or practice, or what is it?—That is the view generally taken as to the powers of the Indian Government. I think this is rather a question for the India Office than for the Home Office.

L-303. I mean is it laid down in the British Merchant Shipping Act that the Dominions cannot legislate in these matters?—No, I do not think so, but the question of the powers of the Indian Government is rather a matter for the India Office than for the Home Office. The Indian Government, when they first approached us in 1923, admitted that there were considerable doubts as to the possibility of such legislation.

L-304. I wanted to know: are the powers of the Indian Government restricted by some legislation, or why do you say they are restricted?—I think a ship registered in a particular country has always been regarded when on the high seas as part of that country.

L-305. Yes, but if you can legislate here for a ship registered outside Great Britain but which has got its principal offices in Great Britain, why cannot a similar thing be done in India?—I am afraid that is not a question I could undertake to answer without further consideration.

L-306. Later on in your memorandum you say: "The stipulations contain a proviso that no compensation shall be payable under the stipulations if the lascar or other native seaman has instituted a civil action or

a claim to compensation in respect of the injury under the law of the country in which the ship is registered." Why do you insist upon this, that if he institutes a civil suit he shall be barred from claiming compensation. I mean if he receives compensation in the civil court, then it is quite reasonable that he should be barred from claiming compensation under the Compensation Act, but what is the reason for barring his claim merely because he institutes a civil suit ?

Mr. Clow : Is not that a principle of the Indian Act ?

Mr. Joshi : That is a principle of the Indian Act, that is true, but it is not a principle of the British Act ; under the British Act a man may bring a civil suit, and if the civil action fails, he still gets compensation under the Workmen's Compensation Act !—He may apply at once to have his compensation assessed.

L-307. Then the civil court itself assesses his compensation ; if the civil suit fails, he asks for compensation under the Compensation Act and he may get it !—Yes, but of course that is the same tribunal dealing with both cases.

L-308. Yes, it is the same tribunal !—In the case in the proviso here the tribunal would be different ; the proviso contemplates a seaman taking action say against the employers at common law in this country, failing to recover damages, and then going back and asking for compensation in India under the stipulations.

L-309. Does that make a difference in principle !—I would like to make clear in the first instance that we did not settle the terms of these stipulations ; we made suggestions to the Government of India as to the general lines on which the arrangement might proceed ; but I think I am correct in saying we had no hand in the actual drafting of the stipulations. But, apart from that, I think it is perhaps unreasonable that an employer should be subject to a double set of separate proceedings under the common law and under the Workmen's Compensation Act. The general tendency, of course, in the United Kingdom has been for the remedy under the common law to cease to be used and for the remedy under the Workmen's Compensation Act to take its place and be developed accordingly.

L-310. *The Chairman* : Then do you think that that bar in case of proceedings in the form of a civil action, in actual effect seriously diminishes the rights of the lascar ?—I do not think so, because in practice the chances of a successful action at common law in this country for a workman are very dubious.

L-311. Then supposing that bar were removed, whether by Indian statute or by agreement with the employers in India, you would not expect it to be taken advantage of to any great extent ?—No, I should not.

L-312. Because in practically every case the remedy under the Workmen's Compensation Act is a better one ?—It is much more certain and in very many cases—more remunerative.

L-313. Then I take it that this proviso was put in after consultation with the employers in India and because they feared the possibility of an attempt to use the remedy in two different courts ?—Yes ; no doubt it does cover this right of action for damages, but it was put in as a general protection against double proceedings.

L-314. But in your view there is very little in it from the point of view of the employer ?—So far as regards damages. The proviso is in two parts ; it says : " Provided always that no compensation in respect of any injury shall be payable under these stipulations to any lascar or other native seaman who has instituted in a civil court a suit for damages

in respect of the injury or has instituted a claim to compensation in respect of the injury under any law relating to the payment of compensation to workmen which is in force in the country in which the ship is registered." I think the second part of the proviso is important, because I think the lascars if he is assisted might easily recover compensation under the British Act, but his remedy by way of damages is a very poor one.

L-315. Then it would rather appear that you think that the second part of this proviso should be maintained, but the first part has not much argument to support it?—I think the first part of the proviso is reasonable; I do not think in practice it makes much difference. That is a point, of course, on which the shipowners would naturally wish to be heard; but my view is that the first part of the proviso is a reasonable protection to give the shipowner, but in practice it will not matter very much whether it is there or not.

L-316. At any rate, the second part of the proviso you think is right and important?—Yes.

L-317. *Mr. Joshi*: According to the stipulation laid down by the agreement, the lascar gets compensation according to the Indian Workmen's Compensation Act?—Yes.

L-318. Is there any objection to a stipulation stating that the Indian lascars may get compensation according to the British Compensation Act? I mean it is only an agreement, and if it is an agreement that the compensation paid should be according to the Indian Act, an agreement can be made for paying compensation according to the British Act?—Yes.

L-319. Is there any objection to the agreement stating that the compensation is to be paid in accordance with the British Act and not in accordance with the Indian Compensation Act?—But I think the consideration which the shipowner, so to speak, got for concurring in this arrangement was that he had the advantage of the much lower rate of compensation under the Indian Act.

L-320. So that you think the employer may not agree to such a stipulation?—I do not think he would.

L-321. *Sir Alexander Murray*: At page 388 of Wills' book on Workmen's Compensation, the 26th Edition, it says that the Workmen's Compensation Act applies to the members of the crew of (1) any ship registered in the United Kingdom, and (2) any other British ship or vessel of which the owner or managing owner or manager resides or has his principal place of business in the United Kingdom. What is the type of British ship that is referred to in the second item?—I should like, if I might, to furnish a note later on that point. There is a reference to Sections 1 and 2 of the Merchant Shipping Act, 1894, and I have not got that with me. I am not very familiar with the terms of the Merchant Shipping Act.

L-322. Will you please do so. All the ships that trade in India have managers in India; that is to say, the ships' husbands to look after the ships, and it may be that there is a manager for every ship that comes into India; the point is can the manager be held liable whether the ship is registered in Great Britain or India, or wherever it is registered?

The Chairman: You would not hold, would you, Sir Alexander, that in the case you mention the principal place of business was in Bombay or Calcutta, although there may be a manager in one of those ports? I take it that would not apply in a case where there was a sort of deputy manager in Calcutta or Bombay.

Sir Alexander Murray : You are quite right, Sir ; it says " or has his principal place of business ". But take the British India Steam Navigation Company ; their ships really sail out of India, and although the ships are registered here and although the office may be here, it may be argued the principal place of business is in India.

The Chairman : That is a nice point.

L-323. *Sir Alexander Murray* : It would be very interesting if Mr. Bannatyne would explore that and give us a note on the subject.—Yes. As regards the question of giving seamen in India the right to recover in India under the British Act, of course the British Act provides for proving dependency and many other things for which the Indian Act does not provide ; that is one of the many differences between the two Acts. If you were going to enable an Indian to recover in India under the British Act, you would have to prove dependency.

Mr. Joshi : Of course, he would have to take the disadvantages as well as the advantages.

L-324. *The Chairman* : I can see the point that it would be a considerable departure to have courts in India working under two different laws ?—It would be extraordinarily difficult, of course ; it would be bringing in all the British law with all the British decisions ; I think you would have to have special barristers for the purpose.

L-325. And Judges perhaps too ?—Possibly. I think it would be a great pity if India, having got a separate code of workmen's compensation legislation, complicated it by bringing in the British code.

The Chairman : I do not know whether Mr. Joshi suggested that they should have a choice as to which code they would proceed under.

Mr. Joshi : I thought that way, Sir. The mere institution of a civil suit should not bar his claim to workmen's compensation.

The Chairman : But there are two separate questions. The first is the question of a civil suit barring a claim under the Indian law ; the second question is that of the two different codes of workmen's compensation law, the British code and the Indian code.

Mr. Joshi : But the Indian code does not apply to him at all ; if the law applies, it is the British Act which applies to him.

The Chairman : But under this agreement he foregoes the one in favour of the agreement which gives him the Indian code, and presumably advantages in speed of decision and other things which are supposed to make it at least as good for the lascar as if he were proceeding in this country under the British code.

L-326. *Mr. Cliff* : You were answering questions with regard to a claimant taking a case to a civil court apart from the Workmen's Compensation Act ; are you in favour of that right being destroyed ?—In this country, no. Undoubtedly there are cases in which it would be a valuable right to a particular individual, coupled with this right here of getting your compensation, if you apply at once, assessed under the Compensation Act, because that makes it a less risky business ; but generally speaking I should think the right under the common law and under the Employer's Liability Act is not of very much value to the workmen compared with the right under the Workmen's Compensation Act.

L-327. Speaking generally probably that is true.—I think that is shown by the fact that the number of actions under the Employer's Liability Act has dropped so enormously since the Workmen's Compensation Act remedy has been developed.

L-328. But you do know that the representatives of the organizations that prefer cases for workmen's compensation are insistent on retaining that right?—That may be so. I know some organizations are. How far they attach real importance to it, I do not know.

L-329. Probably one is entitled to say they attach importance to it if they are including it in the new Bill they are formulating?—I think they would probably wish to keep it on the statute book even if it were of use only in a dozen or half a dozen cases.

L-330. In cases where an employer is negligent, and perhaps the Home Office proceeds against an employer for breaking certain regulations, and he is fined, you do not suggest the opportunity of getting heavier damages is not a greater opportunity than under the Workmen's Compensation Act, do you?—I am not at all sure; it depends entirely on the circumstances of the case.

L-331. I understood you to be saying that you were sure that the rights under the Workmen's Compensation Act were greater?—No, excuse me, I think I said in many cases the right under the Workmen's Compensation Act would be more remunerative, and almost always it would be more certain.

L-332. In cases of employers being negligent?—I was taking the whole range of cases in which a claim presented itself and the workman could proceed either under the common law or under the Workmen's Compensation Act. If you limit the question to the very narrow range of cases in which an employer has actually been convicted of negligence, of course, in those cases the claim of the workman in an action for damages is tremendously facilitated.

L-333. You would not suggest, that the British workman should be deprived of that right, would you?—It is difficult to answer that question shortly. I will put it in this way: I should prefer to see the development of the remedy under the Workmen's Compensation Act.

L-334. I do not know whether I might ask you to develop that remedy for the benefit of Indian workmen?—You have raised a big question of policy which does not arise on the particular question of compensation to Indian seamen.

L-335. I agree. Take the question of facilities to the Indian seaman; would it be wrong in principle for the Indian Government to provide extra facilities for Indian seamen to take proceedings under the British Act?—I think it ought to be one thing or the other: either this arrangement, or else the Indian seaman should recover under the British Act. When this question first came up in 1923 that was one of the alternatives which we had in mind: that steps might be taken to facilitate the recovery of compensation under the British Act by Indian seamen. This other arrangement, however, was suggested, and it seemed to us likely to work out more satisfactorily.

L-336. Looking at the question it seems to me that it ought to be one or the other, but not between the agreement and the British Workmen's Compensation Act, but between the British Workmen's Compensation Act and the Indian Workmen's Compensation Act?—But that is practically the alternative now. The Indian seaman makes a contract, or rather the ship-owner makes a contract with the Indian seaman that he will be liable to pay compensation as if the seaman were serving on a ship registered in India; that is practically speaking, the provisions of the Indian Act are to be applied to the Indian seaman.

L-337. I am addressing myself for the moment to his full legal rights ; he is entitled to one or the other without any agreement arising as a *via media* ?—As long as you get the agreement in all cases, it seems to me to be only an academic question. The statutory application of the Indian Act would be open to the objection which I pointed out, that it would be an infringement of the general principle of workmen's compensation.

L-338. Could you indicate the real practical difficulties as regards facilities that could be provided, either on the one hand of the Government preferring claims here in Britain, or in establishing tribunals in two of the chief ports in India under the British Act ?—It is quite a new idea to me that you should set up tribunals in another part of the Empire for adjudicating claims under the British Act ; I should not like to give an off-hand opinion on it.

L-339. Would it be possible for the High Commissioner effectively to prosecute claims in this country ?—I think if some arrangement is made by which written evidence could be accepted in the County Courts here, generally speaking that should be quite possible.

L-340. Would it mean a long lapse of time ?—That would depend I think chiefly on what was done in India : not so much on the Courts here or the shipowners here, as on whether the evidence was rapidly collected in India and rapidly forwarded to this country.

L-341. That is, assuming efficient administration, there need not be a very long delay ?—I do not know that it is entirely a question of administration. Supposing it is a case of dependants ; I imagine in the case of an Indian seaman, however efficient your administration, it may take a considerable time to collect information as to dependants. Still no doubt that could be got over in various ways, such as, by getting an Indian seaman to make a statement as to his dependants when he is engaged, and so on.

L-342. *The Chairman* : How if that evidence were contested by the employer ?—I am contemplating that some special arrangement would be made such as we made in the Anglo-Danish Convention, by which written evidence could be accepted by the Courts in this country. At present, of course, if the claim were contested, the seaman or other persons would have to attend.

L-343. That would apply in the case of India, if it were contested, that both parties would have to attend ?—At present. That constitutes one of the difficulties in the way of Indian seamen recovering compensation under the Compensation Act at present.

L-344. And would there not also be the difficulty of a British Court appreciating the realities of an Indian case whether from the side of the employer or of the workman, the seaman, on written evidence ?—Of course, written evidence is not so satisfactory by any means.

L-345. *Mr. Cliff* : I will not pursue that any further. Could you give consideration to the question of whether there is any constitutional or legal difficulty in regard to the establishment of tribunals under the British Workmen's Compensation Act in India ?—You mean by fresh legislation ?

L-346. Is it possible at the moment ?—As I say, the claims under the British Act have to be settled by an arbitrator who may be and usually is the County Court Judge, though he may be an agreed arbitrator. Arbitration may also be by a representative committee of employers and workmen. In considering this question at the very outset, one idea we had was the possibility of shipowners and seamen in India setting up a representative committee or committees which would deal finally with cases

under the British Act. Whether there is any objection constitutionally to these committees under the British Act operating in India I do not know. We did not go further into the question, because the other suggestion was made, the present arrangement, and we thought that would be likely to work out more satisfactorily.

L-347. *Mr. Clow* : Could you let us have afterwards a brief note on the possibility of administering the British Act in India ?—Yes.

L-348. *Diwan Chaman Lall* : Is there any legal or constitutional difficulty in providing that the Indian Workmen's Compensation Act should be made applicable to all seamen who sign on on British ships ?—We have always considered that there was constitutional objection to letting any country deal in its workmen's compensation legislation with accidents on the high seas on ships belonging to another country, registered in another country.

L-349. At the moment I had in mind Californian legislation whereby a workman who is a resident of the State of California, who signs an agreement for work outside that State under an employer who does not live in that State, can claim workmen's compensation under the Californian law ?—That is when he meets with the accident outside the State although he is domiciled in the State ?

L-350. Yes, he is a resident of the State ?—That is rather a different position, is it not from that of a ship ?

L-351. As far as legislation goes, the legislation on the adjoining State in which the resident might happen to be might be quite different from the legislation in California ?—Might I ask how he recovers the compensation ?

L-352. I suppose the Courts of California give him the right to recover according to the laws of California ?—But can their warrants or orders be executed in the other State ?

L-353. That is another point ; that point would not arise in India because there would be registered offices of the employers in India. Take the case of the P. and O. Company ; they have got an office in Bombay ; as far as execution is concerned, there should be no difficulty ?—I should not like to contemplate the position where the owner of a ship with a number of seamen of different nationalities was liable to each man according to different laws according to his nationality.

L-354. I am for the moment confining myself to Indian seamen. If an Indian seaman signs on in Calcutta or Bombay or in any other Indian port on a French, German or Indian ship, and if the company which operates that ship has its offices in India, there should be no difficulty in executing a decree against the company ?—Probably not.

L-355. Is there any other practical difficulty in making the Indian law applicable under those circumstances ?—That is rather a matter for those in India to say ; you would certainly have to have powers of arrest against the ship, which is rather a serious power to take.

L-356. It could be made to work ?—I am not prepared to express an opinion ; it is really outside my experience.

L-357. *The Chairman* : If I have it correctly—you will correct me if I have misapprehended in any respect—your opinion is that the bar which is inserted in this voluntary agreement relating to the taking of a civil action for damages is one which is rather theoretical than practical ?—I should say so.

L-358. You think that if that were omitted from the agreement it would make very little practical difference ?—That is what I should expect.

L-359. It would remove a theoretical inequality as between the lascar and the British seaman ?—No, I do not think that is quite the case. The British seaman can take the action ; if he fails in the action and he wants to get compensation, he must apply at once to the Court which has dismissed the action, and which has all the facts before it, to give the compensation, or, if it is an appellate tribunal, to remit the case to the County Court to assess the compensation, and the costs of the action may be deducted from the compensation. In this case you would be putting the lascar in a better position than the British seaman ; you would be giving him a right to take an action for damages here, and then perhaps three months afterwards to prefer a claim in India under the stipulations.

L-360. That is because the proceedings would be in different Courts ?—Yes.

L-361. And in the second case in the proviso, a claim for compensation in respect of the injury under the law of the country in which the ship is registered, there you take the point that the two laws are so different, the English compensation law and the Indian, that it would be extraordinarily difficult to have Courts in India administering the British law ?—Yes, I think so. I am very much attached to the British law, but I should never suggest that it should be introduced into another country. It is extraordinarily complicated, being framed to meet the complex industrial conditions in this country.

L-362. You are aware that the Indian compensation law has been specially designed for the circumstances of India ?—Yes.

L-363. With much greater simplicity and directness ?—Yes.

L-364. And speed really in decision ?—Probably speed. Certainly it is much simpler and more direct.

L-365. So that any attempt to administer the British law in India would raise a host of complications which are now not present to the minds of those who administer the Indian law ?—Yes ; that would certainly be so.

L-366. Both the lawyers and the Judges ?—And to the workmen, the seamen.

L-367. In my communication are set out the two points to which our attention was directed in India : “ (1) It is very doubtful if, after a lascar has accepted payment, the Commissioner can object to the amount as insufficient, even if the lascar brings the question up ; (2) in fatal accidents, where there is no dispute, the employer is not bound to deposit.” Do you see any objection in the agreement being revised to clear up those two points and remove any handicap to the lascar ?—No, I see no objection at all. I do not quite follow the first point. I should have thought that the lascar under the first point in the stipulation would be in precisely the same position as any other Indian workman under the Indian Workmen's Compensation Act ; but if he is not, I do not see why the stipulation should not be amended to deal with the point.

L-368. It is suggested to us that he has not the full rights, and, as you know, the Commissioner has more powers in India than in this country ?—The intention of the agreement as we understood it was that the lascar should be in precisely the same position as any other workman.

L-369. And therefore, as far as you can see, you would be in agreement with a revised agreement which removed those two handicaps ?—Yes, if they exist.

(The witness withdrew.)

Sir GERALD BELLHOUSE, C.B.E., Chief Inspector of Factories, Home Office.

L-370. *Mr. Cliff* : When were the docks first brought under the regulations under the Factory Act ?—1904 I think it was ; the first code of regulations was in 1904.

L-371. What led to them being brought under the regulations under the Factory Act ?—It was one of those occupations that were not regulated up to then ; docks were first brought under the Factory Act in 1895 and power to make regulations was conferred by the Act of 1901 ; this was one of the dangerous occupations with regard to which regulations are specially necessary.

L-372. The regulations do not apply to the hours of labour, do they ?—No.

L-373. They were regulations designed to apply to a dangerous occupation ?—Yes.

L-374. Might that be put briefly as the reason and purpose of the regulations ?—Yes.

L-375. We found in India that accidents were enquired into either by the officials of the Port Trust or by the Police ; would you contemplate that as a satisfactory system here in Britain ?—No ; they ought to be dealt with the same as any other type of industrial or factory accident ; it seems to fall naturally under the duties of a factory inspector.

L-376. Is it true that there are no practical difficulties of administration in bringing this under the Factory Act regulations ?—No, we have had none.

L-377. Has this been largely done by agreement between the employers and the organizations of the work people ?—No ; originally the first code of regulations was made as a result of a special investigation that was carried through by two inspectors told off to carry out exhaustive enquiries ; they made certain recommendations for a code of regulations ; those were disputed ; the matter went to a public enquiry and as the result of the public enquiry the code of 1904 was established. A little later, in 1924 I think it was, we were not quite happy as to whether the regulations did not need amendment, whether they ought not be strengthened in certain respects, and we invited representatives of the two sides, the employers and the operatives, to meet us ; in conference we went through various clauses of the regulations and we came to a definite agreement as to their amendment. The results of that conference were published in a report, and then our code was amended in 1924 to give effect to the agreements reached. It is to that extent only that I may say that these results have been obtained by co-operation between employer and worker.

L-378. In the first place they were not obtained, and in the second place they were ?—They were obtained to this extent, that we got both sides to agree that these were proper amendments to make ; but they are enforced to-day by the inspectors, not by the industry.

L-379. I understand you obtained a general measure of agreement in 1924 and 1925 ?—That is true.

L-380. Is that report that was issued in print to-day ?—I am not quite certain whether it is in print or not ; it may not be.

L-381. Do these regulations make provision for a penalty on the employee ?—Yes, on the employee ; there are certain duties which fall upon him.

L-382. *Mr. Clow* : What kind of penalty ?—The penalty is imposed by the Act itself, by Section 85, which imposes penalties on the employer and upon any other person who may in fact be negligent.

L-383. *Mr. Cliff* : Then there is reference in the Home Office Memorandum relating to docks, with regard to the draft Convention recently adopted ?—Yes.

L-384. Does that mean only a few minor alternations ?—So far as Great Britain is concerned, yes, mostly minor ; there are one or two points which we are having a little difficulty in getting over in this country, and those points are being discussed at the present time in conference with the representatives again of the employers and workers of the industry.

L-385. Do you say these regulations are enforced by the industry ?—I do not think so.

L-386. Is it the regular type of factory inspector who makes the inspection ?—Yes.

L-387. There is no special qualification for this ?—No.

L-388. Is it a knowledge born out of experience ?—Yes, as in all our work.

L-389. Would you think that there would be any difficulty in applying similar regulations to India ?—I am afraid I have no knowledge of Indian conditions at all to enable me to answer that question ; but I put this point to you, that at Geneva these were discussed by some 49 nations of the world, and what was evolved at that conference is practically the English code of regulations. These other countries did not seem to think there was going to be any serious difficulty in enforcing those regulations ; and on that assumption I do not see why it should be very difficult in India. After all, there is nothing very difficult about them ; it is only protecting dangerous parts of machinery and dangerous corners on the quays, giving proper access to holds and seeing that the gear is in proper order ; I should think that could be done in any country.

L-390. You think that could be done where there is any reasonable measure of organisation on board and on shore ?—Naturally you must have some organization, but I imagine that in the ports in India there is some sort of organization for running them ; somebody must be responsible at the port for seeing to the fencing of dangerous corners and so forth, providing life buoys and so forth, and life saving apparatus ; that obviously must be the duty of the dock authority. Then there are the other regulations which deal with the ship ; it seems to me that is a duty of either the stevedore or the shipowner, as the case may be.

L-391. For enforcement and inspection of regulations, where do you suggest the authority should reside ?—I am not quite sure that I follow that question. I am quite content with our own arrangements, the inspection department.

L-392. *Mr. Clow* : How do you define the area to which the regulations apply ?—What is a dock ?—In most cases it is an enclosed premises. Of course, there are cases where they are not enclosed, especially wharves and quays ; there are certain wharves where there is very little enclosure.

L-393. In those cases do you define the area by some bye-law ; how do you decide where your jurisdiction ends ?—I think we do it on a common sense basis ; we do not try to stretch right back into the country to enforce a law which obviously has no application. What I have in my mind now are the canal wharves where barges and small ships may draw up alongside ; there is simply a wharf and the tow path ; we should only take into consideration that part which is used for the purposes of the processes of loading and unloading a vessel.

L-394. I was thinking of the legal aspect ; presumably the regulations apply to certain specified areas ; how do you get over the difficulty of definition when a prosecution arises ?—There are definitions ; I think a harbour is a defined term. The difficulty has never arisen with us in any way whatever ; we take the property that comes under the dock authority.

L-395. *The Chairman* : Is the definition a statutory one or is it laid down by regulation ?—There is a definition of " harbour " ; if I remember rightly, under one of the Merchant Shipping Acts which defines the extent.

L-396. My point is have you any executive power other than statutory definitions ?—No.

L-397. In the case, say, of a warehouse half a mile away from the dock, how do you deal with that ?—The High Court has held as a matter of fact that the term " warehouse " does not include only a warehouse on the dock side ; it includes any warehouse.

L-398. *Diwan Chaman Lall* : Could it be half a mile or a mile away ?—Yes. It applies for example to warehouses in the City of London.

L-399. *Mr. Clow* : The dock regulations apply to these ?—The dock regulations only apply to the dock part.

L-400. *The Chairman* : A warehouse under the circumstances suggested, half a mile or a mile away, would come under the Clause in the Act ?—Yes.

L-401. Not dealing with docks but dealing with warehouses ?—Yes.

L-402. *Mr. Clow* : Who employs the men in this country engaged in dock work, unloading on the ship and on the wharf ?—It varies in different cases ; some of the big shipping lines do their own stevedoring ; in other cases they call in a firm of stevedores or a firm for coaling and trimming and so on.

L-403. Ordinarily is there a different employer for the man who is unloading on the ship and the man who is unloading on the wharf, or are they generally under the same employer ?—I think they are generally under the same employer.

L-404. There is no statutory regulation of hours in docks ?—No.

L-405. Would there be any difficulty in enforcing such a regulation ?—Of course work is usually irregular in docks ; you get great pressure at particular times ; but it is practically all male adult labour, and the question has really hardly arisen with us ; but I imagine there must be great pressure at particular times when a ship has got to be got out of port again and they have got to work continuously for very long hours at those periods.

L-406. In practice what are the maximum hours of continuous work for the worker ?—That is rather outside our province. We really have nothing to do with that ; that is governed, I presume, by agreement between the two sides ; it is rather a question for the Ministry of Labour than for us ; we have nothing to do with that.

L-407. In practice do some of your inspectors specialize in dock work ?—They specialize to some extent in some of the big ports. In London we have one man who devotes a great deal of his time to dock work, and in Liverpool we have a man who undertakes a great proportion of the dock work too ; that is not because he is a specialist, but it is for convenience of administration really.

L-408. Do you regard investigation into accidents in docks as requiring a large amount of technical knowledge ?—No, not a great deal.

L-409. Do you think one of your factory inspectors who had no particular knowledge of dock work would be quite competent to go and investigate the causes of an accident in a dock ?—That is our experience.

L-410. *Mr. Joshi* : Does the Factory Act, besides these regulations regarding accidents, apply to any work in the docks ?—Only to all work in connection with the loading or unloading or coaling of a vessel.

L-411. I am not referring to these special regulations to prevent accidents ; do the other provisions of the Factory Act, such as with regard to leisure time, mid-day time and other things, apply to dock work ?—No ; the docks are only brought under the Factories Act to a limited extent ; amongst other things we have power to make regulations and we have made regulations under the Act ; but most of the ordinary provisions of the Act do not apply.

L-412. I want to know the reason why the Factory Act should not apply to some of the work both on the ships and on the docks. The definition of a factory is that it is a place where work is done either by power or machine, if there is some amount of power within the enclosed area. If a dock is an enclosed area and some work is done with power, why should it not be considered as a factory ?—What sort of work have you in mind which is done with power ?—It is always possible that there may be a factory within a dock.

L-413. The work in the dock consists of loading and unloading ?—Yes.

L-414. But would it not be regarded as a factory ?—It is a factory for certain purposes at all events.

L-415. But the Factory Act does not apply ?—Most of the provisions of the Factory Act do not apply.

L-416. Do you apply the Factory Act to work on ships, regarding them as floating factories ?—Not exactly ; we only apply it to the circumstances to which our regulations apply.

L-417. You apply certain regulations ?—Yes.

L-418. Supposing there is a big ship in the dock making its own ice, for instance, which has got an engine and so on ; do the factory regulations apply to it ?—No. It would be impossible to enforce them if they did.

L-419. I am not thinking of sea-going ships, but take a dredger ?—They do not apply.

L-420. *Sir Alexander Murray* :—As I understand it, the only Section under the Factory Act dealing with docks is Section 104 ?—That is right.

L-421. So that that answers Mr. Joshi's question ; if you refer to Section 104 you see all that can be done ?—Yes.

L-422. *Col. Russell* : I believe your Medical Inspectorate Department was created in 1920 or thereabouts ?—Much earlier than 1920.

L-423. How much earlier ?—I could not tell you the exact date.

The Chairman : You are referring to inspector of factories generally, I take it ?

L-424. *Col. Russell* : Yes, the Medical Inspectorate ?—Time goes so fast it is difficult to fix the exact date, but it was long before the war.

L-425. The question I was leading up to was this : would you tell us whether you consider your work in connection with the study of industrial diseases, for instance, particularly with regard to general health conditions in local industries, is an essential supplement to the work of the ordinary public health services and the work of the ordinary inspectorate ?—In my opinion it is, yes.

L-426. Can you give us your reasons for that ?—I do not think the ordinary public health services have in any way got the experience which

is necessary or could acquire the experience which is necessary to carry out the detailed requirements of the factory laws.

L-427. That would hardly apply to the question of industrial diseases, would it ?—I think it would ; there is the study which our inspectors have given to questions like lead poisoning, anthrax and so on, which is quite special, which I do not think is shared by or could be administered by any public health authority.

L-428. Nor by the ordinary factory inspectorate ?—No. Of course, I qualify that to the extent that the ground work is done by the medical inspectors ; the medical inspectors show us where the danger exists ; the ordinary inspector comes in after that and finds out the way of removing the dangers by means of mechanical ventilation and so on, which the medical inspectors have indicated. I do not think either is enough alone ; the ordinary factory inspector has to come in as well as the medical inspector.

L-429. Perhaps you have not got the experience of India which would enable you to say whether such a complicated arrangement of staff would be necessary in India ?—No, of course I can hardly say as to that ; I am quite sure it is necessary in this country.

L-430. You would prefer to have a separate staff ?—I think we are bound to have our medical inspectors, just as we have to have our engineering and electrical experts as advisers to me and the department and also to help the district staff in carrying on their work.

L-431. You would not admit that the ordinary public health services have sufficient expert knowledge to advise ?—No.

L-432. *The Chairman* : Could you give us an idea as to what is the strength of your medical department ?—At the present moment we have only got five, but we are getting two more immediately and an additional one next year. We have just had a considerable increase in our general staff approved, which is to be spread over a period of five years. We could not absorb them all at once, even if we could have recruited them, so that this rather considerable addition is being spread over a period of five years.

L-433. *Mr. Joshi* : Would these medical officers attached to your department possess the power of a factory inspector ?—Yes, they have the same rights of entry and everything ; they are inspectors of factories.

L-434. *The Chairman* : But they are full-time and fully qualified medical men ?—Yes.

L-435. Who are specializing in these questions of health as regards factories ?—Yes, industrial disease mostly ; they help us to some extent in ordinary health questions. Practically the whole of their time is devoted to investigation of questions in relation to industrial disease.

L-436. Are they employed at headquarters entirely or do they travel ?—They travel a lot ; we have two of them located in the provinces, and when we get the increase in the inspectorate, we shall not keep them all in London ; we shall have more centred in different parts of the country.

L-437. They go and carry out special investigations as directed by you as the chief officer ?—Quite.

L-438. *Col. Russell* : After the appointment of these officers do you give them any special training, or must they have some special training before you appoint them ?—It is extraordinarily difficult to get anyone with special knowledge of these things beforehand, so that a great deal of their training has to be done after they have joined us.

L-439. Do you recruit them from the ordinary public health services ?—Not the public health service ; we advertise the post and some of the applicants may come from public health services ; but most of them are ordinary medical men.

L-440. Young men ?—Yes ; we give them an age limit of 40 years.

L-441. You train them afterwards ; they have not much experience ?—Yes ; I think they are generally about 30 years of age when we get them. Of course we look for men with high medical degrees and men who have had experience in working class districts as far as possible. In some cases we may be able to get men who have specialized on a particular point on which we want assistance ; for instance, we recruited two men, Dr. Middleton and Dr. Merewether who are lung experts and are able to deal with this big problem which is before us of silicosis.

L-442. *Mr. Cliff* : Would they conduct research work ?—I am not sure what you mean by research work ; they would only do research work to a limited extent. If we want much research work done, we generally get it done for us by one of the hospitals.

L-443. How do they commence their work ; do they commence on the report of the ordinary factory inspector with regard to industrial disease ?—When we appoint them they will come to headquarters for a time and be under the instructions of the senior medical officer and will go about with one of the senior inspectors for some months ; then we give them some enquiries to make on their own and gradually train them in that way.

L-444. If there is a new industrial disease, how does the department operate ?—When we begin to get knowledge of it. Take the case of asbestosis which has only recently been recognized ; we instructed one of our inspectors to make a special enquiry all through the industry, examine the workers in the industry, get to the bottom of it and furnish a report. That was carried out in this particular case by Dr. Merewether who got the whole of the facts of the case, drew his conclusion, and made his recommendations.

L-445. How would that particular piece of work start ; would it start on the work of some medical man ?—It started because we heard of a few cases of ill health and we thought the matter ought to be investigated ; we therefore put one of our staff to make a full investigation of it. My recollection is that it arose out of an inquest in this particular case ; it was suggested that the disease was related to the occupation. I think that was what really made us take it up in that particular case in the first instance. Action generally arises from complaints reaching us that certain workers are suffering in health from their occupation.

L-446. *Col. Russell* : Have you any link with the Industrial Health Research Board ?—Yes, we are quite closely in touch with them.

L-447. Do you get them to carry out investigations for you ?—Not on a matter of that kind ; we have our own experts ; I think such work is in fact more our job than theirs.

L-448. But you do have a link with them ?—Yes ; one of our inspectors, Dr. D. R. Wilson, was their secretary for years ; he was seconded for that work and he has now come back to us.

L-449. But in the case of any particular trouble you would be able to refer that question to the Industrial Research Board ?—Yes, and we have had assistance from time to time from the Medical Research Council, too, who carried on investigations for us and got data and facts upon which we can base our recommendations.

L-450. *The Chairman* : The next subject before us in our questions was the recruitment of factory inspectors. The request for evidence on that matter was given to me by Mr. Joshi and Mr. Chaman Lal. Perhaps they would be good enough to lead with the questions.

Mr. Joshi : Do you think that among the ordinary factory inspectors there should be some who possess a knowledge of medicine ?—I am not sure that I follow you.

L-451. In India we have not a large number of factory inspectors ; the number in each Province is very small ; we insist upon an engineering qualification ; I was wondering whether medical graduates should be appointed as ordinary factory inspectors ; I am not thinking of inspectors appointed specially to deal with industrial diseases ?—I should not have thought there was any great point in having medical experience for the ordinary factory inspector.

L-452. You would like them to have some engineering knowledge ; I was wondering whether medical knowledge might not be equally necessary ?—But there is this difference, that we like people to have had some engineering experience, because it means probably that they have started their apprenticeship in the shops and they have become familiar with the atmosphere of the factory ; then when they inspect factories they do not find themselves in an utterly strange place such as they have never seen before. That is the real advantage of a previous practical experience ; but I have always said one can make too much of that. After all, every inspector has got to learn most of his job after he comes to us ; he may have experience of one trade or one section of one trade, but when he comes to us he has got to know something about all trades and be able to administer the law in all industries ; so that whatever his previous experience and qualifications, he has to learn a great deal after he comes to us.

L-453. Do factory inspectors who possess a knowledge of engineering show themselves to be better than the others ?—Not necessarily ; we do not make engineering knowledge a *sine qua non* at all ; what we want to get is men of good education and personality. I attach a great deal of importance to personality. If we can get a man with those qualifications and with some practical and industrial experience, naturally he is the right man for us. We have taken men without any actual factory practical experience before coming, though not very many as a matter of fact, and in practice those men have done very well. We have only taken them when they have been persons with some sort of special educational qualifications or something of that kind which has led us to think it desirable to take them in, even in the absence of practical experience. I always think that shows that you can make too much of technical experience in our appointments ; what we want is men of good personality, tact and common sense, who will administer the law in a sensible way.

L-454. Do you take quite young men or men with some experience ?—We like to get them about 25 or 26 years old ; that is quite a good age at which to come to us ; it takes them some time to learn their work ; they grow up very quickly. If we take men who are too old, their time for retirement comes round almost before we have got the best out of them.

L-455. For your examinations what subjects do you have ?—We have practically given up examinations. We recruit now on a basis of competitive selection ; the only examination is that they have to pass a qualifying examination in composition, writing an essay or something of that sort, and precis writing, enough to show that they can express themselves properly on paper.

L-456. But after they are employed you do not examine them at all ?—When they are appointed they come to us on two years' probation ; after that they have a qualifying examination at the end of two years on factory law and sanitary science.

L-457. You have a regular course ?—No ; we examine them in the sort

of things they have been working on for the two years ; in the law they have been administering for two years.

L-458. *Diwan Chaman Lall* : I see that the employers asked you to make an engineering qualification absolutely indispensable ; what were your reasons for rejecting that suggestion ?—Because, as I said, we should lose a number of good candidates whom we should like to appoint, if that were made an absolutely indispensable qualification.

L-459. You did not consider that an engineering qualification was absolutely essential for the purposes of factory inspection ?—No. I do not want you to think I under-rate the value of practical experience before an inspector is appointed ; especially in the early days it does enable him to get hold of the nature of the work.

L-460. Generally you aim at getting hold of a suitable candidate who is likely to be a proper and fit person as a factory inspector ?—That is right.

L-461. Give the ordinary requisite qualifications, namely, a degree, and having gone before the Civil Service Selection Board, then he has got to show he is competent to do the work for a period of two years ?—That is right.

L-462. Mr. Cliff wants me to put this question to you : is there any difficulty in getting rid of a probationer supposing you find he is not suitable ?—Our experience has been a very fortunate one ; I do not remember a case on the ordinary inspectorate where we wanted to dispense with a man after we had appointed him.

L-463. I suppose the Selection Board sees to it that the candidate is generally fit ?—Yes, and I think that interview helps one to judge of the personality of the man, as to whether he is likely to be a good inspector, exceedingly well.

L-464. From your very great personal experience of these matters, would you consider a system like this to be an unsuitable system : where conditions of qualification are laid down that there must be a certain amount of practical experience in the works, and a very high technical engineering degree, without which there would be no possibility of appointment ; do you think that would be unduly restrictive ?—Yes. I think you might have difficulty in getting an adequate number of candidates to present themselves if you make it too restrictive.

L-465. *Mr. Clow* : Would not it depend rather on the number of inspectors you had for a particular area ; I mean if owing to circumstances you could not appoint more than one or two, I take it qualifications of that kind would assume a greater importance ?—Yes, I think so ; but in any case you are going to be thrown back on personality, and I think one can quite easily attach far too much importance to high degrees or previous practical experience.

L-466. *Diwan Chaman Lall* : You think this system of appointment is satisfactory generally ?—I think it is ; we have only had it for about three years now. We used to have a rather stiff examination on general subjects for a man to show he had a thoroughly good general education ; but in the first place the person who did best in the examination was not at all necessarily the person most suitable to be a factory inspector ; and secondly, I think it is generally felt nowadays to be a little unreasonable to ask people of 25 to 27 and even up to 30 years of age to sit for a rather difficult examination of a general character of that kind.

L-467. Your general experience I take it is that after he has got this appointment, what he learns during the course of his work is much more important than anything he might know beforehand ?—Yes, certainly.

L-468. *Miss Power* : In India there are as yet no women factory inspectors properly so-called. Do you consider that women factory inspectors are essential where there are a large number of women and children in industry ?—I do certainly.

L-469. Do you consider that in the first instance they should specialize on the work of women and children, and that the scheme that you have here of aggregation as between the two staffs is essentially a second stage in development ?—I do not think it need necessarily be so ; if you are only going to have one or two women, you can let them specialize ; but as soon as you begin to get a considerable number of women inspectors it becomes more and more difficult to segregate them and let them specialize on particular points ; in our case there was always overlapping between the men and the women, which caused dissatisfaction in the department, and equally the employer did not always quite know where he was ; he would be visited by the district inspector one day, and then suddenly a lady from London would come in the next day and begin giving him instructions too. After many years' experience we have come now to putting men and women on practically an equal basis.

L-470. But if you have only one or two women, you think it is better to specialize ?—Yes ; I do not think you would come up against the difficulties that we experienced as long as you have only a few ; in the early days when we only had two women they did specialize on subjects relating to women. It may be that in India there are still problems to be solved as there were with us when women inspectors were first appointed. We have much fewer problems which are peculiarly women's problems nowadays ; in the course of years they have gradually disappeared and the women now are required to do practically the same sort of work as the men. We do make arrangements in each part of the country if any special subject occurs affecting, we will say, the health of the women, to have in each division a senior woman whom we can instruct to carry out any enquiry of that kind which may be necessary.

L-471. It has been suggested to us that women should specialize on the welfare side while men should do the more technical work, such as inspection of machinery, etc., is that a suggestion which has ever been discussed in this country ?—Yes, and rejected. After all, are women going to be contented with a little bit of the work such as welfare work ?—Question was raised as to the desirability of women inspecting factories in which men only are employed, and it was suggested that if the women were given this welfare work while the men did the other work one might get over that difficulty ; but you at once come up against the difficulty all the stronger, because there is welfare work to be done in connection with men workers just as there is with regard to women. There was found to be no possibility of any proper division on those lines ; in addition to which, I do not think public opinion in this country would be satisfied if women were merely looking after welfare work.

L-472. Would you give us the benefit of your experience as to what are the best qualifications for women factory inspectors when first appointed ?—We have mostly drawn from women who, in the same way as the men, have been through University courses, and taken their degrees in social sciences and that sort of thing ; sometimes they have had some experience in settlements and places of that kind. Sometimes we get people who have been welfare workers in factories ; that is the sort of women from whom we get recruits.

L-473. You do not think it is necessary that they should be doctors ?—Oh no ; I do not want doctors at all ; I think a doctor is a specialist and had better stick to doctoring.

L-474. That is a suggestion that we find it very difficult to get away from in India, that a woman factory inspector must be a doctor ?—We have a woman medical inspector and she is very useful, but I do not think medical qualifications are specially good for the ordinary factory inspector.

L-475. In the recent report of the departmental committee on factory inspection the difficulty was emphasized of making employers and workers acquainted with labour legislation, and the suggestions for improving the situation naturally presupposed literacy. Could you give us any useful suggestions as to how to get over that difficulty where illiteracy has to be taken for granted ?—I am afraid not, because you have got to rely on notices and things of that sort. What the Committee had in mind was making these notices that have to be put up in factories as simple as possible and as intelligible as possible ; but if the people cannot read, notices are no good to them, and I do not know what the alternative is.

L-476. Does the factory inspector consider it any part of his duty to explain the industrial laws to the workers here ?—To some limited extent, in talking to the workers in going round or meeting representatives of the industry ; we have addressed meetings of workers on various points from time to time ; but we do not go beyond that.

L-477. In England does not the non-adult go through two stages, that of the child and that of the young person ?—We have no children now.

L-478. None below the young person stage ?—No, we have nothing below young persons now ; no child may be employed in a factory.

L-479. Does the stage of being a young person extend from 14 to 18 ?—Yes.

L-480. Why is the age of the young person put as high as 18 ; what special protection is he or she considered to need between the ages of 16 and 18, for instance ?—I should have to go back to the very early stages of the factory law to explain that. That has always been the dividing line ; I cannot tell you why it was chosen particularly. I suppose the age of 18 is more or less the end of adolescence. The age of 18 has been, in the Factory Acts for years in fact, ever since the commencement of the factory laws, and I can only assume it was put there because when you reach the age of 18 you are more or less getting to the end of adolescence and are becoming an adult. It might be quite different in another country ; I am not going to say that 18 is the Heaven-sent age for every country.

L-481. Do you consider the young person should be medically re-examined before being put on to adult work ?—I have no experience to make me think it is necessary at all.

L-482. You think they can move straight on to adult processes ?—Yes.

L-483. How do you distinguish here between the young person who is not fit for adult work although having reached that age and the young person who is fit ; is there any form of protection for the unfit ?—I am afraid if he is not physically fit for the work he does not get promotion to the higher job ; there is not any very sudden jump from one to the other ; he gradually moves up in a factory as a vacancy occurs. You do not say : " This is work for a boy under 18 and that is work for a boy over 18 ; " he gradually grows up to the new job.

L-484. Who controls the work of the certifying surgeons in this country ?—We do, the Chief Inspector of Factories does ; our medical

inspectors look after them a good deal ; the district inspector is in immediate touch with the certifying surgeon in his own district ; and then the superintending inspector in the division would be the person we should refer to if we were not satisfied about the work of the certifying surgeon, and he is the person to whom we should refer any complaint we might receive. If difficulty arises, then our medical inspectors come in ; when we are making appointments in an important industrial district, our medical inspectors always review the qualifications of the candidates and make their recommendations as to which of them should be appointed.

L-485. Are all the certifying surgeons employed full-time ?—None of them.

L-486. But all their work is subject to review ?—Yes ; they are all definitely appointed by the chief inspector.

L-487. *Col. Russell* : The certifying surgeon is a general practitioner ?—Yes.

L-488. *Sir Alexander Murray* : Do you often dismiss a man from the factory inspectorate ?—No, very rarely.

L-489. Do you ever get any suggestions of bribery and corruption in connection with the service ?—No, I am happy to say we are entirely free from anything of the sort and I am sure that any such suggestion would be very much resented not only by the department but by the trade organizations generally.

L-490. Who institutes prosecutions against the employers ?—The district inspector, but he cannot sanction a prosecution himself ; he has got to make a report to the superintending inspector for the division, and the superintending inspector approves or disapproves his recommendation that a firm should be prosecuted.

L-491. I see in Section 120 it says that any inspector if so authorized, may, although he is not a Counsel, prosecute or defend any case. He comes, therefore, both as prosecutor and as witness for the prosecution I suppose ?—Yes.

L-492. Is any objection taken to that ?—Never.

L-493. Is any suggestion ever made to you that because the factory inspector knows the employer therefore he does not always prosecute when he might do so ?—I hope not ; I have never heard any such suggestion.

L-494. We have had that suggestion made to us in India ?—I should be very sorry to think that anything of that sort happens here ; I have never heard any hint of it.

L-495. Do you ever have complaints about light sentences being passed ?—We are sometimes a little dissatisfied with the sentences that are passed by local Benches, but I am not sure that the penalty is the important thing ; it is the publicity which has its effect.

L-496. Do you have cases of the same man being prosecuted more than once ?—We have got a minimum penalty after the first offence.

L-497. *The Chairman* : The Law provides a minimum penalty ?—Yes.

L-498. *Sir Alexander Murray* : While the case is being tried and before the man has been found guilty or not guilty, do you let the magistrate who is trying the case know that the defendant has been convicted, let us say, a few months before of the same offence ?—After he has been found guilty it is our duty to remind the Bench that it is a second offence and to ask for the minimum penalty for a second offence, if there is one.

L-499. In India we have had cases of employers being convicted of the same offence several times in the course of a year or two, and it has been suggested that the fines are not sufficiently heavy. It has been sug-

gested that before the Magistrate has decided whether the accused is guilty or not guilty, he should be told of the previous convictions ?—I think that is contrary to elementary principles of justice.

L-500. I agree, but of course that he should be told after conviction and before sentence is quite a different proposition. What is the difference between the factory inspectors who examine the bigger factories and the inspectors who inspect the small workshops ?—We have had hitherto a separate class of what we call inspector's assistants who inspected nothing but workshops ; but we are allowing that class to die out ; they had no special right to promotion from one grade to another, though we did promote some of the best of them to be inspectors, and it only caused dissatisfaction amongst them. It is generally a very limited and dull occupation to do nothing but go from a carpenter's workshop to a bootmaking workshop next door. We think now the proper course is to abolish that grade and let the ordinary factory inspector visit all these places, big or little.

L-501. We find in India many small shops dotted all over the country, some of which we might like to bring within the purview of the Act ; but they are so widespread. Here there were about 20,000 factories and workshops which were not inspected last year ?—Yes ; the first thing the inspectorate staff committee had to consider as a committee was what standard of inspection ought to be aimed at, and we were unanimously agreed that there are in this country, and no doubt in every country, a large number of small and unimportant works where the conditions are good and which really need not be inspected every year ; we think that a visit to those places once in every two years is probably quite sufficient. What we had in mind was that we should not require our inspectors to go and visit those places every year, but rather they should spend more of their time in the bigger and more important factories.

L-502. What is your view with regard to stopping the employment of children who are under age and work longer hours than are permitted, in such places ?—It may be necessary there ; that may be a different problem ; but there are large numbers of blacksmith's shops, carpenter's shops, wood works, dressmaker's shops, where we know as a matter of fact there are no children at work, where there is no pressure of work or any tendency to work illegal or improper hours ; and of course, our Education Acts prevent children getting into the workshops. That sort of question is not now really important with us in these small workshops. We feel that these little places can quite well be visited once every two years, so giving the ordinary staff more time to devote to the more important part of their work.

L-503. *The Chairman* : And it is true, is it not, that in the course of years you have established a sort of public opinion that it is not good form to evade the law ?—Exactly.

L-504. There is that public opinion amongst employers ?—Yes.

L-505. Is not that a very great factor ?—That of course is a very great factor ; and there is another great factor nowadays, that people will not work illegal hours ; you cannot get people to stay all sorts of hours as could be done when I was first appointed an inspector.

L-506. *Sir Alexander Murray* : Where do you bring the local authorities into your factory inspection ?—They come in in connection with these small places, workshops and so on ; they are responsible for the sanitary conditions.

L-507. You of the inspection department are under the Home Office ?—Yes.

L-508. In India we have the factory inspectors under the particular department and we were considering whether it would be possible to bring in any other authority to supervise these small workshops all over the country. How do you get the local authorities to function?—Of course the standard varies a great deal in different areas; in many of the big towns, there is quite a big inspecting staff who devote the whole of their time to going about and seeing that the provisions of the Factory Act are obeyed; They see that the provisions with regard to cleanliness, sanitation and overcrowding are complied with. But naturally there is a great deal of variation between the different authorities. In some cases the work is done extremely well, and there are places in which they do not do very much until the factory inspector calls attention to the dirty condition of a particular workshop.

L-509. Is there overlapping between the factory inspector and the sanitary inspectors?—If we find a place dirty it is our duty to report it to the local authority for them to take action, and a sanitary inspector if he comes across a new workshop which has not the workshop notices exhibited, advises us.

L-510. If he had reason to believe that unduly long hours are being worked, would it be his duty to bring it to the attention of the factory inspector?—He would do so; there is no duty on him; but we work on very good terms with the local authorities and we help one another.

L-511. Where does the Medical Officer of Health come into connection with these factory inspectors?—He is in charge of the work of the inspectors of the local authority.

L-512. Do the Medical Officers of Health submit reports to you?—No; we get their annual reports in which they say what work is being done in their areas.

L-513. How do you pay them?—We do not pay them at all.

L-514. Are they honorary workers?—They are not our officers at all; it is simply that certain duties in this connection belong to the local authorities and not to the factory department; it is their duty to see to the enforcement of certain regulations.

L-515. *The Chairman*: Does that include the passing of plans for new workshops?—They are entirely responsible for that; but that is not so much in connection with the sanitary condition of the place as with regard to whether it is a properly constructed building. An officer of the local authority who is responsible for examining plans for building is not necessarily the person who is responsible for sanitation; so that it does sometimes happen that when the plans have been passed we find that certain matters in relation to sanitation are not in accordance with the law.

L-516. Then do you at any stage go into the question of plans for new workshops?—No, we do not. That suggestion has often been made and considered, but it has not been adopted for two reasons: first, that we are rather afraid of being snowed under with huge quantities of plans coming in, and consequently of our inspectors spending their time sitting in their offices inspecting plans instead of going outside inspecting factories; and, secondly, that the responsibility under the Factory Act rests with the occupier and not with the factory inspector. If the inspector were to examine the plans and were to overlook something and give a certificate that the plans were all right, he would be in a very awkward position afterwards when he inspected the factory and had to point out that the building was not in accordance with the law. We do not want to accept that responsibility, which really rests with the employer.

L-517. *Sir Alexander Murray* : Of course you have an advantage here in that the Education Act keeps the children out of the factories until they are 14 years old ?—Yes.

L-518. Unfortunately we are not in the same position in India and it has been suggested that employers should provide educational facilities for the children ; have you any views in that connection ?—Of course, in the old days there used to be work schools in this country, though that was before my time ; in fact, it is a very long time ago and I have no experience of it ; but I suppose if you cannot get anything better, it is possibly a way out.

L-519. *The Chairman* : The quality of the schools was not very high ?—No, I do not think it was.

L-520. *Sir Alexander Murray* : I am interested to see in your last factory report that the majority of accidents are not preventable by safeguards of any kind but by the exercise of care on the part of the workers ?—Yes.

L-521. Is that the general experience throughout the working of the Factory Acts that accidents are due not so much to a lack of safeguards as to carelessness on the part of the workers ?—I think that is a very common experience in practically all countries ; our percentage of machinery accidents may be a bit lower than in some countries because we have for years been working at getting machinery better and better protected, and fencing of machinery has become perhaps more standardized in this country than in some other countries. No one wants to under-rate the importance of fencing machinery ; if machinery were not protected we should immediately have a quick rise in the percentage of machinery accidents ; but we have reached in this country a pretty high standard in that regard. We cannot help recognizing though that there is this enormous number of accidents which are not due to machinery, and that there must be some way of reducing those. We have been working very hard in that direction for the last few years particularly.

L-522. I also notice that sepsis is reported to have supervened in connection with over 16,000 accidents, including 39 in which it was the cause of death, and you go on to say that this total of septic cases indicates that in one accident out of every ten the injury becomes infected. Of course, in India we have no statistics of this description. What do you suggest might be done to reduce that proportion of one in ten ?—Now under the Workmen's Compensation Act every factory has got to keep a supply of first-aid appliances, and everybody is becoming much more interested in that question than they used to be ; but I cannot indicate that so far we have reduced this number of sepsis cases very materially. There is always the difficulty of getting a man who has a small injury to have it dressed at the first-aid box ; he cannot be bothered to do it ; I suppose we are all much the same in that respect.

L-523. How does the Workmen's Compensation Act come in in that case ?—In the Act of 1923 there is a clause which deals with certain factory accidents and gives the Secretary of State power to make orders to secure proper safety organization in a factory. We require the inclusion in the first-aid box of sterilized dressings which anybody can put on and which are practically fool proof. In the old days somebody would dive into a box, pick out a rather dirty piece of lint, cut it possibly with dirty scissors and put some possibly dirty ointment on, which probably led to sepsis. There have now been produced sterilized dressings of so simple a character and of different sizes that they can safely be put on a wound by anyone.

L-524. But in spite of that, the proportion of sepsis is very high ?— I think the real trouble is getting the worker to go and have trivial injuries attended to.

L-525. *The Chairman* : I suppose a great deal depends on the wisdom of the overseers in the various departments in insisting on it being done ?—Entirely. We are now working with a view to reducing these minor accidents, non-machinery accidents. We have been trying to get safety committees appointed, and we have been quite successful in doing so in some of the big factories. These safety committees deal with all accidents and matters of safety ; they analyse the accidents and look into the causes ; they are of immense educative value. We always recommend that representatives of the workers should be changed fairly frequently so that the knowledge may be spread as widely as possible amongst the workers in the different shops.

L-526. *Col. Russell* : Is that the point to which you were referring when you said during the last few years you had been making great efforts in trying to prevent these accidents and the proportion of sepsis by educational methods ?—Yes.

L-527. *Sir Alexander Murray* : But I am quoting from the 1928 report ?—Quite frankly, we are rather disappointed that we have not made a bigger inroad on these sepsis cases, because, after all, we do now see that in every factory there are proper first-aid appliances, and if they are properly used there ought to be a reduction in these cases. I hope we are going to see a great reduction. But this high proportion will, I feel, persist unless we can get in touch with the worker and persuade him to have small wounds properly dressed. The only way really to do it is by educating the worker in the importance of proper care of wounds.

L-528. *The Chairman* : In fact the worker has got to learn that a scratch is in many cases more dangerous than a broken arm ?—Yes.

L-529. *Miss Power* : As a result of the experience of the working of welfare orders under the 1916 Act, would you say that a measure of compulsion is essential to bring the bad employer up to the level of the good ?—Yes, certainly in particular industries it is.

L-530. Your department would not like to go back to the days when you had no compulsory powers in respect of what is now understood as "welfare" ?—No ; now we recognize that this is an important provision with which we ought to have power to deal.

L-531. In the early days was not the attitude of the workers towards welfare hostile ?—Not hostile to welfare as we deal with it ; they were rather suspicious of the appointment of the welfare supervisors and the establishment of some sort of organization in works, which they were a little inclined to think was just there to get a little bit more work out of them without any additional remuneration ; but there has never been any sort of opposition to the sort of welfare with which we deal ; there have been cases where it has been misused after it has been provided, but there has never been anything approaching opposition to it.

L-532. To what extent has the co-operation of the workers, as empowered by the Act, been secured in carrying out those orders ?—I do not think we have used that power very much ; but where there is a works committee or anything of that sort, welfare work has nearly always been part of the work they have undertaken.

L-533. You refer to the growing habit of consultation between the factory inspection department and associations of employers and workers ; is there any standing committee to effect that co-operation ?—

They are just *ad-hoc*; they come together for that special purpose; but where there are Whitley Committees, which are flourishing still, those are the bodies we like to get into touch with and in some cases we have been very successful in dealing with them.

L-534. Who took the first steps to build up that policy of co-operation between the factory department and the employers' associations?—I do not know who is responsible for that, I suppose the Chief Inspector; it seems to me such an obvious thing that if you want to get an order carried into effect it is better to bring it into effect with the goodwill and assistance of the trade rather than in opposition to them. We always try to co-operate with representatives of the trade in all these matters; in some cases we have tried it before we issued a draft order at all; we make an agreement with the industry that this is a proper thing to do, we issue our draft order, and it then goes through with practically no difficulty.

L-535. *The Chairman*: Perhaps you could give an illustration of the cotton industry in which I think for two years you explored the question?—Yes, that was really in connection with accidents. We have done a great deal with the cotton trade. I happened as a matter of fact to be the superintending inspector in Lancashire at the time when we started this work, so that I was responsible really for the first conference. We met; We had to be a little patient but in the end we did get an extremely useful and helpful agreement which dealt not only with safety but with certain health matters as well. That agreement, which I think was adopted in 1917 or 1918, we have just had reviewed and brought up to date with another conference; I am very glad to say they have at my suggestion established in the cotton trade in Lancashire a standing committee on which the employers, the operatives and ourselves are represented, to review the position every six months. I think those engaged in the trade appreciate that very much. It has only been working for about a year now but I think it is going to work extremely well and be very helpful and valuable.

L-536. *Miss Power*: Your evidence implies that compulsory welfare has definitely stimulated voluntary welfare. Can you give us instances of that?—It is very hard to show that in actual detail. We have never made an order requiring the appointment of a welfare supervisor, but we have always done what we could to encourage those appointments, and once you have got a welfare supervisor, the rest more or less follows; but I would not like to say definitely that our orders have done an enormous lot to encourage outside welfare as well; I think that would probably be going too far.

L-537. To what extent are factory inspectors empowered to stimulate and encourage voluntary welfare activities on the part of employers in addition to enforcing compulsory orders?—We should only do it if we were consulted by employers; we should never go and say: You ought to start a cricket field. We are not really concerned with that; we are concerned with the comfort of the worker in the Factory; we are not so much concerned with his recreation and his pension and things of that sort; but as a matter of fact, employers are naturally proud of what they have done and show what they have done to the inspectors, and we do in fact pick up a good deal of knowledge on the subject; if an employer wanted some information or wanted to consult us, as they do not infrequently, then we are able to give them some assistance; but we are

not really concerned with this extra mural welfare at all ; we are only concerned with the comfort of the worker at work.

L-538. You have said there was no hostility on the part of the workers to these orders ; was there at any time any hostility on the part of the employers to a Government department being given additional powers of that kind ?—I do not think so ; I cannot remember any ; there was certainly no organized opposition to it.

L-539. *Mr. Joshi* : You mention in your memorandum welfare orders for certain purposes, such as the supply of drinking water. Are these welfare orders likely to become part of the Factory Acts ?—Yes, they are enforceable under provisions of the Factory Act.

L-540. So that welfare orders have a tendency to become part of the Factory Act ?—Of course, a welfare order only applies and can only be applied to a particular factory or to a particular class of factories ; so that we deal with different trades.

L-541. You do not apply welfare orders generally to factories ?—No, we cannot ; we have not power ; we can only apply it to an individual factory or a class of factories.

L-542. Take, for instance, tanning ; do the welfare orders apply to particular factories or to any place in which tanning processes are carried on, wherever it may be ?—Factories or workshops.

L-543. *Sir Alexander Murray* : The point is that before you issue any order of this description, you hold an enquiry and endeavour to get agreement between the parties concerned ?—Yes ; the question crops up very much as questions occur, as was mentioned just now, with regard to medical questions. We know that a particular industry is of a dirty or disagreeable character and we feel that something ought to be done. We instruct one or more of our inspectors to visit a large proportion of the works of the particular kind we have in mind. They look to what has already been done in the best class of factory, they consider how that is applicable to the industry generally, they report to us and we make recommendations as to the extent to which the welfare order ought to go. In many cases, if there is a joint body that we can approach, we call them in at that point, and say : We feel that something ought to be done in this industry ; we should like to consult you as to what can properly be required, and we probably put that draft order before them. After discussion we practically in all cases come to an agreement and then the thing goes through. Sometimes we have issued our draft without such previous consultation ; we have felt we could not get a really representative body to consult beforehand ; we issue our draft and then meet objectors afterwards.

L-544. What is the type of referee to whom you refer cases in the event of differences of opinion arising ?—He is appointed under the powers under the Act ; the Secretary of State has to refer objections to a referee.

L-545. Is he a medical officer or what type of man is he ?—The last one was Sir Harold Morris, Chairman of the Industrial Court here. It is generally a legal referee.

L-546. *Mr. Cliff* : Is the work of the welfare officers a development and extension of your safety work under the Factory Act ?—I would not call it an extension of the safety work ; it is an extension of our powers under the Factory Act. We used not to have power to deal with the comfort of the worker. It is often rather difficult to distinguish between comfort and health ; sometimes you cannot say : This is a dangerous

occupation ; but you may say : It is a nasty dirty occupation, provision ought to be made for the workers in it to wash after their work and get their meals in comfort.

L-547. If I may quote the criticism which is sometimes put forward : has it led to the institution of a powerful bureaucracy ?—I do not think so ; I do not think we have ever been accused of making an order where an order was not wanted ; and, after all, our orders are only trying to give effect to what is already the best practice in the industry.

L-548. *The Chairman* : That is the essence of what you have done : levelling up the backward to the level of the best ?—That is right.

L-549. *Miss Power* : Perhaps we could know on that whether it has involved any increase in the inspectorate to carry out these orders ?—No, I would not say that. Our work is always growing and the increase in the staff has not been on this account in particular but owing to the general growth of the work.

(The witness withdrew.)

LONDON.

Third Meeting.

Tuesday, 15th July, 1930.

PRESENT :

The Rt. Hon'ble J. H. WHITLEY (*Chairman*).

The Rt. Hon'ble V. SRINAVASA SASTRI,
P.C., C.E.
Sir VICTOR SASSOON, BART.
Sir IBRAHIM RAHIMTOOLA, K.C.S.I.,
C.I.E.
Sir ALEXANDER MURRAY, KT., C.B.E.
Mr. A. G. CLOW, C.I.E., I.C.S.
Mr. S. LALL, I.C.S.
Mr. A. DIBDIN.

Mr. JOHN CLIFF.

Mr. N. M. JOSHI.

Diwan CHAMAN LALL.

Miss B. M. LE POER POWER.

Lt.-Col. A. J. H. RUSSELL, C.B.E.,
I.M.S. (*Medical Assessor*).

} (*Joint Secretaries*).

Sir WALTER KINNEAR, K.B.E., Controller of Health Insurance,
Ministry of Health.

L-550. *The Chairman* : You hold the position of Controller of Health Insurance in the Ministry of Health ?—Yes.

L-551. That is to say, you are the Chief Officer of this great scheme of Health Insurance in England and Wales ?—Yes.

L-552. You have been good enough to send to us a very full and careful memorandum describing the scheme as it exists to-day in this country. You have also given us some useful information about the history of the scheme. In the first place, you tell us that the scheme had been under detailed consideration for about three years prior to its introduction to Parliament, and that it came into complete operation about two and a half years after being placed on the Statute Book. Therefore it was really a matter of five and a half years' work before it actually came into complete operation ?—Yes.

L-553. Could you give us any indication of the nature of the investigations, and the preparatory work, and by whom it was done ?—It was done through the agency of the British Treasury. The British Treasury made an investigation. Fortunately they had at their disposal

a very considerable mass of material with regard to the morbidity experience in this country as regards men.

L-554. By morbidity you mean health statistics?—Yes, as regards the duration of sickness in varying occupations at varying ages. The experience, which they utilized for the information of the actuaries, was that of the Manchester Unity, one of our large friendly societies, which has been in operation in this country for many years. The Government was, therefore, at an advantage in having this vast mass of information at its disposal. It employed an actuarial committee with a view to analysing the experience of the Manchester Unity; and, having made a rough skeleton of the scheme which it intended to bring into force in Great Britain, the rates of premium were arrived at by the actuaries after a rather prolonged investigation, and after making the necessary adjustments in the experience of the Manchester Unity. The Manchester Unity included payment of sickness benefit during the first three days. That is excluded under the British scheme; and the necessary adjustment had to be made on that ground. The Manchester Unity also made payments for accidents arising out of, and in the course of, employment, but the British scheme excludes accidents which are covered by the Workmen's Compensation Act. Consequently, an adjustment in the contribution had to be made on that ground. I mention those as two illustrations of the adjustments which had to be made, but the great advantage which we had in starting the scheme in this country was that we had past experience of the rates and duration of sickness, in varying occupations at varying ages. Having arrived at some idea of the finance, the question arose as to the method of administration. The then Chancellor of the Exchequer, who was in charge of the scheme, Mr. Lloyd George, sent a delegation to the continent where, especially in Germany, the system of administration was thoroughly explored with a view to seeing to what extent the British system could be modelled on the system in force in Germany. On the return of the delegation, the Chancellor had to consider the fact that this country had already in operation a large voluntary insurance movement for sickness and disablement, mainly through the old-established friendly societies, and also to a considerable extent, through certain trade unions. Negotiations, which were of a very prolonged character, took place with these various interests as to the extent, if any, those interests should be identified with the administration of the scheme. Eventually it was decided that the British scheme should be administered through outside agencies called approved societies, which are more or less associated with the various friendly societies and the trade unions, and the industrial companies. These approved societies are self-contained bodies, but many of them are closely identified with what we call the parent organizations and every effort was made at the time to avoid doing anything to prejudice the activities of the voluntary side of the organizations. The scheme of health insurance—the Act itself—is a very complicated piece of legislation. In fact, at the time it was passed, the then Mr. A. J. Balfour said that it was the most complicated piece of legislation ever placed upon the Statute Book. I would not say that that is the position to-day. All that took about three years. When the scheme was passing through Parliament, you may recollect, Sir, that it excited a considerable amount of opposition. A considerable amount of time was occupied in getting the Bill through Parliament, because a scheme which involved compulsion on employers of labour to stamp cards for their employees was quite

new in this country, and it aroused a certain amount of opposition, which opposition, I am glad to say, has completely disappeared in recent years. When the Act was passed, the Government set up four Commissions to administer the scheme. There was an Insurance Commission set up in England; there was an Insurance Commission set up in Wales; there was an Insurance Commission set up in Scotland, and there was an Insurance Commission set up in Ireland to administer the Act in each of those four countries, it being desirable, having regard to the variety of interests which had to be taken into account, that there should be a local body in each country to look after the development of the scheme. After the Commissions were appointed, and the necessary literature issued the machinery of organization was gradually built up. Perhaps the most difficult task was the formation of the approved societies. About 2,000 approved societies were organized at the inception of the scheme. Nearly 100 of those societies were what we call branch societies, organized into separate districts, so that the scheme started with about 2,000 approved societies and about 14,000 branches, each branch an independent unit for insurance purposes. After that, the insurance committees in each area had to be organized. We have between 200 and 300 insurance committees, who are responsible for the administration of the medical benefit. At the inception they were responsible for the negotiations with the medical profession with a view to arriving at suitable conditions of service and the appropriate remuneration. When the arrangements were sufficiently far advanced with the medical profession, and with the chemists, and when the necessary approved societies had been organized, the word was given for the enrolment of members, and within about four months' time the societies had succeeded in enrolling about 13 million members. The contribution machinery was put in operation, as quickly as possible because in any contributory insurance scheme you have to build up the necessary reserve of contributions before any benefits are conceded, and no benefits were paid until not less than six months' contributions had been secured. At the end of six months, sickness benefit came into operation—Medical benefit came into operation—and at subsequent stages the maternity benefit and the disablement benefit came into operation, all of which took, from the actual passing of the Act, about two and a half years. The introduction of additional benefits, such as dental benefit, ophthalmic benefit, nursing services, convalescent homes, and the provision of surgical appliances, is a development of more recent years. These only started in 1921, following upon the first valuation of the various approved societies.

L-555. May I take it that the real basis on which the scheme was built up was the experience of the voluntary societies, which had been for many years administering somewhat similar benefit?—Yes.

L-556. The Manchester Unity being the largest of them, and the one, therefore, with the widest field of experience?—That is so.

L-557. The Manchester Unity, if I am not mistaken, had fifty or sixty years' experience behind it?—About eighty years. I might mention that we were only able to get the sickness experience from the Manchester Unity in respect of men. They had no adequate data as regards women. As regards the fixing of the contributions of women, the actuaries made, shall I call them, certain empirical adjustments with a view to arriving at the contribution for women. The contribution for women did not prove satisfactory, and in 1923 we built up the sickness experience for women from our own records over a series of years; and in 1926 the contribution for women was readjusted in the light of that experience.

L-558. Speaking of the basis of the scheme, you referred to morbidity tables. Were you then referring to Government statistics, or to friendly society statistics?—To friendly society statistics. We had no Government statistics.

L-559. There again, it was based on the experience of eighty years' administration of a very large friendly society?—Yes.

L-560. It was on that that you got your first actuarial basis?—Yes.

L-561. There had been in Germany some system of health insurance prior to the British system being built up?—Yes.

L-562. Did you find experience there, other than the administrative experience, which was of any use?—Certain statistics were derived from Germany, but they were not suitable for the system which was being set up in Great Britain, and consequently they were not used for that purpose.

L-563. You had to build on facts which were available actually in this country?—Yes.

L-564. On that you were able to frame your scale of contributions and of benefits?—Yes.

L-565. Am I correct in suggesting, even to-day, 96 per cent. of the total membership consists of members of approved societies?—About 98 per cent.

L-566. So that both the actuarial basis and the machinery of administration in this country rest on the basis of the approved societies?—Yes. Of course we have a great variety of approved societies. Quite a large number are not associated with the friendly society movement.

L-567. A great number sprung into existence when the Act first began?—Yes.

L-568. You have them in the rural areas, for instance?—Yes. We have rural societies. I might mention one of the reasons why we have rural societies. We have in this country a flat rate of contribution—a uniform rate. When the Bill was going through the House, the farmers objected that it was unfair that they should have to pay the same rate of contribution as employers of men following more hazardous or more unhealthy occupations. What the Chancellor of the Exchequer said was: "You can form societies of your own which will cater for the rural interests and the agricultural labourers, and you will have the benefit in surpluses, and any consequent additional benefits resulting from the lighter incidence of sickness amongst your members, and good administration". That is why we have been able in this country to justify the flat rate contribution—by encouraging persons with a lighter incidence of sickness to form their own approved societies, so that they may benefit by that lighter incidence.

L-569. The first essential for your purpose was the experience of large friendly societies?—Yes.

L-570. And the second one was the existence of those friendly societies, and the new approved societies came into operation to take the administrative side of the work?—Yes. But for the fact that we had these large societies upon the ground, and could utilize them for administrative purposes, the organization during the first few years would have been exceedingly difficult. They were able to enrol their existing members almost automatically.

L-571. And the trade unions, if I remember aright, also came forward and formed a large number of new approved societies so as to be in a position to take their share of the work?—That is so. Most of the trade unions have, as a separate section, an approved society.

L-572. Am I right in thinking that the third factor which contributed to the success of the British scheme was the existence of medical men practically over the whole field, so that the medical side of the benefit could be administered through them?—I cannot conceive the National Health Insurance scheme in this country without an efficient and practically ubiquitous medical service.

L-573. You say "practically ubiquitous". By that you mean administering a more or less uniform system of medicine?—Yes, in the remotest hamlet of the country.

L-574. You have had, I believe, some little difficulty with what I may call unorthodox systems of medicine—some groups of persons wishing to bring in, say, a bonesetter?—Yes. The service is restricted entirely to the fully qualified medical man.

L-575. You do not allow, under your system, a variety of other systems of medicine?—No.

L-576. Do you regard that as essential in order to see that the benefit is a real one?—Yes. The Government had entered into an undertaking, through the Act, that it would provide adequate medical treatment of a proper standard to all the members who are compulsorily insured, and that was regarded as a necessary fulfilment of the contract.

L-577. I take it that the stamps on the card of the contributor on the one hand, and of the employer on the other hand, follow the people wherever they go?—Yes.

L-578. Most of them presumably are in more or less regular employment in one place?—Most of them. The insured person's rate of sickness benefit depends on the number of his contributions on his card in the preceding year, so that each card is linked with each individual.

L-579. So far as this Health Insurance is concerned, as distinct from what is called unemployment insurance, it is on a sound actuarial basis, which, in the great majority of cases, leaves a surplus with the approved societies, which at stated periods, can be devoted to additional benefits?—Yes. The members control their own societies, and they share in additional benefits as the result of the success or otherwise of the management of their own societies.

L-580. Therefore you have in the approved societies (and that, I think, was the theory of the scheme) the protection of the members themselves against any misuse of the funds?—Yes.

L-581. Do you regard that as an essential factor in a successful scheme—that there should be the interest of the people in their organized groups in order to prevent unjustified claims on the funds?—I regard it as a very valuable asset in the administration of the scheme.

L-582. *Mr. Cliff*: Does that mean that if you were introducing a scheme, where there were no voluntary societies, you would insist on the establishment of approved societies?—I have not said that. I have said that I regard it as very important in the administration of a very difficult scheme of this kind, where the criterion for the award of benefit is rather difficult of interpretation, that the members should be financially interested in the protection of the funds.

L-583. I gathered that Mr. Lloyd George sent a delegation to Germany to enquire into the system of administration. When the delegation returned they were faced with the fact that there were old-established voluntary sickness societies, and therefore there had to be consideration of that fact?—I should point out that in Germany the system of insur-

ance institutions is very much on a par with the system in this country, except that in Germany, unlike this country, the employers have a voice in the administration of insurance institutions.

L-584. I just wanted to get your opinion with regard to a country that had no voluntary societies. If there were no voluntary societies, would you regard it as an axiom of any scheme that there should be instituted approved societies?—I would like to refer you to the paragraph in the Geneva Convention on sickness insurance as setting up a model scheme. In the Convention arrived at in Geneva on Sickness Insurance which was supported by an overwhelming majority of the countries present (it does not necessarily follow that they have all ratified it yet) this was the model scheme. The date of the Convention is 1927. "Sickness insurance shall be administered by self-governing institutions, which shall be under the administrative and financial supervision of a competent public authority, and shall not be carried on with a view of profit. Institutions founded by private initiative must be specially approved by the competent public authority. The insured person shall participate in the management of the self-governing insurance institutions on such conditions as may be prescribed by national laws and regulations". At the Geneva Conference it was pointed out that in some countries the organization of employers and workers had not reached such a stage as might enable these self-governing institutions to be formed, and the following rider was added: "The administration of sickness insurance may nevertheless be undertaken directly by the State where, and as long as, its administration is rendered difficult or impossible, or inappropriate, by reason of national conditions, and particularly, by the insufficient development of the employers' and workers' organizations".

L-585. Take the rider, and apply it to India, where the working population is illiterate: would you then agree with that rider?—It is difficult for me to answer that question, not knowing precisely the conditions in India, but if the position be as you say in India, the rider would seem to apply to the Indian situation.

L-586. *The Chairman*: Turning for a moment to the question of maternity benefit, which is part of the system, is that, within the scheme, self-supporting? Do the contributions meet the cost of maternity benefit?—Yes. The cost of the maternity benefit was one of the factors in the assessment of the contributions. As a matter of fact there is a profit on maternity benefit to the approved societies, partly because of the reason that there has been a decline in the birth rate in recent years in this country.

L-587. Has there been any noticeable effect on infant mortality?—The infant mortality rate has improved very much in this country, but I cannot trace it directly to the National Health Insurance scheme, because that is a cash payment. It does not include attendance during confinement or during pregnancy, except in respect of an insured woman. About three-fourths of the maternity benefits are paid to the uninsured wives of insured men, and at the present moment they are not entitled to medical attendance during the pregnancy period, or to medical or midwifery attendance during confinement. That has been one of the main criticisms against our present scheme in recent years, and successive governments have announced their intention, when opportunity occurs, of re-modelling this particular part of the National Health Insurance scheme with a view to the inclusion of attendance at confinements, and also medical attend-

ance during pregnancy, not only of insured women, but also the uninsured wives of insured men.

L-588. Of the whole outgoing in any one year, can you give us any idea as to how much of it represents medical benefit and how much represents sickness benefit?—In 1928, the latest year for which I have audited returns, the total outgoings on benefits in England, Scotland and Wales were, roughly speaking £32,000,000. Of that £32,000,000, £10,000,000 was spent on medical benefit, £11,000,000 was spent on sickness benefit, £6,000,000 was spent on disablement benefit, £1,700,000 was spent on maternity benefit, and other benefits, such as dental treatment, convalescent home treatment, ophthalmic benefit, nursing services, and the provision of surgical appliances, etc., it amounted to over £3,000,000.

L-589. *Sir Alexander Murray* : Can you tell us how many received medical benefit, how many received sickness benefit, how many received disablement benefit, and so on?—It is very difficult to give the precise numbers. I have mentioned that we disbursed 25 million cash payments in the course of the year, but we do not know at headquarters the actual number of individuals to whom those payments were made, because they were made through the medium of the 8,000 societies and branches. As regards medical benefit, you may take it that of our 16,000,000 insured persons, roughly speaking, nearly 60 per cent. of them get medical treatment in the course of the year—not necessarily cash benefit, because a considerable number of them are not sufficiently ill to justify or to necessitate the payment of cash. They go for treatment.

L-590. That includes both doctors and medicine?—Yes. About 60 per cent. of the 16,000,000 people go to the doctor in the course of the year for treatment, and get from him the necessary treatment, which also includes medicine. I may say that, roughly speaking, there are about 50,000,000 bottles of medicine prescribed in the course of the year.

L-591. *The Chairman* : Those are all orthodox medicines?—Yes, made up from the doctor's prescription.

L-592. Made up from the prescription of a qualified medical man?—Yes.

L-593. *Mr. Joshi* : Have you calculated what is the average period of sickness per member?—It varies with age.

L-594. Does it vary in the different industries also?—It varies according to industry, age, and sex.

L-595. Can you give us figures about it?—I can send you a recent actuarial report by the Government Actuary, showing the average duration, for men and women separately, of sickness and disablement benefit at successive age groups.

L-596. As well as for different industries?—I cannot give them for industries, because our approved societies are not organized on an industrial basis.

L-597. What was the attitude of the workers towards the contributory scheme?—There was a certain amount of hostility at first, mainly among employers, and not so much among the workers, because even before the scheme was brought into operation there were about 6 million people insured through trade unions and friendly societies who were accustomed to pay weekly contributions—not to speak of the very large number of persons who had been accustomed to pay weekly contributions to the industrial insurance companies. So that there was no hostility worth speaking of amongst the workers at the inception of the scheme. There was a certain amount of hostility amongst employers—not, I think, to the

contribution, which was comparatively small, but to the novelty of the procedure and to the rather irritating nature of the new card system. That has almost disappeared, and it has disappeared the more completely in recent years since the National Health Insurance was linked up with the contributory pension scheme. The contributory pension scheme is particularly popular. Under the combined scheme at the present time, under which we collect about £50,000,000 a year in contributions, we estimate that we are getting nearly 99.5 per cent. of the contributions.

L-598. Your experience is that, although there may have been some hostility in the beginning, that hostility has been overcome?—To a large extent. We still have negligent employers, and I am sorry to say that we have a good many prosecutions in the course of the year; but they form a very small fraction of the total.

L-599. You say that there are at present about 2,000 approved societies?—Their numbers have fallen and we have now about 1,000 societies, and 7,000 branches.

L-600. Can you tell us what proportion of Societies had their framework ready before the Act came into existence, or what proportion came into existence as organizations after the Act came into operation?—The framework for the National Health Insurance scheme was completely new.

L-601. There were trade unions doing some work. Can you tell us how many such societies had their framework ready. That is what I call framework?—If in "having the framework ready" you would also include the industrial insurance companies, then I should say that insured persons to-day are insured to the extent of at least 70 per cent. in somewhat kindred organizations which had already been in operation prior to the inception of the Act. That is a rough guess.

L-602. *Mr. Cliff*: Can you tell us, if you excluded industrial insurance societies, what the rough figure would be?—Then I think the rough figure would be nearer 30 to 40 per cent.

L-603. *Mr. Joshi*: Is it your experience that medical facilities developed in this country after the Act more than they were in existence before the Act? Was the Act instrumental in developing medical facilities to some extent?

The Chairman: Are there more qualified doctors spread over the country now than there were?—I cannot say off-hand.

L-604. *Mr. Joshi*: Does not this Act provide a bigger field for the work of doctors?—I should say that the doctors financially are in somewhat better position to-day than they were prior to the Act.

L-605. We must take it that the Act encouraged the coming into existence of medical facilities to some extent?—Certainly the facilities have not diminished, but I cannot say off-hand whether the number of doctors has increased. I rather think that there has been an increase in the number of doctors. As regards the spread of medical facilities at the inception of the scheme, there were a few areas where we had to make special arrangements inasmuch as there was no doctor on the spot. That does not exist to-day.

L-606. *Diwan Chaman Lall*: There has been a better regional distribution?—Yes.

L-607. *Sir Ibrahim Rahimtoola*: In your memorandum you give a list of classes of persons who may be exempted. Amongst these are those persons who are "only intermittently employed". What does that mean?—There are certain classes of employment in this country which are taken up as part-time occupations—what we call subsidiary employ-

ments. I may instance a lamplighter, or a sexton in a church. Under certain circumstances they need not be insured. There are also other persons who only work intermittently at something which is not their main occupation. They depend for their livelihood on the other occupation. If they want to be exempted from insurance as regards the incidental employment, they can claim accordingly.

L-608. Is it the practice here that industrial workers are classified as permanent workers?—We say that all persons under a contract of service must be insured, but there are certain minor employments, which a man may take up during his spare time, or at very casual periods, on which he does not depend for his livelihood; he is mainly dependent for his livelihood on some other occupation, which is not of an insurable character. We say to him, "If you wish to get exemption from the scheme, then you can get a certificate of exemption".

L-609. Is it a fact that ordinarily, labour settles permanently in places where it finds employment; as for instance, those who are continuously employed in industry?—We do not ourselves raise the question of whether they are continuously employed or not. All persons who are employed under a contract of service—either manual workers without any wage limit, or if they are not manual workers, up to £250 a year—must be insured. We do not ask them whether they are employed one week, and unemployed the next. They are all entitled to be insured, except these limited classes of persons who are doing work of a very subsidiary or intermittent character. If the latter wish to get outside the scheme, we allow them to do so. The combined contribution for health and pensions is 1½d. per week, and a man may be engaged on a Sunday for a couple of hours doing very light work for which the remuneration may not be more than 2½ or 3½. In some cases the contribution might equal the remuneration.

L-610. Is there any industry in Great Britain where labour is more or less of a migratory character?—Yes. The extent to which labour, especially unskilled labour, changes from one class of occupation to another, is rather remarkable. Roughly speaking, about 35 per cent. of our 16 million persons change their addresses in the course of the year, and a smaller but, still, a very considerable, percentage change their occupations.

L-611. That is to say, they change their occupation and get employment in some other industry?—Yes.

L-612. *Sir Victor Sassoon*: You have no figure for the percentage who changes its occupation?—No, because we have not got occupational statistics.

L-613. *Sir Ibrahim Rahimtoola*: You say, "Societies are not ordinarily grouped on a territorial basis, but the members as a rule have some community of interest which may be occupational, religious or social, or may arise out of membership of the private side of the society". What is meant by that?—Amongst our thousand societies a certain percentage are friendly societies. The members have a community of interest. They are members of the Odd Fellows, or of the Druids, on the private side, and generally they join the approved society section of that particular friendly society. Then we have the occupational groups. Most trade unions form an approved society. The Society is an independent organization, but it is administered by the trade union, and the trade union is very anxious to keep all its members together. A large percentage of the members of a trade union identified with a particular occupation join the

approved society associated with that particular trade union. Then with regard to religious societies, there are quite a number of church organizations which have approved societies of their own. We have the Church Benefit Society—a very large and a very good society identified with one particular church. Then we have the Wesleyan Benefit Society, and the Catholic Benefit and Thrift Society. We have all types.

L-614. What about the social societies?—We have one Society known as the Comical Fellows. It is a small social community banded together for harmony and social enjoyment. They have formed an approved society, and the members have enrolled in that society—and it is a very well administered society.

L-615. You say, “or may arise out of membership of the private side of the society”. What does that mean?—The large industrial societies, when this Scheme was started, also organized approved societies, and most of the members who had been accustomed to paying their contribution week by week to the industrial side, joined up with the approved society which was associated with the private side.

L-616. Have you any statistics to show what is the total number of qualified medical practitioners in each of the countries forming Great Britain in proportion to the population?—I could supply that.

L-617. *Mr. Clow*: Was the element of compulsion on the worker necessary for the success of this scheme?—Yes.

L-618. Why?—The contribution, which for health insurance is 9d. a week, is based on the assumption that we will get all persons who are under a contract of service, from the age of 16 upwards, into the scheme, thus bringing in the young persons, where the sickness risk is very light. If there were no compulsion, we would naturally have a selection against the scheme, and we would have to have a much larger contribution.

L-619. In other words, you would have a much higher rate under a scheme which the worker could join if he wanted to, and if he joined the employer would be compelled to pay, but out of which the worker could stay if he so desired?—The employer would not only have to pay a much higher rate, but possibly some employers might have a slight prejudice against the worker who elected to join the scheme.

L-620. *The Chairman*: The essence of any real insurance scheme is to spread the risks over the widest possible field?—Yes.

L-621. *Mr. Clow*: I gather from your memorandum that a man gets no benefit unless he continues his payments for six months on end, and he does not get the full benefit unless he has two years' payments to his credit?—That was only at the inception of the scheme. At the start it was necessary to accumulate a certain contribution fund before benefits began, and the Act laid it down that no sickness benefit would be paid to any person unless he had paid at least 26 contributions, and that no disablement benefit would be paid until he had paid 104 contributions. Having paid the necessary number of qualifying contributions, his benefit rates depend in subsequent years on the number of contributions to his credit in the preceding year. That is to say, we do not keep a life-long record of an individual's contributions. Once having qualified, then his benefits depend on the number of contributions in the preceding year.

L-622. Are those qualifications still necessary in the case of those who are now joining the scheme for the first time?—Yes. All new entrants must provide the necessary number of qualifying contributions.

L-623. What happens to the man who is in seasonal employment, like a waiter?—He has the right to continue to voluntarily stamp his own card during weeks in which he is not under a contract of service.

L-624. What happens if he fails to do that? Does he qualify himself until he has served another six months?—No. I am assuming he has already got the qualifying insurance. If he has not the necessary number of contributions to his credit during the contribution year, possibly he may not be entitled to any benefits in the following year. A person who has less than 26 contributions to his credit in any particular year is not entitled to any benefits in the following year. The ordinary employee is not hit by that particular provision, because during weeks of sickness and during weeks of genuine unemployment, he is credited with contributions. They are deemed to have been paid. Therefore he gets the benefit of contributions during weeks of sickness and unemployment. But the man who voluntarily abstains from work and who is not looking for work, or the man who has given up an insurable occupation and has taken up work on his own account, will suffer, unless, during the weeks in which he is not insurably employed, he stamps his own card.

L-625. That means he pays his own contribution as well as the contribution that would have been payable by his employer?—Yes.

L-626. Do many do that in practice?—Not a very large proportion. I may put it down as something like 300,000 or 400,000 out of the 16 millions.

L-627. Is a society entitled to reject any members who apply to it?—Yes. A society is entitled to reject any member except on the ground of age.

L-628. So that a society can make a selection of A1. lives if it wants to?—Yes.

L-629. Those who are rejected can come in as deposit contributors, can they not?—Yes. On the whole, the societies are quite anxious to get members, and it is very rarely that a man is unable to get into an approved society; but if such a case does arise, then we have provided a deposit contributor scheme into which he can come, which is administered centrally by the department. If he is in ill-health he comes into the Invalid Section of the deposit contributor scheme, in which he is entitled to the ordinary insurance benefits.

L-630. At no higher premium?—At no higher premium.

L-631. Are there societies which make a point of taking only selected persons like total abstainers?—Yes. We have a large Society called the Rechabites, they will only take total abstainers, but a person who cannot get into the Rechabites has no difficulty in getting into some other society. The competition for members is pretty keen.

L-632. A society which went on the principle of special selection would normally be able to pay much higher benefits?—Yes. That is the present position. We have quite an appreciable number of approved societies who are able to increase the statutory benefits by no less than 50 per cent. At the other end of the scale we have a small number of societies which have never been able, and which will probably never be able, to give any additional benefits. I will explain the position. Take some of the miners' societies, where the sickness experience is very heavy. They never have a surplus, and they will never be able to give additional benefits. They frequently are in deficiency, but under the arrangement of the National Insurance Scheme there is a fund called the Central Fund, out of which we give grants to societies in deficiency in order to enable them to pay at any

rate, the statutory benefits. These grants are not given where the deficiency is due to bad administration ; but if a society is in deficiency, it is usually the case that the deficiency is due to the rather unhealthy occupations which the members follow, and a grant is made from the Central Fund which enables the society to pay the statutory benefits ; it is not in a position to give additional benefits.

L-633. *Sir Ibrahim Rahimtoola* : What is the number of cases in which the Central Fund has been indented upon, and what is the amount which has been paid in the last few years from the Central Fund ?—On the last valuation, we made, about six or seven grants from the Central Fund to the total amount of about £20,000 to £30,000. The valuation which is now in progress is resulting in a larger number of deficiencies, and the question as to the extent those deficiencies will be met by grants from the Central Fund is under the consideration of the National Health Insurance Joint Committee.

L-634. *Mr. Cliff* : Can you tell us what were the considerations which led to the decision to make it a flat rate contribution ?—I am not sufficiently acquainted with the past history on that point. But the first consideration, I should imagine, was that this country decided to give a flat rate of benefit. In most European countries the benefit is graded according to the wage of the worker. In this country the benefit is a flat rate of benefit, because this country has never professed to give a sickness insurance benefit which it regards as fully ample for all the needs of the worker. The benefit is only presumed to be sufficient to meet the primary necessities of the worker. That decision was arrived at in view of the large number of voluntary organizations in this country, and the Government of the day did not desire to interfere with the activities of the friendly societies or of the trade unions who were already doing sickness benefit. Consequently, a flat rate of benefit was adopted, and I should imagine that by a natural corollary it was then decided to fix a flat rate of contribution, the workers, who thought their contribution was rather high in comparison with other workers, being given an opportunity to form their own particular approved society.

L-635. Is it reasonable to say that it is largely based on previous practice, as far as this country is concerned ?—It was the first scheme of State Insurance in this country.

L-636. I was thinking more particularly for the voluntary societies ?—Many of the voluntary societies grade the premium according to age. A flat rate of contribution is much more economical to administer than where the contributions vary from week to week, or from month to month, according to the varying wages of the worker. That is a much more complicated and expensive form of administration.

L-637. Was that an important consideration at the time the decision was taken ?—No, I should not think so.

L-638. In your memorandum reference is made to certain recommendations of the Royal Commission for the improvement of the scheme in detail. The most important of these is with reference to medical benefit. Are there any proposals extant with regard to the medical benefit side ?—This Government has set up a Committee of the Cabinet to survey all the different forms of social insurance, and I am not in a position to give any information as regards the work of that Committee ; but I may say that the Government did announce last autumn that it was its hope to introduce an improved maternity service. No promise has been held out by

this Government as regards the introduction of legislation for a specialist service. It is very costly, and I fear we have not got the money.

L-639. I understood you to say that a good deal of the time that was taken before the scheme was brought into complete operation was really due to the negotiations which had to take place with what one might term vested interests?—Yes.

L-640. Did the provision of medical services involve a large amount of work?—Yes. The negotiations with the medical profession, which were of a somewhat difficult character, took a long time.

L-641. Mainly on terms?—Yes, and also on organization. The necessary contracts had to be entered into with 17,000 doctors, and the conditions of service had to be agreed.

L-642. Is it your opinion that in order to establish a system of medical administration in a new field it would take a very long time to create the organization?—It would depend what groundwork you had upon which to build.

L-643. Assume a new field with practically no ground work?—Then it would take a very long time indeed. I regard the existence of medical services as an essential pre-requisite to any sickness insurance scheme, because you must get medical certificates of incapacity. In addition the workers ought to get some form of treatment.

L-644. Could you visualize, in the initial stages, medical treatment without any scheme of cash benefits?—Yes. That is the recommendation for the rural areas by the South African Commission, which considered the subject. The South African Commission, whose report I would commend to the perusal of this Commission, were faced with the very difficult problem of the inadequate medical services in the rural areas of South Africa, and they recommended that at the start the sickness insurance scheme should be confined to the industrial areas where there were ample medical facilities. They did not recommend sickness insurance by industry. They recommended sickness insurance as applicable to a whole industrial area, because if sickness insurance is restricted to industry, difficulties arise when workers leave a particular industry which is covered by the scheme and go into another occupation or industry which is not covered by the scheme. The workers have a sense of grievance that they have lost their insurance rights. The South African Commission recommended that the scheme should be general in industrial areas, but as regards the rural areas they felt it was impossible at present to start a scheme in rural areas. They recommended the widening of the medical services in those areas so that adequate medical facilities should be on the ground when an insurance scheme was subsequently brought along.

L-645. I understand you would recommend us to peruse that Commission's report?—I should. It is a valuable document.

L-646. *The Chairman*: What is the date of that report?—It is the second report of the Commission on Old Age Pensions and National Health Insurance of the Union of South Africa. It is printed in Pretoria, 1928.

L-647. *Sir Victor Sassoon*: Has anything been done on that report?—I have not yet heard of any definite steps having been taken.

L-648. *Mr. Cliff*: Can you assist us any further with regard to practical difficulties which face this Commission in envisaging a new field where there has been no scheme in the past, and where there is no voluntary scheme?—It is very difficult. There are so many questions to be considered. Will the contributory principle be adopted? How can the

contribution be calculated? Can the wages in particular industries bear the appropriate share of the workers' contribution? Can industry bear the appropriate share? Is the scheme to be restricted to particular industries with its disadvantages and grievances on the part of the workers, or is the scheme to be applied to all occupations in a particular area? Will the scheme be restricted solely to industrial areas? Have you got the necessary supply of medical facilities upon the ground?

L-649. *The Chairman* : And the more or less general acceptance of one system of medical treatment?—That is of fundamental importance.

L-650. *Diwan Chaman Lall* : In what way is it fundamentally important? Take the case of a *hakim*. If a man thinks it is better for him to be treated by a *hakim* than by a F.R.C.S. qualified in Edinburgh or London what difficulty would there be about it?—I take it that in assessing the contributions you must envisage a uniform system of medical treatment for the purpose of calculating the average duration of illness.

L-651. *Mr. Clow* : How do you deal with homœopathic treatment in this matter?—We do not recognize that, unless given under proper medical advice.

L-652. Suppose a workman goes to a homœopath?—He has to make his own arrangements.

L-653. But he does not get any benefit?—The only medical benefit under the Act is that given by a duly qualified medical practitioner.

L-654. *Diwan Chaman Lall* : Let us take this question of the different systems of medicine. The main purpose of the Act is to provide medical assistance for the sick person?—The Act uses the word "adequate".

L-655. If the laws of the country recognize the indigenous system of medicine to be adequate, would it not widen the field and provide a larger number of medical assistants for the purposes of this scheme—if both the indigenous system in India *plus* the foreign system were adopted?—That is not a matter I can answer. That is a matter for the Government for the time being.

L-656. I am only trying to arrive at the actual difficulty in practice that might arise. If, let us say, there are two systems of medicine in India both recognized and if you had a register on which you placed certain recognized doctors possessing the necessary qualifications, would it not facilitate the work rather than create any difficulty?—If the services were uniformly efficient from a health point of view, then there would be more facilities by including these other services. I cannot put it higher than that.

I postulate that—that the service given by the indigenous doctor, a fully qualified and recognized doctor, would be equally competent, provided the worker desires that he should be treated by the indigenous doctor.

Sir Victor Sassoon : Why not restrict it to the treatment by the indigenous doctor? Let all the services be performed by indigenous doctors only. Then you would get uniformity.

Diwan Chaman Lall : I am not worrying about uniformity. The point I am worrying about is whether it would not widen the field, provided the proviso is there.

Sir Victor Sassoon : The witness' point is that there should be uniformity.

L-657. *Diwan Chaman Lall* : What I am putting is this. I am postulating this. Here are the two indigenous systems, and you get a certain number of doctors fully qualified according to these systems of medi-

cine. What difficulty could there be in working the scheme with all the three systems working side by side with the proviso that it is an efficient system of medical assistance? One difficulty which faces India is the shortage of doctors. This would widen out the field. So far from creating a difficulty it would assist us?—I think I would prefer not to express any opinion on this subject.

L-658. May I then take the next point, of migratory labour? I would like you to assist us in regard to this particular matter. Generally in India a worker goes away for two or three months in the course of a year to his village and then he comes back to his occupation. Could there be any real practical serious difficulty in administering a system like this where the habits of the worker are such that he leaves his occupation for a certain period in the year and then comes back again?—No, there should be no difficulty if it is simply a temporary removal. In this country when a man has paid the necessary number of contributions and he gives up his employment, he is kept in insurance for, on the average, 21 months, after the last week of employment, and if he comes back within that particular period his insurance is unbroken. He can as a matter of fact, when he is away, pay up the necessary contributions if he so desires and keep himself in benefit. But the continuity of the insurance is unbroken.

L-659. *Sir Ibrahim Rahimtoola*: He would have to pay both contributions—his own and the employer's?—Yes, in order to keep himself in benefit. If he did not pay the contributions he could take up his old insurance on his return, but he would not necessarily be entitled for benefit for some time until he had paid up a considerable number of contributions.

L-660. *Diwan Chaman Lall*: That is a matter of pure administrative detail which could be worked out. Is it the particular conditions of the country?—Yes. The real difficulty arises when a worker has been in an insurable occupation for a long time, thinks he has built up a considerable reserve in the fund, and then passes into an uninsurable occupation. In this country he can elect to continue to be a voluntary contributor, but in many cases he is unwilling to pay the double contribution as a voluntary contributor, and he has a sense of grievance because we do not give him a surrender value. He simply passes out of insurance.

L-661. Suppose you had not had a basis from your friendly or industrial insurance societies, do I take it that a scheme like the one you have now would be impossible to work or to inaugurate?—It would have to be safeguarded very carefully from a financial standpoint. I take it you would have to make certain empirical calculations, arrive at certain contributions which might or might not be accurate, and then you would have to provide in the scheme that in the event of the contributions proving inadequate, they were either to be raised or the benefits reduced.

L-662. That is the main difficulty that would face a new scheme?—One of the main difficulties.

L-663. Has the incidence of industrial insurance been very heavy in this country?—In this country we have a number of insurance schemes—the health insurance scheme, the pensions insurance scheme, the unemployment insurance scheme; these various State schemes, coupled with the cost of workmen's compensation, have resulted in rather a serious charge being imposed upon industry.

L-664. Take health insurance alone?—Health insurance alone, no. I should not say it was a serious charge on industry. Its cost is, of course, simply absorbed in the standing expenses.

L-665. *The Chairman* : Is it the fact that, in the main, the result has been that the employers have paid the worker's contribution as well as their own ?—No. In the main the worker pays his proportion of the contributions. There are exceptions to that, mainly in domestic service, where mistresses are rather disposed to pay the whole contribution. In the main, the worker pays his proportionate share of the contributions.

L-666. *Diwan Chaman Lall* : On the other hand, the better health of the worker, resulting from the administration of a scheme like this, adds to the efficiency of the industry ?—That is one of the arguments in favour of the health insurance scheme.

L-667. *Colonel Russell* : You mention that the Minister has appointed a body of medical referees known as Regional Medical Officers. How many of these are employed in England ?—There are in England about 50 whole-time regional medical officers. In addition, in order to cope with the large number of references at certain seasons of the year, we have a panel of about 150 to 200 part-time officers who are called upon as required.

L-668. For what area and what population are these whole-time officers responsible ?—England is divided into four main divisions. There are about 12 officers identified with each particular division.

L-669. I should like to know what is the average area and population for each of these regional medical officers. What population does each deal with ? I suppose it would be less than a million ?—Yes. In England we have about 14 million insured persons, and that is divided between 50 whole-time officers, the proportion being much less in the rural areas.

L-670. Have these officers any special qualifications before they are appointed ?—They are selected by a Treasury Selection Board. They are all men who have been in general practice for many years, and stand in high repute in their profession.

L-671. You also mention an inspection staff employed in connection with the enforcement of payment. Can you give us details as to the number of that staff ?—We have an inspection staff of about 600. Until recent years the duties of the inspection staff mainly centred on securing compliance with the Act. Although the Act is very popular there is always a certain number of employers who are either negligent or evasive, who do not pay the contributions, and as a result their workers are threatened with a loss of benefits. These cases are reported to us, and we have about a thousand prosecutions a year for evasion.

L-672. The population dealt with by each inspector is still less than the regional officer's ?—Yes, but I should state that the duties of our inspectors are not confined to the health insurance scheme. They also do the necessary non-compliance work in connection with the pension scheme, the examination of pensions claims, and in addition the non-compliance work for the unemployment insurance scheme under the Ministry of Labour.

L-673. Obviously you consider that a very large staff is necessary for inspection purposes ?—Yes.

L-674. You give an interesting table in your memorandum. The total figure given in the first line is 371,000. Those are the cases referred to regional medical officers ?—In England in 1928.

L-675. When those cases were referred to the regional medical officers about 94,000 are said to have "declared off". What do you mean by that ?—The cases sent to the regional medical officers were those about which the approved societies were in doubt. Most approved societies have a system of sick visitors, and they get to know what their particular

members are doing during the time they are in receipt of benefit. A sick visitor may report that a man was up and about, and looked as if he were better. The society sends these doubtful cases to the regional medical officers for examination.

L-676. My point is did this 94,000 "declare off" when they had a warning that they were to be sent before the regional medical officer?—Yes.

L-677. That was the reason?—Many of these persons would probably have declared off anyhow at that particular time.

L-678. The whole 94,000?—I would not say that.

L-679. Then what was the point in sending them before the regional medical officer?—They were cases which had a certificate from a doctor that they were incapable of work. Many of them would have received the following week a certificate saying that they were fit for work. In the meantime the society, not being sure as to whether it was a genuine case, had submitted it to the regional medical officer, who wrote to the insured person saying "I want to see you for examination purposes". In the *interim* almost a week had elapsed.

L-680. Can you give us examples, with regard to the third group, of the "other reasons" for failure to attend the examination?—It is simply that when they get the notice that the regional medical officer desires to examine them they apparently get better.

L-681. That was the point, I wanted to bring out?—I should like to slightly modify that. There are a certain number of people, especially women, who will declare off the funds rather than face a regional medical examination, although possibly some of them may be ill.

L-682. Recent statistics have shown an alarming increase in the numbers of sickness certificates, and that is now a subject under consideration for enquiry?—Yes.

L-683. Can you indicate to the Commission the probable causes for this large increase during recent years?—It is a subject of investigation at the present time, and I should prefer not to anticipate the findings.

L-684. But it is a fact that the numbers of sickness certificates have largely increased?—Yes.

L-685. Especially among women?—Yes.

L-686. In reply to a question which was put to you by the Chairman, you said that the contribution for women had been re-adjusted. I take it you meant increased?—Yes.

L-687. *Miss Power*: You said that the South African Commission had advocated insurance by industrial areas instead of by industries. I do not know why the former should be simpler than the latter. Is not there almost the same degree of fluctuation, since populations in areas are no more static than they are in industries?—The Commission do not give their reasons for coming to that conclusion, but I should have thought that the population in an area would be more static than population per industry. That certainly would be the experience in this country.

L-688. *Sir Alexander Murray*: You say that in this country one in every three changes his address in 12 months. What does that imply—that they go from industrial to rural areas, or from rural to industrial areas, or change their address within one year?—It is due to a variety of reasons. The housing difficulty would be one reason. Another reason is that they change their occupation in the area, and go to another address which is more convenient to their new occupation.

L-689. *Miss Power* : Is there any way of measuring the effect on the health of the population of national health insurance, that is to say the degree of prevention of sickness that has been effected ?—I can only, in that connection, refer you to the report of the Royal Commission on Health Insurance, where it says that it has been an important factor in improving the health of the people. Unfortunately in recent years the sickness claims have risen which would rather seem to weaken the force of that statement, but we fancy that there are a number of other contributory causes. Undoubtedly prolonged unemployment has been one of the contributory causes to the increase in sickness in recent years.

L-690. The Chairman put a question to you about maternity benefit, and you implied that the weakness of the British scheme was that it was not linked up with any medical facilities. Is there any way by which maternity benefit could be made to encourage a woman to avail herself of existing medical facilities, given a natural disinclination on her part to do so, which is the case in India ? How could you link up maternity benefit in such a way without actual compulsion ?—Maternity benefit, I think, should consist of two factors. One is medical attendance during pregnancy and proper attendance at the time of confinement, *plus* a cash payment to the mother at the time of the confinement for the necessary extra expenses attendant upon the birth.

L-691. Would you deduct the cost of the former from her benefit ?—There might be a diminution in the amount of the cash benefit if she failed to avail of the medical facilities.

L-692. That in itself is a measure of compulsion. Do you think it is a practicable proposition ?—It would seem rather harsh.

L-693. You would not defend it ?—I would not like to do so, because at the time of confinement it is of vital importance that there should be some extra cash coming into the home.

L-694. What is the best way to give a woman the full cash benefit and also supply her with medical facilities ?—We have an admirable system of maternity and child welfare centres in this country where the necessary advice, especially in connection with first confinements, is given to mothers. By public opinion we are endeavouring to encourage mothers to go to these centres, and we are glad to say that they are being increasingly availed of each year.

L-695. We were informed that the full benefit to the woman could not be obtained where the lump-sum was paid after confinement, that it should preferably be spread over a period before and after confinement. What is your attitude towards that suggestion, seeing that the benefit in this country is payable in a lump-sum after confinement ?—In this country a woman who is herself insured—that is, an employed married woman—is not only entitled to the lump-sum on confinement but she is entitled to sickness benefit during pregnancy, if she is incapable of work.

L-696. Then the sum is spread over a certain period ?—A very large percentage during the seventh and eighth months of pregnancy do receive the sickness benefit. If they are uninsured wives of an insured man then they get nothing except the £2.

L-697. Has there never been any suggestion that that payment would be more valuable if spread over a period before and after confinement ?—

The main suggestion has been that the woman during pregnancy and at confinement should get proper medical and midwifery treatment.

L-698. Another suggestion which was made to us a number of times in India was that with a conservative and uneducated people the money would be better expended by the State than by the individual, and therefore the payments were best made in kind. Do you think it is administratively practicable to have a scheme of payment in kind?—The British scheme does provide for the £2 being disbursed in kind, but it has never been resorted to.

L-699. What sort of "kind" ?—The Act does not specify. It simply uses the words "cash or otherwise". But it has never been resorted to inasmuch as the cash payment is very popular, and the approved societies have adopted the popular method of administration.

L-700. *Sir Victor Sassoon* : Does the Act state definitely that it should be paid in kind?—No, it gives a discretion—that the money instead of being disbursed by way of cash may be disbursed in kind.

L-701. *Miss Power* : At whose discretion?—The discretion of the approved society.

L-702. *Sir Victor Sassoon* : Is there any approved society which has decided to do that?—No, because the money benefit is so popular.

L-703. Is it a question of popularity, or a question of what is best from a health point of view?—I have said that successive Governments have inclined to the opinion that it is not desirable that the whole benefit should be disbursed by way of cash, and that it is hoped even though it may necessitate some reduction in the amount of the cash benefit, that a medical and midwifery service in connection with pregnancy and confinement may be set-up.

L-704. *The Chairman* : When you say "popular", do you mean popular with the husband or with the wife?—The money must go to the wife. It is the wife's money, and of course it comes into the home at a time when there are a certain number of extra expenses—clothing, food, etc. It is popular. I am not suggesting it is ideal.

L-705. *Miss Power* : When you say "kind", can that be interpreted as meaning something additional to medical benefits—such as milk or food?—Yes. Under the maternity and child welfare scheme in this country milk is provided.

L-706. *Sir Alexander Murray* : With regard to the question of operating on virgin soil in India, you have already been asked about the introduction of a flat rate instead of a graduated rate. You suggested that empirical calculations would have to be made if you were starting in India. I understand that in this country, taking the experience of the voluntary societies, they found that at the age of 16, the average number of days' sickness would be six and a half, and that at the age of 65 it would be 18 weeks, and that then they averaged it all out, and decided that there should be a flat rate on the basis of that experience?—That was the method of approach.

L-707. We have no statistics of any kind in India showing what the sickness would be at age 16, or at age 65. Where should we turn to make a start, even on the basis of empirical calculations?—Are there no health records in India as regards duration of sickness?

L-708. Not as regards duration of sickness.—Has no attempt ever been made to compare the rate of sickness in India with that in any other country ?

L-709. Not of sickness. We have the death rate. For instance, the average lifetime in India is 25 years, and the average lifetime in England and elsewhere is 50 years. So we start with that difference.—Is there any relation between the sickness experience of India and that of Japan, where there is an insurance scheme ?

Sir Alexander Murray : None, so far as I know.

L-710. *The Chairman* : If a man is absent from his work, he is marked as an absentee. He may have malaria, or he may be marrying a daughter, or he may be getting married himself, or he may be going to his country house. It is all lumped in as one thing ?—Then I am afraid your calculations would have to be very empirical.

L-711. *Sir Alexander Murray* : There is another point. In this country there are medical officers of health, and other organizations, spread all over the country, and there are not epidemics here which there are in Eastern countries. There are very few expert medical officers of health in India, but there are a great many epidemics. There are fevers, malaria, cholera, dysentery, and so on. Could any line be drawn between figures of health or sickness on this side, and similar figures in India, keeping that in view ?—No, I do not see any analogy. You would have to arrange the finance and the organization in such a way as to be able to cope with epidemic problems. I might mention that we have done something in that direction in this country. Every society has what is called a contingency fund. From the contributions received in respect of the members, a certain amount is put to reserve every year as a contingency fund to safeguard the future of the society in the event of undue fluctuations in the sickness experience.

L-712. You had eighty years' experience behind you ?—Yes. And, of course, it must be borne in mind that one of the most important factors in arriving at the contribution is the relation which the rate of benefit offered bears to the rate of wage.

L-713. There is another thing. In a town like Bombay, where there is a population of one million, there are statistics showing that at least one-half of that one million come and go from Bombay every year. There are statistics showing that they sail by steamer to Bombay, and sail back again to outside ports. How will you get the doctors to keep in touch with the patients in those circumstances ?—I take it that they leave Bombay to go to some other district where there would be no insurance scheme.

L-714. That is so.—They would not be entitled to any benefits, medical or otherwise, outside the particular area in which the scheme was operating.

L-715. Therefore for the time being it would be in suspension ?—Yes, they would be away from the benefits.

L-716. *The Chairman* : Although they might have been compelled to pay their contributions during the whole time they were in Bombay ?—Yes.

L-717. If they preferred to go to their homes when they fell sick they would lose all that ?—If the scheme was not in operation in their home districts. That is one of the difficulties we have as regards persons who

pass from the insurance scheme. They think that they are entitled to a surrender value from their past contributions. Under the scheme in force in this country there is no surrender value, because they only pay a contribution based on the age of 16. They are never paying a contribution in excess of the current risk, and where you are not paying a contribution in excess of the current risk there is no accumulation, and there is no surrender value.

L-718. *Sir Alexander Murray* : The relative proportions of the insured people in this country are two men for one woman, but from the table in your Memorandum, medical references are made in the proportion of two women to one man. Does that mean that women malling more than men ?—The sickness experience of women in recent years in this country has been very disquieting ; in fact, critics of the National Health Insurance Scheme are urging that employed married women are not an insurable proposition. They urge that in some cases it is easy for the woman to stay at home because the husband is generally employed, and an income is coming into the home during her absence from work, and therefore there is not the same incentive for her to resume work. The insurance of an employed married woman in this country is becoming a difficult proposition. The claims of single women have also increased considerably of recent years.

L-719. *The Chairman* : Would that apply with greater stress in the case where a family depended upon the joint family income, besides that of the married woman ?—You will find that, as a rule, there is a tendency for the claim ratio to rise when there is not the same economic necessity to return to work.

L-720. Therefore where there is a large family group all bringing their earnings into the pool, it would stress the tendency which you have observed here ?—Yes.

L-721. *Sir Alexander Murray* : That is exactly the point. In the industrial areas in India, men, women and children are employed at the same time, and very often in the same works. One or two of the family may be out of employment, but there is still an income coming into the house ?—That would be a formidable factor in the proper administration of the scheme.

L-722. You refer to the affairs of the societies being in the absolute control of the members of the societies. Do you ever find that any of the less educated have been imposed upon by the better educated ?—Do you mean the officials ?

L-723. Do the officials take advantage of the more ignorant members of the societies ?—Not in this country, because of the system of supervision by the Government. The Ministry of Health exercises constant supervision, both from headquarters and through its inspectorate, on all the societies. In addition to that every society is subject each year to an audit by a Treasury auditor, so that if anything goes wrong in an approved society, and we find that it is being improperly administered, we can close it down if necessary.

L-724. I understood you to say that in some cases you have to give assistance from the Central Fund to societies which are not paying. Why do some societies not pay ?—Because they have been paying too much out in benefits. They have overdrawn on their funds.

L-725. Is that because the rate of sickness amongst that particular class of members is higher than it should be?—Yes. Take, for instance, the miners. It is very difficult for a society composed solely of miners to have a surplus—the sickness is so heavy.

L-726. On the other hand, in other societies, the sickness is less and there is a big reserve fund?—We have some rural societies which are able to increase the ordinary benefits by 50 per cent.

L-727. In connection with the Workmen's Compensation Act, when there is a surplus, it is given back to the insurers, but in this particular form of health insurance any surplus is available for increased benefits. Is there never any reduction of rates?—No, because if the society falls into deficiency, and there is a levy, the whole levy falls upon the members. The employer has no further responsibility, having paid his contribution. If there is a surplus, the whole surplus goes to the members. The liability of the employer, under health insurance, is definitely restricted to the amount of his proportion.

L-728. The rate has always increased; has it never decreased?—The employer's contribution for National Health Insurance was reduced three or four years ago.

L-729. It was originally 7*d.* for men, 6*d.* for women, and 3*d.* from the employer. Then it was put up to 10*d.*, 9*d.* and 5*d.*, and now it is down to 9*d.*, 6*d.* and 4½*d.*?—It was raised from 7*d.* to 10*d.* in 1921, when the benefits had to be increased owing to the increase in the cost of living.

L-730. With an increase in the cost of living you revised the whole scheme. What happened when a reduction in the cost of living took place?—We only put up the benefits by 50 per cent., and we have never got below 50 per cent. in the increase of cost of living yet, so there has been no reduction in the contributions since. The reduction in the contribution in 1926 was consequent upon the introduction of the Pensions Act. In the original Health Insurance scheme, sickness and disablement benefits were paid until the age of 70, but in 1926 the new Pensions Act gave the insured persons Old Age Pensions at 65. Sickness and disablement benefits ceased at 65 and it was therefore possible to make a slight reduction in the contributions.

L-731. *Sir Victor Sassoon*: Have you ever had to meet the problem of an insured person being able to purchase a sickness certificate from a corrupt doctor?—No. The doctors under their terms of service are not allowed to take any fees from insured persons. I have never known of an instance where an insured person has purchased a certificate from a doctor in this country. I could not conceive of such a thing. I have known of a doctor out of the goodness of his heart giving a certificate to an insured person which was not warranted, but I have never known of a case where a doctor has given it because it was bought.

L-732. From the point of view of the society, there is the problem of doctors giving certificates when perhaps they were rather stretching the point too far, or whatever the reason might have been?—I agree. There are doctors and doctors, even in this country, but I should like to say that, on the whole, apart from some uneasiness as regards the standard of certification, the service rendered by the medical profession in this country is of a high character.

(The witness withdrew.)

LONDON.

Fourth Meeting.

Thursday, 17th July, 1930.

PRESENT :

The Rt. Hon'ble J. H. WHITLEY (*Chairman*).The Rt. Hon'ble V. SRINAVASA SASTRI,
P.C., C.H.

Sir VICTOR SASSOON, BART.

Sir IBRAHIM RAHIMTOOLA, K.C.S.I.,
C.I.E.

Sir ALEXANDER MURRAY, KT., C.B.E.

Mr. S. LALL, I.C.S.

Mr. A. DIBDIN.

Mr. A. G. CLOW, C.I.E., I.C.S.

Mr. JOHN CLIFF.

Mr. N. M. JOSHI.

Miss B. M. LE POER POWER.

Lt.-Col. A. J. H. RUSSELL, O.B.E.,
I.M.S. (*Medical Assessor*).} (*Joint Secretaries*).

Mr. J. F. G. PRICE, C.B., Principal Assistant Secretary, Unemployment Insurance Department, Ministry of Labour.

L-733. *The Chairman* : We shall deal this morning with the two questions of Employment Exchanges and Unemployment Insurance. Perhaps you will be good enough to tell the Commission what your official duties are in those two connections ?—My official duties for the moment, and for the last year, have been solely in connection with the administration of the Unemployment Insurance Scheme, but for some years before that time I had been in charge of the Employment Exchange work conducted by the Ministry as well. It grew rather too large for one man, and there was a split. It was thought by the Ministry that this Commission would not like to be burdened with too many official witnesses, and as I have a fair general knowledge of the Employment Exchange work as well as the Insurance side, it was considered that I should come and give evidence on both matters. That is my official position with regard to the two matters you have mentioned—first, the Employment Exchanges and their machinery for placing people in employment, and secondly, the Unemployment Insurance Department of the Ministry.

L-734. May I take first the question of the Employment Exchanges ? They were instituted in the beginning of 1910 ?—That is so, under the Act of 1909.

L-735. They had a fairly normal working for four years until the outbreak of the War ?—There were two periods within those four years. From 1910 to 1912 they were purely a placing machinery for unemployed workpeople who had no inducement to go to them beyond the fact that they wanted employment. In 1912 the limited Unemployment Insurance Scheme began to operate. It only covered a limited number of trades, in which there were about two and a quarter million people. The people in those trades who were unemployed, and wanted to receive benefit, had to go to the Exchanges to get it. That led to an increase in the work of the Exchanges on the employment side apart from insurance. Then in 1914 came the War.

L-736. In those two years, 1912 to 1914, as you say, the Unemployment Insurance in the first stage only covered about two and a quarter million people, and those were engaged in industries which had pretty steady employment ?—Steady in those two years, but those industries or trades were originally selected as those on which the experiment in un-

employment insurance should be begun, because they suffered from periodical fluctuations which made the rates of unemployment in those trades vary quite considerably—for instance, the building trade.

L-737. It did happen that those two years were pretty good years for employment?—That is true.

L-738. And in those two years the Insurance Scheme built up a pretty substantial reserve?—That is so.

L-739. Keeping for the moment to the question of employment exchanges and their particular work for the purposes of assisting the mobility of labour and collecting accurate information as to unemployment, did you in that first period form any estimate as to what proportion of the new engagements of labour took place through the Labour Exchanges?—As distinct from the engagements that took place outside the Exchanges, do you mean?

L-740. Yes.—No, we did not.

L-741. May I put it in this way? There are three main ways in which industrial labour is engaged. First, there is the system, which has always existed, of the workman applying at the gates, or at the office of the firm, and the direct engagement by the employer, or by the persons whom he has delegated for the purpose. Secondly, in some of the highly organized trades there is an arrangement through the trade unions by which the employer who requires a certain number of men, in this case usually skilled men, applies to the trade union, and the trade union sends a number of either names or persons from whom the employer selects a number for his work. Thirdly, comes the cases where the employer notifies the vacancy to the Labour Exchange, and the Labour Exchange submits some men or women who they think may be suitable for that job?—That is so.

L-742. Those three cover the main methods of engagement?—I think that is right. I will only add one class to it, and it is rather limited in its application to particular trades—and that is the method of advertising. That does not involve a wait at the gates, to which you referred under the first method, but it does mean that there is direct touch between the employer and the applicant. It is really a sub-division of your first head, I think.

L-743. One understands that, ever since 1914, the Employment Exchanges have been very largely diverted from their original purpose—they have been occupied in dealing first of all with discharged soldiers and the re-allocation of industries from wartime to peace-time requirements. Since then they have had to deal with various phases of unemployment, throwing a very heavy burden on them for administering the unemployment relief?—Yes. I would make just one exception to that if I might. You said from 1914. I think it would be true to say that from 1914 to 1918 the Exchanges were really carrying out the work on the Exchange side which they were formed to carry out. They did a lot of work in the placing of people in wartime employment, and were very largely made use of by Departments like the Ministry of Munitions for obtaining work-people who were needed to carry out the war processes which were so much engaging our attention at that time. There was very little unemployment insurance work being done in the Exchanges in those four years, even in those trades which were covered by the limited scheme. Therefore from 1914 to 1918 it was almost entirely purely Exchange work. From 1918 what you have said applies exactly.

L-744. *Mr. Cliff* : Could that be taken from 1910 to 1918 ?—Except in 1912 to 1914 there was some insurance work on the limited scheme. Generally, from 1910 to 1918, the Exchanges were doing quite a lot of purely exchange work.

L-745. What year would you say it re-started on the work that you were in from 1910 to 1918 ?—It is not so much a case of re-starting, but that, owing to the great amount of unemployment that has existed, and the more general application of the insurance scheme in its extended form, the Exchanges have had inevitably to devote the bulk of their time to the administration of the Insurance scheme. But the work of placing has gone on all the time so far as the opportunity has existed. I do not know whether it is convenient at this stage to refer to the placing figures, showing how the work has grown gradually from 1923-24 onwards.

L-746. *The Chairman* : I have noted those figures. I am not sure whether some of the percentages you have named answers the question I want to put, and the point is whether you can give the Commission any estimate at the present day. There are so many millions of new engagements for employment in the course of a year. Those are distributed over the three methods to which we have just now referred—the third one being through the Labour Exchanges. You give a figure of 20 per cent. in your Memorandum. Would I be right in suggesting, that even now, 80 per cent. of the engagements of labour take place otherwise than through the Employment Exchanges ?—I could not deny it. May I put it in that way ? It is very difficult indeed to arrive at a figure, but from the return of the cards which we know as the "U. I. 40's", and which are the receipts for the unemployment books lodged at the Exchanges while the man is unemployed, and also from such analyses as we have been able to make within the last twelve months, it does appear that the engagements effected through the Exchanges are about 20 per cent. of those of which we had notice.

L-747. Even now, 80 per cent. of the engagements take place other than through the Employment Exchanges ?—May I say that I think it is quite likely.

L-478. You say that in 1929 the number of vacancies filled was 1,604,000 ?—I would like to correct that figure. It should be 1,554,000.

L-749. *Sir Victor Sassoon* : That would be the 20 per cent. ?—Yes.

L-750. *The Chairman* : Within your knowledge, has it ever been proposed in this country to make the system compulsory—that is to say, that no employer should be allowed to engage a workman except through an Employment Exchange, and that no workman should be allowed to engage himself to an employer except through an Employment Exchange ?—Yes, the suggestion has often been made, but we have not received a sufficient indication that public opinion is really ripe for the change.

L-751. So far, neither the organized workers, nor the employers, have given any sign of agreeing with such a proposal ?—No.

L-752. Where the suggestion has been made it has come rather from the theoretical economist ?—From the man in the street.

L-753. One may fairly say that it has never reached the stage even of very serious consideration ?—If you mean by "serious consideration", within Government circles, I am not aware of it. When the proposition has been put up it has been discussed within Departments, of course, but I do not think it has been put forward as a practical proposition for consideration by Parliament.

L-754. I gather you would feel that it would be an interference with the liberty of the subject, not hitherto contemplated?—Personally I should not regard it in that way. I think it would be a very excellent step for the better regulation of labour.

L-755. Perhaps we had better not discuss the practical aspects and the penalty of sending men to prison for saying to one another, "I will work for you without the intermediary of the State".—I must say that I had not contemplated that possibility.

L-756. Surely you would have to follow it out to its logical issue. You have given us with great care and detail the staff employed which is necessary for the working of this machinery, and you have given us the expense. I do not propose to take you over those figures, but have you ever been able to divide the cost between the two purposes—the Employment Exchange and the Unemployment Insurance?—Yes. We have to do it for one purpose. We are authorized by the Insurance Acts to charge the cost of the administration of the Acts against the Unemployment Fund as part of its expenditure for the year; and as a result of our experience over a considerable time now, we estimate that 97.2 per cent. of the total expenditure by the Ministry and other Departments on the services of the Exchanges is attributable to the Insurance scheme. I refer you to Appendix No. IV giving the heads of expenditure borne on the vote of the Ministry of Labour and on the votes of other Departments, and giving for the year 1930, an estimated total expenditure of £5,803,000, to which the next column adds that the total cost of administration of Insurance will be £5,630,000. That leaves a total of £170,000, for services not Unemployment Insurance. I ought to explain that included in the gross figure is the cost of placing all workpeople, whether insured under the Acts or not, and that the cost of placing the insured people is regarded as part of the cost of the Insurance Scheme for that purpose.

L-757. Taking it quite broadly, 97 per cent. of your total expenditure is set against the Insurance Scheme?—That is so.

L-758. *Sir Alexander Murray*: Does that mean that, supposing you had no Insurance Scheme, you could carry on all the Employment Agencies with the balance of the money?—No.

L-759. *The Chairman*: May I turn now to the question of Unemployment Insurance? It began with a limited number of trades. It was intended at the outset to be a strictly insurance proposition—that is to say, that the workmen in employment, and the employers, would pay the contributions regularly, with a contribution from the State, and the idea was to build up during periods of employment a Fund which would enable a certain payment to be made to the workmen who had the misfortune of unemployment come upon them?—That was precisely the scheme.

L-760. It was based to some extent on the long existing practice of the larger trade unions?—That is true.

L-761. You had at the back of you, to start with, considerable experience and considerable material in that regard?—Yes.

L-762. It was only in the times succeeding the War that it ceased to be, in the strict sense of the word, insurance?—So far as the National scheme was concerned.

L-763. That is to say, for certain reasons benefits were paid out which had not previously been covered by insurance?—That is so.

L-764. And that has gone on more or less ever since?—Yes. May I make one point of explanation here? Immediately after the War there

was a donation scheme which was outside the Insurance Scheme altogether. That ran for civilians for twelve months, and it ran for ex-service men for two or three years. Then in 1920, came the enlarged Insurance Scheme, which covered everybody who was under the Health Insurance Scheme, with the two main exceptions of agriculture and private domestic service. That Scheme, like the original Scheme, was on a purely insurance basis as the Act was passed. In consideration for contributions paid by the employer and the worker, with an addition by the State, a certain number of weeks of benefit might be paid to the worker when he became unemployed, but only in the proportion of one week of benefit for every six contributions that he had paid. Unfortunately the depression, which has lasted ever since, started just as the Act came into force. It was thought by those responsible that it was not much use having a National Insurance Scheme unless it provided the benefits that were intended to be provided for the people who were covered by it when they fell out of employment. Consequently the relaxations were started at once, and have continued ever since, so that people who were intended to be covered by the scheme, and who, it was thought would later have an opportunity of paying contributions, building up a reserve out of which benefit should be paid, could in fact be paid, although those contributions had not been received from them.

L-765. By unhappy circumstances, instead of there being a reserve built up by the insured persons and by the employers, the State has, from time to time, been forced to go to the assistance of the fund in the form of loans, which now, I gather, amount to something like 50 million pounds?—Between 40 and 50 million pounds. On the question of reserve, originally I should say, that from 1912 to 1920, when the extended scheme came into operation, a fund had been built up on the old insured trades amounting to 22 million pounds; and that was in existence in November 1920, when the extended scheme began to operate. Might I mention one other thing? In 1916, an extension of the original Act was made to cover munitions workers. People had been brought into munitions trades during the War, whose employment in those trades would cease when the War came to an end. There was thought to be the probability, therefore, of considerable unemployment amongst them when the War did end. In order to meet that situation the original Insurance Scheme was extended to cover munitions workers; and it was the contributions from those people, and from the original insured trades during the period from 1912 to 1920, which built up the fund of £22,000,000 with which the 1920 Act started.

L-766. Unhappily that 22 million pounds has disappeared, and has been replaced by a deficit of between 40 and 50 million pounds?—That is the position to-day.

L-767. With regard to the safeguards which have to be faced in the attempt to prevent abuse of the fund, you tell us that an insured person is required to attend every day at the Exchange?—That is the normal rule.

L-768. And that when he attends he has to sign a form which states, "Each time you sign this you are declaring that on the day or days for which you sign and any previous days signed or marked 'Excused' you were (1) unemployed; (2) capable of and available for work; (3) not in receipt of National Insurance Sickness or Disablement Benefit"?—That is so.

L-769. Then there is a further form to be signed by the applicant for the benefit, giving his age last birthday, and various other particulars?—
Yes.

L-770. Could that be done by a mass of illiterate people who could not read or write?—Clearly they could not sign the forms. Whether the position could be explained to them, and they could be made to understand what it was they were doing when they attended at what we might for present purposes call an Exchange, I am not sure. I have to confess that I have no experience of dealing with illiterates.

L-771. I just take this as an illustration of the safeguards which you are bound to take to try to prevent the Fund from being abused. You have not, I take it, quite the same safeguard here as you have on the question of Health Insurance—of the man's neighbours knowing more or less whether he is ill or not by what he is doing in his spare time. You have to take fairly stringent precautions against the abuse of the Fund?—
Yes. We have not got the great safeguard which the Health Insurance Scheme has—and that is the certificate of the doctor to the effect that the individual is, in fact, ill and unable to follow his or her usual occupation. A thing we have in place of that—although I do not put it as high as a safeguard—is the fact that the insured worker has to lodge his unemployment book at the Exchange whilst he is unemployed. Every employer to-day knows that he has to have an unemployment book in his possession for every worker who is in his works, and if that is at the Exchange, then it cannot be at the employer's establishment.

L-772. That reminds me of a further question. Have there been some cases where employers have entered into an arrangement with their workers so that, for instance, in a case where they were working for three days a week at long hours and high wages, getting a total of several pounds in wages for those three days, they could then go to the exchange and claim unemployment pay for the other three days of the week?—
May I just put the question alternatively so that I may know that I understand what is in your mind. In other words, is the working of short time manipulated in order that workpeople may obtain unemployment benefit as well as wages during a given period?

L-773. It may have been dealt with recently, but I have it in my mind that a few years ago there were some suggestions of an arrangement of that kind.

Mr. Cliff: Which is the question, Sir—the one you put, or the one the witness put? Because they are totally different.

The Witness: I said manipulation deliberately, because I wondered if that was what the Chairman had in mind.

Sir Alexander Murray: Answer both questions.

The Witness: If I may tell you what I believe the fact to be, I think it may answer both questions. I shall have to explain first what is the rule with regard to continuous unemployment which entitles a man to benefit. In the first place when a man becomes unemployed, assuming he has had a long spell of employment beforehand he may not receive benefit for the first six days of his unemployment. They are called the waiting days. When that waiting period has been served he may then receive unemployment benefit so long as he remains "continuously unemployed". That is a term of art. A man is continuously unemployed for the purposes of the Unemployment Insurance Acts if he is unemployed for any three days in six consecutive working days, and two periods of three days that are continuous in that sense may be linked together so

long as there is not more than ten weeks between them without a new waiting period having to be served.

L-774. *The Chairman* : Can a man be earning on Monday, Tuesday and Wednesday, £3, £4, or £5 for those three days, and then go to the exchange and claim benefit for Thursday, Friday and Saturday?—If he is unemployed on Thursday, Friday and Saturday, and otherwise satisfies the conditions, yes; and it is commonly done. There is nothing in the law to prevent it. I thought you were referring to something else. It has been put that, whereas people have been working regularly four days a week and are unemployed two days and therefore not entitled to benefit, that by arrangement with their employers they have crowded the four days work into three, and have drawn the benefit for the other three days. I can only say that no evidence of that kind of thing having happened has come to the knowledge of the Ministry. We have had cases where the arrangement of the short time has been made in such a way as to entitle the work people to unemployment benefit, but that has not involved working on fewer days than would have been worked if it had not been for the unemployment insurance rules.

The Chairman : That is another question. People working and playing alternate weeks are entitled to benefit in the weeks they do not work.

L-775. *Sir Alexander Murray* : Take an industry employing 1,000 workers normally which has not sufficient employment for the thousand. Five hundred work one week and five hundred work the next week. They will each draw wages for one week and unemployment benefit for the other week?—That is true.

L-776. *Sir Ibrahim Rahimtoola* : You say "The Employment and Training Department which is responsible for the general policy (but not the executive control) of the work of the Employment Exchanges and Branch Employment Offices in connection with the placing of persons in employment including the transference of labour both in connection with overseas settlement and with the movement from depressed areas to other areas within Great Britain". Will you explain to the Commission what you mean by "overseas settlement" and "other areas within Great Britain"?—Overseas settlement means what we call migration. It is the modern equivalent of the emigration movement which has been going on from Great Britain to the Dominions and Colonies over many years. Our overseas settlement department within the Ministry is finding people who are suitable for migration and giving them assisted passages to the Dominions, because they are unemployed and without means themselves to provide the funds which are necessary to take them overseas to the Dominions.

L-777. I take it there are certain limits within which each Dominion will accept this emigration?—Certainly. There is a quota given annually for the numbers that will be admitted by the Dominions, and we have to keep to that.

L-778. Can you give us a statement showing the quota that has been laid down by each of the Dominions?—I could give you a statement showing the numbers that we have assisted under our Overseas Settlement Scheme during the last few years.

L-779. Then what do you mean by "from depressed areas to other areas within Great Britain"?—That is mentioned in more detail later on in the memorandum. It arose originally in the need for moving from the depressed mining areas, after the dispute of 1926, and the consequent

non-opening of some of the pits, such of the people as were suitable from those areas where the pits would not be working again to other places in Great Britain where employment could be found for them. Up to the present time we have moved 58,000 workers in that way, and I think I am right in saying between 3,000 and 4,000 families as well. I do not think we can give a reliable figure as to what the movement has been apart from our machinery, but those numbers represent the transfers which we have made through the machinery of the employment exchanges. It is largely from the coal areas into other areas where employment could be found which was suitable for the people who were moved.

L-780. Those people who were moved are practically permanent to the new area, are they?—Yes.

L-781. *Miss Power* : Does the responsibility of the exchanges end with the transfer of the workers?—As regards any legal responsibility, yes; but the exchange in the transferee area always sees, so far as it can, that the transferred worker is put into employment if the original work to which he was sent comes to an end.

L-782. *Sir Victor Sassoon* : Who pays the cost of the transfer?—When the family is moved there is a special arrangement by which provision is made out of the Exchequer for all or part of the removal expenses.

L-783. Are there any figures showing the cost of these transfers?—I am not sure. We must know the cost, because we pay the money.

L-784. Could those figures be obtained?—Yes.

L-785. *Sir Ibrahim Rahimtoola* : You say "Employment Exchange managers are required to observe strict impartiality in selecting applicants for employment. The ground of selection must be industrial suitability for the vacancy". Ordinarily, what is the area which is covered by one employment exchange?—It varies very much. We have many exchanges in London, but there is only one exchange in some provincial towns and cities of quite considerable size. For instance, there is one exchange in a town the size of Leicester, but there are several in Manchester and in Glasgow. There is one main exchange in Newcastle and two or three in what may be called the suburbs and surrounding districts. It really depends on the size of the town whether we can manage with one exchange or need more.

L-786. Can you give a statement showing the total number of employment exchanges in England, Scotland and Wales?—Yes. You will see it on page 99 of the Annual Report of the Ministry of Labour.

L-787. I see it comes to about one exchange for a lakh. You go on to say "Experience has shown that the Employment Exchange system can be conveniently used to distribute to other occupations or areas which are in a position to employ additional work people, labour displaced by a contraction in the requirements of any particular trade or industry". Will you explain how this is worked?—The case I have given of the depressed mining areas is the best illustration of that. We had people there who had been brought up to mining and who had worked in it for years. We have in some cases given them a course of what we call "handymen training"—giving them some instruction in the use of tools of various kinds. After they have been through those courses they have been transferred to the busy area round London, for instance, where various trades are developing. They have done well in those trades. We take them from the areas like South Wales, Durham and Lanarkshire coal fields,

and we move them to an area where we know trade of some kind or other is expanding and developing.

L-788. Is there any real objection on the part of these workers to transfer their permanent residence to areas where they can find employment?—I do not pretend to say that they like it, but they have realized undoubtedly that there is no future for them where they were; and, while they would have preferred to have remained there had there been a livelihood for them, they have, with some amount of resignation no doubt, removed their belongings to the new place, and they have done well there.

L-789. *Miss Power*: They cannot be compelled to go?—No, there is no compulsion.

L-790. *Mr. Joshi*: Do they lose their unemployment benefit if they do not go?—Not in those circumstances. It all depends on whether there is an offer of suitable employment. But in all these cases the removal is voluntary.

L-791. *Sir Victor Sassoon*: Who decides as to whether they are suitable?—The special machinery which is set up to deal with all claims to benefit. In the first instance the claim is looked at by an insurance officer who is a local man in the exchange. If he is satisfied that no question at all arises on the claim he may allow it at once. If he feels any doubt at all about it he refers it to a Court of Referees, which consists of three members, one representing employers and one representing workpeople, with an independent Chairman appointed by the Minister. They hear the facts of the case. They have the applicant before them. On the facts as they obtain them they decide whether or not benefit shall be allowed. That is not the final court. If either the insurance officer is not satisfied that a claim which has been allowed should have been allowed or that a claim which has been disallowed should have been disallowed, or if the man or his trade union is not satisfied that a disallowance is right, they may appeal to the Umpire, who is the final tribunal.

L-792. *Mr. Joshi*: When you started these exchanges, did you start all the 454 immediately, or did you make a small beginning first, and then extend?—It was a small beginning, and we extended as opportunity and need arose. The big expansion took place in 1912 when the first Insurance Act came into operation.

L-793. Which areas did you select first?—Those areas where there were the most opportunities for placing people—the large towns, particularly the manufacturing towns.

L-794. You first started with large towns and then extended the exchanges to smaller places?—Yes. We always had in the smaller places what originally were called "local agencies", and which are now called Branch Employment Offices, in charge mostly of part-time officers.

L-795. Do you find that these exchanges do useful work even though the supply of labour in the area is plentiful?—Yes because employers realize the possibilities of the exchanges. Instead of going to the trouble of having to select workpeople and interview them from crowds waiting at the gates, they come to the exchanges and say "Do this work for us. We are paying for you, and you may as well do what we have hitherto had to pay others for doing."

L-796. Were the employers at first indifferent to the scheme?—Very largely, yes.

L-797. Why were they indifferent?—I think it was the ordinary British conservative view. They had been used to doing the thing in a

particular way and they preferred to go on doing it in that way. They were like many British people. They did not like something new.

L-798. When a man comes to a town and wants a job does he take advantage of the exchange ?—It is the natural thing for the worker to do, because if he is a worker in an insured trade and he has moved on his own account, his unemployment book, which is his key to getting a job, has been lodged at the exchange where he formerly lived. He asks to have that transferred to the town to which he is going. It goes to the exchange there. His claim to benefit is transferred there, if he has got one, and he has to go there and sign. He is registered there as a man who wants a job as a mason, or bricklayer, or something else ; and being on its register the exchange interviews him as part of its normal procedure and sees the kind of job he would be suitable for in that place, and does its best to place him.

L-799. Is it your experience that the officers in the exchange offices take any kind of bribes from people ?—No. I do not recall a single case coming to my notice.

L-800. There is no complaint about bribery ?—I do not recall any complaint on that point.

L-801. Is it your opinion that the Insurance scheme in Great Britain is not really based upon any actuarial basis now ?—I should not say that. The insurance scheme proper is still on what we believe and hope to be an actuarial basis. People who are outside that scheme are temporarily being carried by it, but they are regarded and recognized as being outside what was intended to be the burden of the insurance scheme proper. I do not know whether it is within the knowledge of the Commission that the people who are outside the insurance scheme at the moment are being borne on the Exchequer. The Exchequer is paying the cost of what is now known as transitional benefit.

L-802. Can you say from your experience that there is anything wrong in starting unemployment insurance for a few industries first ?—You started with a few industries at first and then extended. As a matter of experience can you say that the State can start with a few industries ?—I should say myself that it is better to start with a large scheme, but I would not say there is insuperable difficulty in starting with some trades.

L-803. *Mr. Clow* : The rate of insurance is a flat rate, is it not ?—It varies as between men and women and young persons and juveniles.

L-804. But the general effect is that the industries in which employment is good bear the effect of unemployment in those industries in which it is irregular ?—Yes, on the same principle that a man who does not have a fire has to pay for the man who does.

L-805. *The Chairman* : That is of the essence of real insurance ?—Yes.

L-806. *Mr. Clow* : It differs in that respect from what it was built up on—the trade union method of insurance, in which essentially those within a particular industry supported their fellows who happened to be out of work ?—I should have thought that was the same principle.

L-807. But in the one case it was within the trade itself ?—I see your point, yes. For instance, take the National Union of Railwaymen. Within their own operations they would find that the people who are always in employment pay for those who experience unemployment ; but I say that that is the same principle as the national scheme.

L-808. Has any attempt been made to trace the effect on wages in essentially seasonal industries ?—No, I do not think so.

L-809. *Sir Alexander Murray* : The Balfour Committee Report refers to that ?—Have you a particular seasonal industry in your mind ?

L-810. *Mr. Clow* : I was thinking of several. Prior to the introduction of the scheme wages in seasonal industries were higher than they would have been if employment had been regular ?—I should think that would be the natural tendency, but I do not pretend to be an expert on the wages question.

L-811. One would anticipate that the effect of this insurance would be to reduce wages in those industries, because the man has a payment for other parts of the year ?—I should have doubted whether that had been the effect.

L-812. *Mr. Cliff* : I notice you say that the idea of Employment Exchanges was quite new to Britain in 1909 ?—Yes, as a National scheme.

L-813. And I see that you state that the Commission recommended the establishment of a National system for two purposes—for assisting the mobility of labour and for collecting accurate information as to unemployment ?—Yes.

L-814. Is there any considered criticism in this country which would seek to do away with Employment Exchanges ?—I think not now.

L-815. Is it not rather the tendency to seek for their extension ?—On the whole I should think it is.

L-816. Would it be true to say that they have assisted in the mobility of labour ?—Undoubtedly.

L-817. Dealing with the depressed areas, and the transference problem, to which you have referred, would it have been possible for the State to have dealt so expeditiously with that problem if there had been no Employment Exchanges ?—I do not think the State could have dealt with it in an organized way. They would have had to extemporize machinery to have dealt with that kind of thing, which, I think, inevitable waste both of effort and of money.

L-818. Have you succeeded in getting accurate information as to unemployment ?—We have better information about unemployment than any country in the world.

L-819. It is true to say that public opinion in this country demands that we should collect accurate information—There is no doubt about that. I do not think public opinion would permit of the termination of the present means of obtaining information.

L-820. *Mr. Joshi* : What was the situation as regards the figures for unemployment before the advent of the Exchanges ?—We were only in possession of such facts as we could obtain from returns made by the trade unions. In fact it was only on that information, that we were able to put such actuarial basis into the scheme of 1912 as it had.

L-821. *Mr. Cliff* : Is it not true that that experience was limited to a few Trade Unions ?—Yes.

L-822. And that it was really based on a system of Trade Union members seeking, by means of their own machinery, to assist members who were out of employment ?—It was.

L-823. Has not the system been extended out of all recognition to people who were never within the ambit of trade unions ?—No, I do not think so. I think there were trade unions who would always have taken within their membership people who are now covered by the Insurance Scheme.

L-824. Take the dockworkers in this country. Were they under any unemployment machinery in their union ?—I think perhaps we are at

cross purposes. The Unions would have taken them into their membership, but many Unions had not got any Insurance Branch.

L-825. That is my point ?—I was taking membership of Unions in the wide sense for industrial purposes, and not only for insurance purposes.

L-826. My point was, that the Unions which had any scheme of unemployment insurance or assistance were mainly craft unions ?—Yes.

L-827. Dealing with the great Unskilled Labour Unions, there was no system, speaking generally ?—I would not like to give an absolute answer to that, but I can say, that one, if not more, of the Unskilled Unions instituted a system of unemployment benefit when the 1920 Act came into operation in order that they might take advantage of the provisions of the Acts which enable a Trade Union to administer the benefits for their own members.

L-828. I do not make myself clear. I am thinking of prior to 1909 ?—Prior to 1909 I think you may be right when you say that no unskilled workers union had an unemployment benefit side.

L-829. The suggestion is that it might be advisable to establish, on a small scale to commence with, Employment Exchanges in India. It is argued against it that we have only succeeded in this country because of the experience which voluntary organizations have given us ?—You are on the Exchange side for the moment, on the placing of people into work—and not on the Insurance side ?

L-830. Yes. That was in effect very limited in this country. It was limited particularly to Craft Unions, I think ?—On the placing side, do you mean ?

L-831. Yes.—No. There were Unskilled Unions before 1909 which certainly were in existence mainly for what you might call industrial purposes—wage regulation, trade disputes, and that kind of thing ; but they were certainly doing some work on the placing side as well.

L-832. Was that very extensive ?—I do not think I could answer that question in such a way as to give reliable information to the Commission. I would not like to commit myself to the extent of it.

L-833. If you were taking a new field, where there had been no trade union experience, do you think it would be a matter of considerable difficulty to establish Employment Agencies ?—No, I do not think it would be difficult to establish Employment Agencies in the absence of Trade Union experience. I should say that in a country where there were no trade unions and no experience of Employment Agencies, the task would be rather difficult but I do not think it is altogether out of the question.

L-834. Appreciating the fact that establishing new things is difficult, could you visualize one large industry—for instance, the tea industry which is largely centred in Assam in India—recruiting from certain selected areas its labour. Would it be difficult to establish Employment Agencies in such areas ?—Speaking very much as an outsider on that particular problem, I should have thought the method of recruitment without an actual agency would have been the common sense thing.

L-835. When you say “without an agency”, what do you mean by that ?—Something in the nature of an Employment Exchange. There would have to be agents to obtain the workers required. I do not mean agency in that sense. I meant an establishment like an employment Exchange.

L-836. It would be difficult to do it without ?—No, I am sorry. My answer was that I should have thought that clearly the thing to do would

have been to send recruiting agents to the place where the labour was to be recruited, and obtain the workers in that way.

L-837. What is the real service that an employment agency renders to a workman?—Finding him a job without putting him to the unnecessary trouble of tramping round to works where no workmen are wanted.

L-838. What is the real advantage that an Employment Agency renders to an employer?—That he need not have to deal with crowds at his gates, or to answer advertisements in the press in order to obtain his workpeople.

L-839. With regard to Section 19, dealing with vacancies filled, you have given a list of figures. Have you any relative figure with regard to the numbers registering?—I have not them here, but they are obtainable.

L-840. *Sir Alexander Murray*: The figures for last year are in Appendix 9 to the Ministry of Labour Report, 1928. Can you give us, over a period of years, the total number of persons registering at Employment Exchanges, and the total number of vacancies filled. It seems to me, looking at this, that the vacancies filled are always about the same as the number of persons registering?—I am afraid that is mere coincidence. An individual comes in: he may have had half a dozen jobs in the course of the year, but he is only registered as one individual.

L-841. *Mr. Cliff*: I was wondering whether there was any relative figure on which we could base a conclusion. You may have a man employed three times in this figure, but he would only be registered once?—He would be registered as one individual in this total. I understood the question was whether I could give the number of separate registrations regardless of the number of individuals.

Mr. Cliff: That is the only real figure that is of any value.

L-842. *Sir Alexander Murray*: I would like both?—I should have to look into it.

L-843. If one man, called A, was on your books in January, he would be included in that figure?—Yes.

L-844. Then he would go off your books and come back in May, and he would be in the May figure, and so on?—Yes.

L-845. That would not be one registration. That would be three registrations for one individual?—This figure would be right, because he would be amongst the persons registered in both January and May, and would be properly included in a table compiled on that basis.

L-846. *The Chairman*: These figures which you have already given us as vacancies filled are not the number of individuals, because they might perhaps have to be divided by 2 or 3?—Not to that extent, but certainly the number of individuals would be less than the number of vacancies filled.

The Chairman: I do not know whether Mr. Cliff presses the point. It does not seem to me that the figures would be very relevant to our purpose.

L-847. *Mr. Cliff*: I will not press it. May I ask a question under Section 3. You say that the Ministry are now devoting special attention to this side of the work—that is, with regard to Exchanges—as Employment Agencies?—Can you tell us along what lines you are proceeding?—There are several lines really. Recently we have set up a Committee at headquarters to deal specially with the placing problem. That Committee receives reports from the divisions and is doing its best to guide them, and keep the machinery up to date, and to direct its energies into new channels, and so on. Then in the Exchanges themselves, until quite recently the

record of the man's insurance life and his industrial career were combined in one document and kept in one place. We have split the records now, so that the information which is wanted in order to effect a useful placing of the man is now kept in what we call the Vacancy Section of the Exchange, while the insurance part of the record is kept in the purely Insurance Section. Then while we have always had at the Exchange an officer whose special duty it is to register applicants seeking employment and to regard them from the point of view of potential placings, in the past he has had to be diverted more or less to other work, as rushes came on. For instance, on pay day, which is Friday, he might be called on to help at that. On Thursday, the day before, if there had been an exceptional rush, he might have been called on to help to compute how much was due to each individual, and so on. We are now seeing that the man who has been set aside as the placing officer in the Exchange is doing that work and none other. Having set aside the man in that way, we have instituted a better system, we believe, of interviewing applicants periodically to find out, if we have not been able to put them in the way of a job ourselves, what they have heard or have done, or can suggest in the way of obtaining better assistance from the Exchange in trying to place them in the kind of employment they need. Then the people at the Exchange are giving more time now to canvassing the employers in the area covered by the Exchange, enlisting their goodwill and trying to induce them to use the Exchange solely as their agency for filling such vacancies as they have. In order to assist our people in that direction, the Minister himself recently issued a letter to employers, which was circulated in the different Exchange areas through the machinery of the Exchange. It formed quite a good introduction to our representative when he went to try to obtain an order. One other thing we have done. We always did it any way, but we have developed it quite recently; that is, when a man lodges his Unemployment Book at the Exchange with a claim to benefit, he is given a receipt for it on a card—U. I. 40—and when that man obtains employment that receipt has to be sent back to the Exchange in order that the Unemployment book may be sent to the new employer. We have been analysing those cards as they have come back to us. We have taken particular notice of where people are getting employment, in what trades, and which employers are taking on hands. We have followed up those lines of enquiry with quite substantial results. The figure given of 1,550,000 placings in the year 1929 works out on an average of just under 30,000 a week. Our placings this year, notwithstanding the exceptionally heavy depression, have been at the rate of nearly 35,000 a week, an increase of over 5,000 a week in the first six months of this year, notwithstanding the dreadful time which the country has been passing through industrially.

L-848. Is that a definite and deliberate policy regarded as part of the proper work of the Employment Exchange?—Absolutely.

L-849. With regard to juvenile labour, you say that the administration is done in certain districts by the Local Education Authority. Is that work developing?—I do not know that there has been any considerable increase in the number of authorities who have exercised their powers under the Act. I think it has remained practically stationary for the last two or three years. About half do it and half do not, but I ask you not to take that as absolutely accurate.

L-850. Are there a good number of placings through the Juvenile Bureau?—Yes, I think the service is quite appreciated. In the few weeks before the school leaving of a particular boy or girl, particulars are fur-

nished by the school to our juvenile side where the work is done by us, or they send it to their own Juvenile Bureau in order that their people and the local Advisory Committee, consisting largely of local employers, may interview the child who is about to leave. They also interview the parent in order to get an idea of the kind of work that would be suitable, having regard to the opportunities in the district. These interviews take place, and I am quite sure that they do a vast amount of good for the youngsters in directing their steps in the right direction.

L-851. *The Chairman* : Does not that very largely depend on the amount of voluntary help given ?—That is always forthcoming. There is no difficulty in that respect. There is a very great interest in the work which is done for the juveniles, whether it is done by our officers, or by the local Education Authority's people.

L-852. As a matter of fact, both you and the local Education Authority do have a very large amount of voluntary assistance ?—Yes, and we appreciate it very much.

L-853. It is that which makes a system work so well ?—Yes.

L-854. *Mr. Cliff* : It also means that there is a problem to which they address themselves ?—Yes.

L-855. *Miss Power* : Can we know how far the success of the Exchange in regard to the placing of juveniles depends upon a system of compulsory education—on the existence, in fact, of a network of schools throughout the country ?—That is the basis of the whole thing with us.

L-856. Supposing you had not got that, how successful would an Exchange be on the juvenile side ?—It would depend almost entirely upon the parents bringing the children to us for guidance at the time when they became old enough to work.

L-857. In India, in many cases there would not be the school as a basis on which to build up the placing work ?—I realize that. I do not know India, but I have always understood that it is more difficult to get a new idea going there than it is over here.

L-858. Is an Exchange bound to offer an applicant a vacancy notified to it by an employer even if the rate offered is notoriously below the standard rate ?—I think there is some regulation about that. We are not responsible for the wage offered by the employer.

L-859. If there is an agreed Trade Union rate, or Industrial Council rate, or whatever it may be, is the Exchange still obliged to offer a vacancy even if the wage offered is notoriously below that rate ?—I will ascertain the precise position.

L-860. Dealing with local employment committees, how essential are these to the successful working of the Employment Exchange scheme ?—They are very valuable, but I cannot say that they are absolutely essential. I should not, however, like to contemplate our system without these committees.

L-861. Do these people volunteer to serve, or does an Exchange have to canvass people to serve on those committees ?—It works in this way. We apply to the local associations of employers and workers to nominate members to the committee. Then we make our selection of the associations to be invited, from the kind of industry that is carried on in the area. For instance, in Lancashire, we obviously always go to the Cotton Unions. In an engineering centre we should go to the Engineering Employers' Federation and to the A. E. U.

L-862. Would you regard these committees as altogether satisfactory if you could only deal with organized employers there were no organized

workers?—Then you would not get as representative a view of the workers' side.

L-863. On the question of the inter-dependence of Employment Exchanges and unemployment insurance, how far do Exchanges run on the present voluntary basis depend for their success in filling vacancies on the existence of the National Unemployment Insurance scheme, which practically compels a man to come to the Exchange when he is out of work?—You have told us that you fill 20 per cent. of vacancies under such conditions. Supposing there was no compulsion on him to do that, because no Unemployment Insurance Scheme existed, would your placings still be as high as 20 per cent.?—I should think not, because with the man tramping the employer might not send us as many vacancies as he does now. The employer is alive to the fact now that he gets a wider selection if he comes to the Exchange with his vacancies.

L-864. Is not the workman at present obliged to go to the Exchange in order to draw his unemployment pay?—Yes.

L-865. Supposing there were no insurance and he were not obliged to go to an Exchange?—I do not think we should get the same result.

L-866. Your placings would be lower than the 20 per cent.?—I should expect them to be so.

L-867. So that there is really a very close connection between the success of the Exchange system and the existence of a national Unemployment Insurance system?—Yes.

L-868. Can you tell us what is the attitude towards Employment Exchanges of the big firms who employ their own employment officers for the dismissal and engagement of staff. Do they tend to refuse to use the Exchanges?—I would not put it as refusal. They do not use the Exchanges to the extent that they would if they had not got their own officers, but there is some degree of co-operation even when there is a bureau in the works. They cannot always get the kind of man they want. He may not be in the neighbourhood. They have not got our clearing system.

L-869. You do not regard the employment of what is called an employment officer in a big firm as being detrimental to the Exchange system?—If I may say so, I do not like the word "detrimental". It is not helpful.

L-870. What is the attitude towards Exchanges of Trade Unions which are anxious to fill vacancies in their trade by their own trade union members?—They would rather do it themselves than have the Exchange doing it.

L-871. Are there any trade unions which, for that reason, boycott Exchanges?—I do not think that that spirit is evident now.

L-872. An Exchange may not select as between a Union and a non-Union man?—No, they must be quite impartial. The best industrially suited is the only test.

L-873. Does any trade union run its own Exchange?—In some of the cotton towns the Union offices are in the nature of Exchanges. In London it is very much the same thing with the printing trades.

L-874. So that they also to a certain extent, are the rivals of the employment Exchanges?—I do not like to quarrel with your terms!

L-875. They are in competition with them?—Yes, I accept that.

L-876. You say in your Memorandum, "The Unemployment Insurance Act of 1930.....while abolishing the 'genuinely seeking work' condition, places on the Ministry of Labour the onus of proving that a

claimant has refused an offer of suitable employment". How can the Ministry of Labour do that unless all offers of employment are made through it?—Supposing a man has been offered an odd day's work by somebody and he says, "No, that is going to affect my unemployment pay, and therefore I will not take it", how does an Exchange know that that has happened?—It does not know.

L-877. Is not that a very strong argument for the compulsory use of Exchanges?—I should like to use every argument.

L-878. Turning to the subject of unemployment insurance—in India we are dealing practically entirely with married women in industry. We learnt from Sir Walter Kinnear that married women, and particularly employed married women, present certain specific problems as far as national sickness insurance is concerned. Has it been the experience of the Ministry of Labour that the married women, and particularly the employed married women, present any specific problem as far as unemployment insurance is concerned?—They do. There is no doubt that, outside certain trades, when women who have been in industry up to the time of marriage, marry, normally they do not work again; but there were indications after the passing of the last Insurance Act that a number of married women who themselves thought, and who everybody else thought, as retired from industry, came and made claims to benefit, thinking that it was intended that they should get it, although most of them probably had no intention of going back to work in industry. I think the Umpire has now laid down rules for the guidance of the lower Tribunals in dealing with claims made by married women in that kind of circumstance. They do certainly present a special problem in an Unemployment Insurance Scheme.

L-879. How far is that due to the refusal of employers in this country in certain instances to employ married women—a refusal which I imagine would be impossible in India, where only married women are available?—It is the fact that in some industries and establishments there is a bar on married women. On the other hand, in the cotton trade particularly, the employment of married women is quite normal. Taking the ordinary woman, however, the working woman who has been working up to the time of her marriage, decides that when she marries she is not going back to work again. While some are affected by the employers' decision in certain instances not to employ married women, it is not the thing which operates most largely.

L-880. Would it be asking too much of the Department to let us have a note on the specific problems to which both women and children give rise in any scheme of national unemployment insurance?—That could be done.

L-881. *Sir Alexander Murray*: Why is it that the percentage of unemployment amongst women is very much less than it is among men?—I believe I am right in saying that this month, or last month they were exactly the same, but you are right in saying that until quite recently unemployment amongst insured women has been considerably lower than amongst men. The rise in the women's rate quite recently is due to the depression in the cotton trade where they are so largely employed.

L-882. From Appendix 9 to the Report of the Ministry of Labour, 1928, you will find that the percentage of unemployed women is only half what it is for men. That seems to have been the case over a long period of

years. Why should it be like that?—I can only suggest that the state of employment in women's trades was better than it was in men's.

L-883. *Mr. Clow* : Has not there been a tendency in this country since the War to replace men by women to some extent in employment?—I should not have said so.

L-884. *Mr. Cliff* : Women have a larger field for employment in the lighter industries?—If you are putting it that a larger proportion of women are employed now than before the War, I should have said yes; but I should not have put it as replacement.

L-885. *Sir Alexander Murray* : Various statistics are given in the latest Report of the Ministry of Labour. Take the jute industry. There are about 40,000 workers altogether. In one half year there may be 40 per cent. of unemployment, and in another half year there is only 6 per cent. of unemployment. How do you get at these unemployment figures? Take the case where they are working for three days a week. For the other three days will they all be unemployed?—I ought to explain that we take our count on Monday in every week. If a person is unemployed on Monday he is counted in our figure. If he is at work on Monday and unemployed for the rest of the week he does not come into our figures.

L-886. Supposing a week is divided into two parts, and they are working three days a week, on Monday, Tuesday and Wednesday, and are not working on Thursday, Friday and Saturday. The Thursday, Friday and Saturday do not come into use in your figures?—They do not.

L-887. Then that vitiates the whole figures?—There are people who are unemployed on Monday, Tuesday and Wednesday, and who are working on Thursday, Friday and Saturday, but we cannot count every day. It comes out at about right.

L-888. Take the case where they are working for three days one week and three days another week. Do those people come into your register of unemployment?—Do you mean on a certain three days in one week and on a different three days in another week?

L-889. No. Supposing there are 1,000 men needed to man a mill, and 500 work one week and 500 the next week. Do those 500 on alternate weeks appear in your unemployment figures?—If they are unemployed on Monday.

L-890. Take the case of an industry which has been running three days a week for six months in the year. Do the figures in the latest Report of the Ministry of Labour include, as registered for unemployment, the people who are actually working every alternate week?—They will include them for those weeks where they were unemployed on the Monday.

L-891. *The Chairman* : The man who never works on Monday always appears in the figures?—Yes.

L-892. *Sir Victor Sassoon* : And the man who always works on Mondays, Tuesdays and Wednesdays never appears?—No.

L-893. And it is more likely that if an industry is working only three days a week they would work on Monday, Tuesday and Wednesday?—I think not. They would take the long week-end as a rule.

L-894. What days of the week would they work?—Tuesday, Wednesday and Thursday.

L-895. In the Blanesborough Report it is said that there is an assumed absence of unemployment in agriculture, domestic service, railways and

local authorities. Do I take it that you are in agreement with that statement as regards agriculture?—I do not think it means absolute absence of unemployment, but a far lower rate of unemployment than is found in the average of the insured trades now covered by the scheme. You may know that there has recently been some demand for bringing agriculture within the ambit of the Insurance Scheme.

L-896. I take it your difficulty there is connected with the flat rate system and benefit?—That is a difficulty certainly.

L-897. If you had a country where the industries had very varied rates of wages, it would be difficult to have a system of insurance with a flat rate?—Yes, if there were really very wide differences. I am now putting my personal view, but I think it would be difficult in this country to run an unemployment insurance scheme for agriculture with the present rates of unemployment benefit that apply to other industries. For instance, a man's rate is 17 for himself, 9 for his wife, and 2 for each child, so that a man with a family of a wife and two children gets 30 a week when he is unemployed. That is the agricultural labourer's rate of wages for full employment over a large part of England and Wales.

L-898. Might that be the reason why there is not so much unemployment in agriculture—that it is better to cease to be an agricultural labourer in work and become an industrial labourer out of work drawing the dole?—He has got to do something more than to say he has changed his occupation.

L-899. There is a letter in *The Times* which makes the same point about that (Reads letter).—I have not seen that.

L-900. *The Chairman*: I take it that is a thing you would agree in any scheme?—Yes. The Blanesborough Committee laid it down that the rate of benefit, speaking generally, should be such that, with other resources which the employed person might reasonably have been expected to build up, it would remove from his mind the dread, which the normal man has, of being unemployed. At the same time the rate must not be such as to afford an incentive to idleness.

L-901. And that applies to the general run of normal people. At the same time there are a few people in this world who would rather be lazy on £1 a week than earning £2 a week?—I am afraid that is so.

L-902. *Sir Victor Sassoon*: You state, "There has been an inevitable demand for its extension to other industries". Might not you say that the fact that a lower paid industry has no such insurance would be a very natural reason why those in that industry should ask for its extension?—I think so.

L-903. They might consider they were in greater need of insurance than the higher paid people were?—Yes.

L-904. That might tend to the actuarial part of the question being lost sight of?—I do not know. I think in any National scheme the actuarial part can never be lost sight of.

L-905. Let us say, there might be pressure that it should be ignored?—There might be pressure, but I cannot see that any Government could ever ignore that consideration.

L-906. You say yourself that part of these benefits have to be carried by the State for what you call a transitional period. Is not that another way of putting that the State has already had actuarial risk?—The

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State is carrying what one might call an excrescence on the pure insurance scheme.

L-907. But the net result is that the State, so far from having in its coffers 22 million pounds, has now a deficit of 50 million pounds. That shows that the present system is not based on a sound actuarial basis?—As I say, if in the system you include the people who are there temporarily having regard to the nature of the thing, it is transitional, and you may be right; but I suggest that it is not right to include those people seeing that they are recognized as being there temporarily.

L-908. Would it make much difference to the workman who wants this benefit and who would say, "I do not care if you say that I am in a transitional stage or otherwise as long as I am getting something", whether it is actuarially sound or not?—I daresay that is the state of mind.

L-909. As far as I can make out on the figures, you have been dealing with 12 million workers from an insurance point of view, and you have placed, roughly speaking, one and a half million men at an expense of five and a half million pounds?—I think that is right.

L-910. So the benefits which the workmen have received cannot be said to have been anything but rather costly. You have told us that of that five and a half million pounds 97 per cent. was necessary for looking after the insurance of the 12 million people. Do you consider that that is a figure which a poor country like India might find rather above its means at the moment?—I cannot express an opinion on what India's finances can bear, but I would remind you that, if you take the proportion of the premium income which the expense of administering this scheme represents, it would compare very favourably with other forms of insurance outside.

L-911. I take it that unemployment agencies cannot make jobs?—No.

L-912. If its district is in a place where the employers have their own methods of filling vacancies, and which they find satisfactory, an Employment Agency at public expense would really be an increased expenditure. I am now assuming that you have not got a clearance system. Your point was that the value of your agency in such cases was that you had a clearance system and could get people from other districts for the employer who could not find those people in his own particular district?—That certainly is the big advantage in a clearing system.

L-913. Where the employer himself had means of filling up his vacancies quickly and satisfactorily, there would be no advantage in having your system, unless you could bring to the employer better workpeople from somewhere else?—If the employer is getting what satisfies him, I suppose that is true. I do not know whether there would be any advantage from the worker's side.

L-914. You mean that a worker who was out of work for a long period would get a position quicker?—It might be so.

L-915. But do not employers prefer to have a man who has not been out of employment for a long time?—That is commonly the case I am bound to say, but he would have his selection.

L-916. What advantage would there be in such a case of having this extra expenditure?—I should have said that it was good for a community to know the extent of its unemployment, to register these people and to

bring them together not merely for the sake of bringing them together, but to bring them under review.

L-917. You are now pointing out the advantages from an intelligence point of view of having such agencies ?—Yes.

L-918. The cost, then, would be not that of finding employment, but for letting the country know what is happening ?—I think there is the practical point of view—that it must be to the common good to have these people under review by an expert authority dealing with the finding of jobs.

L-919. I do not follow that if they are already finding their jobs satisfactorily through the employer's bureau ?—They are finding some jobs by some employers using that means of filling, but surely there would be other employers who would be glad to use the Exchanges as their agencies for filling such vacancies as exist.

L-920. Then it really comes to this—whether the turnover to the number of employers that would use the agencies is sufficient to make the cost of your agencies compare satisfactorily with the ordinary methods of direct employment ?—I should not have thought that was the only way in which the benefit of the Exchanges could be measured.

L-921. There is a particular state of affairs in India where, when workpeople are going from one district to another, they will not go unless they get an advance, and that is often paid for by a contractor. In that sort of case an employment agency could not give an advance of wages out of its own funds ?—Not out of its own funds, but as agent for the employer.

L-922. In some cases the contractor pays more than the travelling expenses. He makes a further advance out of future wages which he is supposed to get back, or not get back eventually from the man's wages. No employment agency could do that sort of work, could it ?—I do not see why not, if the employer puts them in funds.

L-923. This is a contractor ?—Very likely, but the money has got to come from the employer. I do not think it matters very much where it comes from so long as the Exchange has the money in order to disburse it to the individual to whom the advance is to be made.

L-924. Then it is a question of the Exchange being able to show the contractor that it can do the work more efficiently for him than he can do it himself ?—I think so. From the employer's side I thought I had made it plain that if he is satisfied that he can do it himself, then he would not want an Exchange, but I was looking at it from the other point of view, first of the worker and his convenience and opportunities, and then from the point of view of the public good. I can quite understand that very different considerations apply in India from those which apply here.

L-925. I was trying to put the two separate cases—the case where in a city the workman is at the employer's gates, and the case of big works where the employer has to use an intermediary to get his workpeople, and this contractor who has to make advances of travelling expenses and advances against wages. It would be difficult for an employment agency to take that up ?—I should have thought not, with great respect.

L-926. *Mr. Joshi* : In reply to Miss Power you stated that there is a close connection between Exchanges and the insurance system.

Would you, therefore, say that you would not start one without the other?—I could hardly say that seeing that we had to start the Exchanges before we had an insurance system, but they were started deliberately with the insurance scheme in mind. They were intended to serve the purpose of the insurance scheme although they were established two years before.

L-927. You would not say that Exchanges should not be started unless the insurance scheme is started?—No, I would not say so absolutely, but, as I said just now, we did it in this country because we knew the insurance system was coming along.

L-928. You stated that up to 1918 the Exchanges did not do much insurance work. Can you say that up to 1918 the Exchanges did any useful work?—Yes, they did a very useful work indeed, particularly during the war.

L-929. Supposing there had been no War, do you say the Exchanges could have performed some useful function?—If there had been no War, then the absence of insurance work would not have obtained. There would have been a lot of insurance work to do. We should have had our experience of the bad part of the cycle, whose good part we experienced in 1912,—13 and—14.

L-930. *Miss Power* : Should we have started Exchanges had not we anticipated an unemployment insurance scheme?—I feel very doubtful about it, but they were recommended on their merits as employment agencies by the Poor Law Commission.

L-931. *Sir Alexander Murray* : Suppose you have a factory town with weavers, and there are 2,000 weavers seeking employment and only ten vacancies. How do you ration them between 2,000 people?—In the cotton trade that is done through the Union. The manager has to make the best selection he can on the registered qualifications of the people.

L-932. If there are 2,000 people all of one kind, namely, weavers, and there are only ten vacancies, it is left to the manager to pick twenty to pass along to the employer?—Yes.

L-933. Therefore a great deal of power will rest in the manager of the Exchange?—Yes.

L-934. You do not know whether, in actual practice, he selects on account of length of time out of employment, or size of family, or any consideration of that description?—Amongst people with the same industrial qualifications I should think he would take that kind of thing into account.

L-935. *The Chairman* : May I put it to you that a great deal of the success of the work has depended on the personality of the chief officer in the various districts?—That is certainly true.

L-936. In filling these posts the State had recourse to a considerable extent to men who had experience within the trade unions?—That was so in the early days.

L-937. Is it still a fact that a large proportion of your chief officers in the districts are men who had previous experience in Trade Unions?—Yes. It is not true to so large an extent as before, but it is true to some extent.

L-938. The existence of that element was a considerable factor in building up the efficiency of your Exchanges ?—I think so. We do attach rather more importance now than was attached then to the possession of general administrative capacity.

L-939. In India in the industries, it is very largely the case that the labour is non-residential ; that is to say, in the sense that it comes from long distances of from 200 to 500 miles from agricultural districts. Have you any experience of a system worked partly by Government and partly by the goodwill of the employers to prevent thousands of people leaving their homes many hundreds of miles away and hanging round the gates of workers in the vain hope of getting employment, and attempting to work the Government system along with the employers and prevent there being a great surplus of disappointed labour from a particular place ?—Not at anything like that distance, no.

L-940. The distances in India, of course, would be larger, but have you in your experience anything comparing to that ?—It has happened that in a particular town where there is an Exchange, and it has been known that some vacancies will be available at a particular works, that the following morning the place has been besieged—but from people in the town. I thought your real point was that these people come from a long distance, and that really what was underlying it was that they might be put to a considerable degree of distress in having to come that long distance and then being disappointed.

L-941. Take the herring curers who come down from Scotland to Yarmouth ?—They are all engaged beforehand by the employers. It is done through our agency and our Scottish Exchanges.

L-942. That is the point. It just occurred to me that in a limited sphere there might be some parallel in your experience to the Indian case ?—I think that is the only one. We supply quite a lot of people for the raspberry season in the South of Scotland.

L-943. That is a case, I take it, where the employers and the Exchanges are working together ?—Absolutely. They notify their requirements to our Scottish people and we make our arrangements some weeks beforehand. We supervise the travelling arrangements, and, so far as we can, we secure suitable lodgings for them.

L-944. And the object of that is to see that there is not a great number of people migrating in search of work, but that the supply and demand are more or less balanced ?—Always.

L-945. Would it be possible to give us a little note on those two cases, which are the only ones which seem to come into line with the matters with which we have to deal ?—Yes.

L-946. What I have in mind is this. In Bombay there are a great number of cotton mills with several hundreds of thousands of workers, and at many periods there is a surplus of 70,000 coming in search of work into the city unable to find it, whereas they might have been much better off if they had waited in their homes until the work was available. What I am looking for is some experience of alliance of the employers with the State agency for the benefit both of the employers and of the workers ?—We can give you some instances, and I will send them along.

(The witness withdrew.)

LONDON.

Fifth Meeting.

Tuesday, 22nd July, 1930.

PRESENT :

The Rt. Hon. J. H. WHITLEY (*Chairman*).

The Rt. Hon'ble V. SRINAVASA SASTRI, P.C., C.H.	Mr. JOHN CLIFF.
Sir VICTOR SASSOON, BART.	Mr. N. M. JOSHI.
Sir IBRAHIM RAHIMTOOLA, K.C.S.I., C.I.E.	Diwan CHAMAN LALL.
Sir ALEXANDER MURRAY, KT., C.B.E.	Miss B. M. LE POER POWER.
Mr. A. G. CLOW, C.I.E., I.C.S.	Lt.-Col. A. J. H. RUSSELL, C.B.E., I.M.S. (<i>Medical Assessor</i>).
Mr. S. LALL, I.C.S.	} (<i>Joint Secretaries</i>).
Mr. A. DIBDIN.	

Mr. F. W. LEGGETT, Principal Assistant Secretary, General Department; Mr. J. S. NICHOLSON, Assistant Secretary, Trade Boards Division, and Mr. S. E. TODD, Ministry of Labour.

L-947. *The Chairman*: You have been good enough to put before us a very interesting Memorandum giving us the history of the Trade Boards in Great Britain. I may take it from what you tell us that originally these Boards were brought into being in order to deal with what was described popularly as "sweating" ?—(*Mr. Leggett*): Yes.

L-948. In the first place only three or four trades were included in the first Act of Parliament ?—Yes. Four were included in the Schedule to the first Act, and four were added by Provisional Order afterwards.

L-949. You have told us as to the constitution of the Boards which administer the Act. In the first place there are, as far as possible, representatives of the employers and of the workers nominated by such organizations as there are of those two parties within the trade ?—Yes. Perhaps I can explain that. In the first place, the first four trades which were included in the Schedule to the Act were very badly organized trades at that time, and the workers' representatives who were made members of the Board were mainly not members of organizations; some of them were people who were interested in labour matters, and they were put on in order to enable the workers to be articulate—for example Mr. J. J. Mallon and Miss Susan Lawrence, who later became more closely associated with organizations, but at that time they were definitely put on in order to speak for the workers, who were not articulate at that time. As time progressed, and as organization throughout the industries gradually increased, a far greater proportion of representatives of organizations were included—and they were, of course, preferable.

L-950. One of the effects of the institution of Trade Boards has been to encourage organization on the workers' side in industries where there was little organization at the start ?—That is rather a difficult question. I think it operates in some industries in this way: the workers commenced by being badly organized because of their low conditions. As their conditions were raised by the operation of Trade Board rates, and as they got a better standing in society, many of them began to look around and to belong to organizations. But there is a doubt, as regards the operation of the Trade Boards Acts, whether they do or do not affect organization. There is a difference of opinion about it.

L-951. In addition to the members of the Boards who represent employers on the one side and the workers on the other, there are, are there not, three independent members nominated by the Government?—Yes.

L-952. When these Boards are at work, is it the case that, in a good many instances, there is an agreement come to between the representatives of the employers and the representatives of the workers without the intervention of the appointed members?—Yes. There are a good many cases of that. To some extent the presence of the appointed members helps in that direction, because, after a good deal of discussion, in which the appointed members take part with a view to elucidating the position and getting all the facts, both sides see which way the appointed members' minds are moving, and often, rather than have the intervention of a third party, they will come to a compromised agreement between themselves.

L-953. One has heard of a number of cases where, during the lunch interval, conversations have taken place and where the parties have come back to the Board saying that they have agreed?—Yes. The discussions in the first place in which the appointed members take part have a great deal to do sometimes with that agreement being reached. The appointed members are able to get the case of each side clear; they try to find out how far the two sides are in agreement; they then turn their attention to the points of disagreement, and try to bring them together. As a result of all that, very often agreement is reached.

L-954. Should I be correct in suggesting that, to a large extent, the work of the Trade Boards has been to bring up the whole body of employers in a certain industry to the level already set by the best employers in the industry?—That has been the case in some industries. In other industries the more favourably placed employers still pay rates above the Trade Board rates. I am referring now to the larger and more prosperous industries—for example, the chocolate trade, in which the big establishments pay higher than the Trade Board rate.

L-955. That is to say, the minimum fixed by the Board is not also a maximum?—Not in that case.

L-956. One of the main results of the work of the Boards has been to bring the backward employers up to somewhere near the level of the more advanced employers in the trade, has it not?—Yes, and I think it may be said, in addition, that they have caused a very large amount of uniformity of wages throughout the industries concerned. In many cases the Trade Board's rates are the standard rates as well.

L-957. In that way it has prevented undercutting by a small number of employers who, unless checked, would tend to reduce the level throughout the trade?—Yes.

L-958. With regard to the economic position of the trades affected, do the Boards take into consideration the ability of the industry to pay a certain rate of wages?—Certainly. The presence of an employers' side ensures that that is taken fully into consideration.

L-959. Are there any indications of any industry which has been put out of business by the operation of a Trade Board?—No. There have been allegations in the past that Trade Boards' rates have had a bad effect on business, but that is highly controversial. Such investigations as have been made have not proved that to any great extent.

L-960. With regard to evasion of the rates laid down by the Trade Boards under the Act, how do cases of evasion come to your notice?—We have a fairly large number of complaints from workers or their re-

representatives. All those complaints are investigated as soon as the staff can find the time to do it. Then there is a definite programme of inspection which is carried out in order to cover the whole industry within a certain period. Mainly the complaints come directly to the Department or to the Inspectorate from representatives of workers.

L-961. From individual workers or from spokesmen of workers?—They may come from either. A Trade Union may call our attention to the fact that some establishment or other is not paying the Trade Board rates.

L-962. What I want to get at is how far the effect of the Act depends on some kind of organization amongst the workers to bring to your notice cases of alleged evasion?—It certainly is the case that the greater the extent to which the workers are organized, the more likely are their conditions, if the conditions are wrong, to be made known, because naturally individual workers are somewhat loath to complain for fear of losing their situations. That is guarded against to a great extent by the fact that if a complaint is made in a particular establishment in a district, other establishments in that district are also inspected in order to cover up the place from which the complaint came. With regard to your question, I think it would be true to say that we should expect a higher number of complaints according to the degree of organization of the workers, because there would be greater vigilance on their behalf.

L-963. I take it that the rates are posted up within the factory or workshop?—Yes.

L-964. The workers can read the rates for themselves, and in that way have some check on the wages which are paid to them?—Yes.

L-965. There would be a difficulty where workers were unable to read?—Yes. That is a very rare case in this country, but even in that case other workers in the establishment would make it clear to the illiterate workers what they ought to be getting.

L-966. How far does a sort of public opinion within the industry operate against the employer here and there paying less, if he could, than the fixed rate. I mean amongst employers. Is there a general public opinion within the industry that when a rate has been fixed it is bad form to attempt to evade it?—I am afraid that has not a very great influence on the position. I think the penalties under the Act have a greater effect than that. That sort of influence does not count with an employer who wishes to evade the rates.

L-967. Are the cases of evasion which you do have in the more scattered areas rather remote from the busy centres?—I should say that they were fairly evenly distributed throughout the country. (*Mr. Nicholson*): It might assist the Commission if I said that the ordinary method of discovering non-compliance with the requirements of the Acts is by what we know as routine inspection—a straight-forward inspection of all the employers in areas chosen from time to time.

L-968. In cases where an industry is widespread and not localized, there is a system of district Boards, is there not?—(*Mr. Leggett*): Certain Trade Boards have District Committees, where there are no District Committees rates are settled by the Trade Board alone. The rates may or may not be different in different districts.

L-969. Is it much more difficult to organize the work in a widely scattered industry than it is where an industry is localized, like, for instance, the jute industry in Dundee?—It is more difficult from the point of view of the Department in covering the ground where an

industry is widely scattered. In the case of Dundee an officer stationed there could keep the industry well inspected.

L-970. *Miss Power* : The Chairman asked just now as to the extent to which the Boards took into consideration the capacity of the industry to pay. We notice that in the Agricultural Minimum Wage Act there is a definite wage fixing policy incorporated, but there is no such policy incorporated in the Trade Boards Acts. What has been the policy of the British Trade Boards in practice ?—Their policy has been to fix a minimum rate which any employer in the industry should be able to afford to pay and yet carry on quite successfully ; that is to say, their minds have been turned mainly to what is the highest minimum that the industry can pay ; but it is true to say that in later years one has heard a good deal of the cost-of-living side of the matter. Indeed some Trade Boards did fix cost-of-living scales to operate according to the cost of living which does indicate that cost of living did enter into their minds as well.

L-971. *Sir Victor Sassoon* : Do minimum wages vary with the cost of living ?—In some cases the Trade Boards fix a minimum rate to go up or down with the Ministry of Labour's cost-of-living Index.

L-972. *Miss Power* : Is it considered best to have a definite policy incorporated in the Act, as in the case of the Agricultural Minimum Wage Act, or not ?—That was considered in relation both to the 1909 Act and the 1918 Act, and it was decided not to incorporate the policy, the intention being in the Trade Boards Act, to supply a machine which would take the place, for unorganized industries, of trade unions and employers' organizations who engage in collective bargaining ; and it was understood that the same considerations would enter into the minds of the members of Trade Boards as would enter into the minds of employers' and workmen's organizations when they made agreements.

L-973. Your Memorandum does not give us any information on the preliminaries to the formation of a Board. Can you tell us what guiding principles actuate the decision to set up a Trade Board for a particular industry ?—Perhaps I can answer that best by dealing with the history. The first trades were placed under the Trade Boards Act as a result of public agitation and the publicity given to conditions in those trades. Then, as a result of the 1906 Wages Inquiry in which earnings of all the industries of the country were discovered, the figures for certain industries showed that the workers in those industries were very badly paid. When, after the passing of the Act of 1918, following the Report of the Whitley Committee, the Department expanded the Trade Boards' programme, the industries taken were those which were at the bottom of the 1906 Wages Report. Since that we have waited for a certain amount of agitation outside, and at the present moment the Minister is having regard to the opinion of Trade Unions with regard to the desirability of applying the Trade Boards Act.

L-974. Would the Minister decide to institute enquiry into a trade at the present moment apart from the requests of outside parties ?—The present moment happens to be a highly interesting one, because the whole policy of Trade Boards is under consideration in two or three places. For example, the Trade Union Congress General Council have a special Committee considering the general effects of the policy. At the moment we are taking action in the case of the catering trades, in connection with which there has been a good deal of public agitation, on the subject of the conditions operating in those trades.

L-975. What form does an Inquiry take when it is decided to consider the setting up of a Trade Board?—It is done by a combination of interview and questionnaire. Either the questionnaire is sent to those engaged in the industry concerned, or investigators call to collect the questionnaire, see whether it is roughly right and ask questions on it.

L-976. What percentage of the industry is that enquiry made from?—It has varied from 6 per cent. to 30 per cent. in actual experience.

L-977. According to the size of the industry?—Yes. In a trade which is very widely scattered, with a very large number of establishments, the percentage of enquiry may be small having regard to the fact that the Trade Boards Act can be applied even though only a very small section of the trade has low conditions. That form of enquiry is quite sufficient. If we do find low conditions anywhere, even amongst a few people, the Acts can be applied. In fact it is true to say that there is hardly an industry in the country to which the Trade Boards Act could not be applied.

L-978. After you have made that enquiry, what steps do you take to evaluate the results of it?—First of all the questions are directed to discovering the wages paid and the hours worked. Those results are tabulated in the Department, and then the results are examined to see whether there are, having regard to general conditions, conditions which require the application of the Acts.

L-979. Is the trade given an opportunity of expressing its views before the Board is set up?—Yes. We get into communication with the organizations which exist in the trade from the earliest point. Even in connection with the questionnaire we endeavour to carry them with us in the investigation which is carried out. Before any steps are taken to form a Trade Board, the organizations and such other people who wish to come into consultation with the Department are always seen.

L-980. What is the minimum standard of organization which the Minister considers constitutes a case for setting up a Trade Board as opposed to an Industrial Council?—There is no minimum standard. It may arise that an industry would be organized up to 75 per cent., and there might be in one part of the country a section of the industry in which the conditions might be scandalous. In those circumstances the Trade Boards Act could be applied. It cannot be said there is any proportion to which we have regard.

L-981. Do you ever take an industry out of the operation of the Trade Boards Act could be applied. It cannot be said there is any pro-Trade Board, and put it under an Industrial Council?—No, that has never been done.

L-982. Do you ever set up a Trade Board without any preliminary enquiry, simply as a result of public pressure?—The first Boards were set up without any preliminary official enquiry. With regard to some of the Boards set up from 1918 onwards, there was very little enquiry except from the point of view of discovering what was the proper definition of the scope of the trade; but we had already, in the 1906 Report, facts which were not controverted by the people in the industries. We had no opposition, in fact, in most of these cases.

L-983. In your Memorandum you refer to an alteration in the past in the method of control of the inspectorate. It would be interesting if you would tell us where you consider it best that the control of the enforcing machinery should rest—with the Boards, or with the Department, or with the Government?—On the whole the view always has been taken

that the control should be with the Department. There are one or two reasons for that—first of all, that the money being expended is State money, and that the control of it should be as close to Parliament as possible, and secondly, when there is a large number of Boards the use of the Inspectorate might be uneconomic if each of those Boards competed amongst themselves for the inspectors' time. Many of them are discontented now about the amount of inspection which is carried on in their own industry, and it would be more difficult if we had to supply enough inspectors to satisfy all the Trade Boards. In the course of the history of the Trade Boards Act there have been various experiments tried. In the first place there was one Chairman to all the Boards, who was paid by the Board of Trade, and under him personally—not as Chairman of the Trade Boards, but under him personally in a second capacity—was placed the charge of the Inspectorate. Later on the Secretary of the Trade Boards acting as an officer of the Ministry of Labour was placed in charge of the Inspectorate. Now the inspectors are all under the charge of the Ministry of Labour. Arrangements can be made, and are made, with Trade Boards with regard to any reasonable inspection which they wish to have carried out.

L-984. *The Chairman* : Are these inspectors doing any other work in the Ministry of Labour, or are they allotted solely to Trade Board work ? —They do nothing but Trade Board work.

L-985. *Miss Power* : You say that Trade Boards cover both sheltered and non-sheltered industries. In practice have different wage policies influenced the Boards covering sheltered industries from those covering non-sheltered industries ?—I do not think so. All that can be said on that point is that, as in the case of trades which are not covered by the Trade Boards Act, employers in industries where the conditions are easier, find it more convenient to give what the workers ask than employers in other industries which are competing under more difficult conditions ; but, looking at the Trade Board rates, it is very difficult to draw a line between sheltered and non-sheltered industries on the score of rates.

L-986. Is there any appreciable difference between the wage levels in the two types of Boards ?—With regard to women, it is rather curious that many of the Boards, with quite few exceptions, seem to have achieved as a minimum time rate for women, a rate which is fairly similar on all the Boards. It varies from 6½d. or 6¾d. to 7d. or 7½d. Whatever the kind of industry in which a Trade Board is set up the minimum time rate for women is probably about the same. But some industries, according to their circumstances, have fixed in most cases a very highly complicated system of rates—many of them piece rates—which it is very difficult to compare. It may be said, however, that some of them, having regard to what used to be looked upon as a Trade Board standard, are fairly high. For instance, a piece-rate came before the Minister last week for confirmation which produced somewhere about 1/7d. an hour, which is higher than rates, even for skilled men, in industries like the ship building, engineering, wool and cotton.

L-987. Is there any feeling that minimum wage machinery is unsuited to any except a sheltered industry ?—No. That is often argued, but obviously it depends really upon the wisdom of the persons who compose the Trade Board. They are chosen from people engaged in the industry in order that they may have regard to the circumstances of the industry, and one must assume that they act wisely in those circumstances. In very few cases does the Minister find it necessary to refer rates back

to the Board for reconsideration. At the same time I ought to say that there is a controversy on this point; and I am afraid I cannot say more about it. It is largely a matter of opinion.

L-988. You deal in your Memorandum with the composition of the Boards. What representation is given to the unorganized element among the workers and the employers as opposed to the organized element?—We have a rule that, in so far as the section of the trade in the district for which we want representation can be so represented we try to appoint a member of an organization, because on the whole they are more articulate and are more confident in the expression of their views than a worker who is entirely without colleagues or in any organization. At the same time there are many cases in which, in order to find a worker who is engaged in the particular branch of work, or in the particular district, we have to get a man or woman who is not a member of an organization at all.

L-989. How do you select such a worker, or employer, where there is no organization?—In the case of a worker we try to find a suitable establishment in the district, and we sometimes get the employer's permission to have a meeting of the workers at which the object of the Trade Boards is explained, and we try to get them to nominate one of their number to be a representative on the Board. Generally we can achieve that.

L-990. *Sir Alexander Murray*: If he is not a member of an organised body?—Yes.

L-991. *Mr. Cliff*: Is that meeting conducted by the Trade Board inspector?—Yes.

L-992. *Miss Power*: On the subject of the fixing of the rates, to what circumstances does the Minister pay regard in deciding to adopt or reject a rate suggested by a Trade Board?—Sometimes when the Trade Board sends a rate forward for confirmation, objections are made directly to the Minister by persons in the industry. In that case steps are usually taken to hear them. If their case is sufficiently substantial—for example, if they suggest that as a result of the operation of the rate there will be a good deal of unemployment, the Minister may ask the Board to reconsider the rate.

L-993. Is it a rare occurrence for her to refer a rate back?—Yes. We have a case before us now in which certain rates have been fixed, and the allegation has been made that a certain number of women will be thrown out of employment. That has not been sent directly to the Minister, but it was stated in the Objections. We have had some enquiry made into that, and there will be consultations with the Board, and the Minister will confirm those rates when she is satisfied that no real harm will be done by them. But normally, the Trade Board having considered all the objections and having come to a decision, it is quite a rare thing for the Minister to have any doubt about the matter at all.

L-994. Do you ever get a deadlock?—There have been cases in which a very long time has been taken and in the grocery trade the rates were never confirmed and the Trade Board was afterwards brought to an end. That is the one classical case of a real deadlock.

L-995. Dealing with the powers of the wage-fixing bodies, we understand from the Ministry of Agriculture that in the case of the Agricultural Minimum Wage Act it is impossible to fix piece-rates owing to the nature of the occupation. What are the pre-requisite conditions in an industry to enable piece-rates to be applied?—By that you mean general minimum piece-rates?

L-996. Yes, general minimum piece-rates ?—It is necessary first that the work should be such as to lend itself to a piece-rate system of payment. Secondly, in order to have general minimum piece-rates it is necessary that there should be similar work and similar processes carried on in a large number of establishments throughout the industry. In a case like farming there is very little work, except perhaps the hoeing of turnips and that sort of thing which lends itself to piece-work ; but in many industries there is a good deal of repetition work, work which is normally paid by the piece and for which general minimum piece-rates can be fixed.

L-997. When the inspectors want to discover whether the piece-rate fixed will yield the agreed minimum rate to workers of ordinary capacity, how do they arrive at what constitutes a worker of ordinary capacity ?—In the first place, on going to the establishment, they try to eliminate, perhaps by discussion with the employer or by their own observation, those workers who are definitely subordinary. Then they find out the earnings of some of the others and take the lowest. If the lowest of the workers whom they regard as not subordinary are below the rate, then the assumption is that the piece-rate is not high enough.

L-998. Does that system present any difficulties in practice ?—I do not think so. The inspectors have become very highly skilled in this matter, and I gather that in practice they do not encounter any great amount of difficulty. They manage it quite successfully.

L-999. You say that a Trade Board may set up District Trade Committees. What circumstances weigh with a Board as to whether it shall or shall not set up District Trade Committees ?—That again varies. It might be put, what circumstances should weigh with the Board ? The tendency on the part of most Boards is to keep the settlement of conditions within their own hands. While some of them have set up District Trade Committees, they have still kept rates uniform. There may be quite good reason for that, because if an industry, although having establishments in various parts of the country, can serve the same markets, there is a reason for having fairly similar rates throughout that industry ; and the tendency on the part of the Board in that case would be not to have District Trade Committees. In other cases, where local circumstances do play a great part, they might probably have District Trade Committees, but they would not necessarily have different rates.

L-1000. In your Memorandum you deal with the question of inspection. Can you tell us whether it is necessary to have annual inspection of every establishment under a Trade Board ?—There again is a difference of view. Quite recently there was a question asked in the House suggesting that we should have annual inspection. But obviously if there are 110,000 establishments throughout the country you would want a very large staff indeed to inspect each establishment each year. It would be very expensive. The programme is planned in such a way as to allow the inspection of every establishment within four or five years. With regard to that, we think we ought to be able to assume that a large number of people, especially as years go on, having been given certain statutory rights, should be able to take some steps themselves in order to secure those rights. Therefore we have not based the number of inspectors on 100 per cent. inspection every year.

L-1001. What is the approximate percentage ?—It varies. Last year it was nearly 20 per cent.

L-1002. Do you regard that as satisfactory ?—We have to regard it

as satisfactory at the present time, because there are other considerations to be taken into account. There is a definite limit to the amount of money which we are allowed to spend on inspection. We hope, in fact (as has happened) that the Trade Unions will be able to take more action even than they do now in securing the payment of the Trade Board rates. I think, as a matter of principle, that it is not wrong for something still to be left for the workers to do in their own interests. We have always taken the view that we should not regard the workers as little children—especially in this country.

L-1003. *Mr. Cliff* : If the inspection of establishments is nearly 20 per cent., what would be the number of evasions reported?—The number of evasions are very small. Some figures are given in the Memorandum. There is a good deal of evasion as regards posting of notices, and there is a good deal of difficulty with regard to the keeping of records ; but the extent to which the rate is not paid is very small, which is rather satisfactory.

L-1004. *Miss Power* : To what extent is it necessary to take criminal proceedings?—Proceedings are taken mainly as a warning to others. I am afraid I am not able to give any percentage with regard to proceedings, but now and again, in one industry or another, where we feel that more than the normal amount of evasions is going on, we may have three or four prosecutions in that industry in order to bring the fact to light that Trade Board rates are in operation. A very large proportion of cases is settled by the payment of arrears. There are quite reasonable grounds for taking that course. On the other hand, it is necessary not to let employers feel that they can go on paying less than the rate and that when they are caught they will merely have to pay the arrears. It is necessary to make them feel that there is something more than that as a penalty.

L-1005. What is the attitude of the magistrates. Is it friendly or hostile to the Act?—Very friendly.

L-1006. Is there any difficulty in collecting and distributing arrears of wages due to workers who have been underpaid?—No great difficulty has been found.

L-1007. Do you require any special qualifications for minimum wage inspectors?—We have taken the view, and it has been proved by experience to be correct, that the higher the general intellectual ability of the inspectors, the more successful they are. In discovering the rates in some of the industries, there are serious difficulties to be encountered, and we do have to have fairly well selected persons for the work. Many of them are found within the staff of the Ministry of Labour, but we do have to have serious regard to their general qualifications.

L-1008. How do you discover the names of employers who are covered by a wage rate? Do you have compulsory registration?—No. We take the Home Office lists—the factory lists, and we examine the directories. We take every opportunity of adding to the names on our list, and in such places as the East End of London, where new places are continually being started, it is very difficult to keep the list complete.

L-1009. In your Memorandum you deal with the economic effects of minimum wage legislation. Are there any indications that Trade Board rates have led to the discharge of workers, either adults or juveniles, to any extent?—That again is a point which is not entirely

free from controversy, but generally it may be assumed that, especially in the earlier days when the rates were increased, and increased fairly rapidly, employers will take steps to see that they have the most efficient workers in return for their money. In the earlier days there was a replacement of workers, but at the present time we very much doubt whether there is much ground for the suggestion that workers are discharged, because of the operation of Trade Board rates. The charge has been made particularly in respect of juveniles being dismissed when they reach the adult rate. That again is a general charge, which is made also in outside industries—that the rates for the earlier years are too high so that employers dismiss a juvenile of seventeen or eighteen and take on a still younger juvenile. I think it is true to say that no special complaint can be made in that respect as regards Trade Boards apart from industry in general.

L-1010. Is there any deduction to be drawn from the fact that the percentage of unemployment in Trade Board industries is lower than in industry in general?—I think nothing can be deduced from that, except the fact that the circumstances of those industries have been such as to produce that kind of result. It is rather due to the circumstances of the industries than to the operation of the particular wage fixing machinery.

L-1011. There is no fair deduction to be drawn from it?—I do not think so.

L-1012. Is there any indication, in trades covered by Trade Boards, of a desire to do away with the Trade Board system?—No,—on the contrary. The employers who are at present covered by Trade Boards have shown no great desire to be relieved from the operation of the Act. Individuals have.

L-1013. Is there a desire to extend it?—It varies. We know of two industries at the moment in which both sides would like to have a Trade Board, but that is because the organization on the employers' side is so unsatisfactory as to allow the unorganized employers to menace the position of organized employers. It does not follow that the circumstances exist for the application of the Trade Boards Act, because it still may not be the case that the conditions of the workers, even in the non-federated established are low enough to justify the application of the Trade Boards Act.

L-1014. *Sir Alexander Murray* : Very few Trade Boards have been started since 1921. Ten years have gone by without any addition?—Yes. There have only been two small ones in that time.

L-1015. *Miss Power* : Can you tell us whether the existence of the Trade Boards has weakened the strength of the strike weapon?—That again I am afraid is a matter about which there can be a good deal of discussion. There is one general point—that while the Trade Boards protect wages and to some extent the hours of workers, they do nothing to protect the workers in many other circumstances which give rise to disputes. For example, one of the bases of organizations in this country has been the treatment of workers within their establishments by foremen and employers, such as unfair dismissal, and so on, which has led them to join together to resist what they regard as injustices. The Trade Board does not protect them at all in that way. It protects merely their wages and conditions. It is true to say that where workers are not organized, the operation of the Trade Boards Acts does not do anything to stimulate

them to take action on any other ground ; whereas if they were members of unions they might take action.

L-1016. Is it true to say that there have been singularly few strikes in industries covered by Trade Boards ?—Yes. That may be due to the general satisfaction of the workers with their main conditions and the existence of a considerable proportion of workers who are not organized.

L-1017. *Mr. Joshi* : It is stated in your Memorandum, "The condition set out in the Act of 1909 was that the Board of Trade should be satisfied that the rate of wages prevailing in any branch of the trade was 'exceptionally low as compared with that in other employments' ". Will you explain what you mean by "other employments" ?—Which kind of other employments ? Taking the conditions before the War, in industry generally in this country before the War, there was roughly a rate for an unskilled workers, whatever the industry, of somewhere about six pence an hour. There was also a rate for a skilled worker which was something under a shilling. If the rates in a particular industry were a long way below that amount (for example, in the tailoring industry it was two pence per hour at that time), then it was considered expedient to apply the Trade Boards Acts. In the tailoring trades, there was a very considerable difference between the rates paid in these industries, and the rates which were generally paid to workers in other industries.

L-1018. Would you include agriculture in those other industries ?—No, I think not, for the purposes of comparison.

L-1019. Is it the experience of this country with regard to these Trade Boards that any industry has suffered financially on account of the existence of these Acts ?—We have had no proof of that.

L-1020. Have you received any complaints of that ?—Some complaints have been made, and when the matter was examined by a Committee of which Lord Cave was the Chairman, they said there were certain cases in which there seemed to be ground for complaint, but generally they did not find the case proved.

L-1021. You have stated that the workers in this country being literate can read the rates, and that that leads to the success of the Trade Boards ?—That is so.

L-1022. Have you any experience which suggests that in a country where there is illiteracy, Trade Boards will not succeed ?—I should think it very doubtful whether the Trade Boards Acts would be suitable in a country of that description. I imagine it would follow that organization of the workers would be practically non-existent, and further that you would not be able to find workers who could sit on a Trade Board and take part in the settlement of rates.

L-1023. Do you suggest that, for the establishment of a Trade Board, the industry must be organized ? I understood you to say that Trade Boards were more suitable for unorganized industries ?—What I intended to say was, that the representatives who are going to act on behalf of the individuals should have such an equipment—at any rate, literacy—that they are able to take their part in the fixing of the minimum rate.

L-1024. May I take it that what you want is that the representatives on the Trade Boards should be literate ?—I think it is necessary in order that they may consider all the representations and matters placed before them.

L-1025. You do not think all workers need necessarily be literate. What you really require for the success of Trade Boards is a small

number of literate people who would be representatives on the Trade Board?—Yes. It seems to me in circumstances of that kind that it would have been necessary in this country to have had something more equivalent to the Wage Commissions which have been set up in certain countries abroad. That is where you choose two or three people who investigate the circumstances of the particular industry and who then themselves fix a minimum rate. That, it seems to me, would be more suited to the circumstances of the kind you mention than a Trade Board.

L-1026. *Sir Alexander Murray* : That is to say you would suggest a Trade Commission instead of a Trade Board?—A sort of minimum Wage Commission.

L-1027. In what countries are they in force?—Before they were declared unconstitutional there were Commissions in the United States in certain of the States there, and in certain Provinces of Canada they have something of the sort. In South Africa there is a good working example.

L-1028. *Mr. Joshi* : Who would form such a Commission?—The Government.

L-1029. What sort of people would constitute it?—Normally it is the Government, or a Department of the Government which constitutes a Commission of that kind. It would, of course, be possible, in constituting it, to have regard to the views of representatives of either side; but the difficulty it meets is that it avoids having to select a number of representatives to serve on a body such as a Trade Board where they do have a good deal of documentary evidence. For example, some Trade Boards may have as many as 200 or 300 pages of objections to read and to examine. Obviously it requires a certain amount of education and ability to be able to consider those objections and to pronounce upon them.

L-1030. *Mr. Cliff* : Do you publish your notices in Hebrew?—No.

L-1031. Are they all published in English?—Yes, and I think they are quite well understood.

L-1032. But there are a good many people employed in the tailoring trade who cannot read English?—Yes, but I think it is very rare to find one of those people who does not know his rights, even though he may not exercise them. (*Mr. Nicholson*) : There have been notices published in Yiddish and in Welsh, but they were not welcomed and did not seem necessary, and we dropped them.

L-1033. I was wondering if a person who can work for wages and draw wages, and who can buy in the markets, would be sufficiently literate to be able to work under a Trade Board?—(*Mr. Leggett*) : I do not think it would follow. I can imagine circumstances in which it would be very difficult to find representatives to represent the workers on the workers' side of a Trade Board who would have sufficient confidence to do so unless they were equipped with a fair amount of education and knowledge. I can take this country as an example. There is no doubt that, although we have, in order to represent all sections in industry, to put individual workers on Trade Boards, members of Trade Unions, not necessarily officials, are better equipped to take part in the discussions than the ordinary single worker who is without associates.

L-1034. That is a matter of intellectual ability. I was thinking more about rates. Take the question of rates, where people can work for wages and who have to draw them at certain rates. If they can work

under those conditions, is the publication of rates any bar to them working under Trade Board rates ?—The publication of rates ?

L-1035. Dealing with an illiterate population that cannot read. They can work for wages, and they can buy in the market ?—Special steps would have to be taken to let them know what they should be receiving.

L-1036. What I was wondering on that point was this. Take home workers. Go back to 1906 and 1909 where there was no degree of Trade Union organization and a very large number of home workers. How did you acquaint those home workers with the rate to which they were entitled ?—Usually their first acquaintance with the rates was the visit of an inspector. It is necessary also to say that the operation of the Trade Board rates in those industries tended largely to destroy the home work ; that is to say, very soon after the Trade Board rates came into operation the home work was transferred to the factories. It was no longer so profitable to employ people at home under those conditions, when the Trade Board had begun to fix proper rates for the work.

L-1037. *Mr. Joshi* : You stated in reply to the Chairman that there is some public opinion in the industry in favour of the minimum rate being fixed ?—Yes, there is a considerable opinion within each of the industries in favour of minimum rates.

L-1038. Do you mean the opinion of the employers or of the workers ?—Of both, for two different reasons. The employers, especially organized employers, are particularly anxious that some rate shall be fixed which will prevent their competitors from undercutting them to too great an extent. The workers, on the other hand, wish to have a minimum for the raising of their conditions.

L-1039. Have there been instances where the employers have applied to the Government for fixing minimum rates ?—We have not had cases in which the employers have applied, but we have cases now before us in which employers associations have joined with the Trade Unions in asking for the application of the Acts.

L-1040. But before this time had the employers made no application for minimum rates ?—Their application has taken another form ; that is, they have wanted to have the compulsory extension of their agreements, which is something more than the operation of minimum rates. There has been a considerable agitation in this country among organized employers, now that organization has become less owing to the depressed conditions, to have some form of legislation which will compel the un-organized employers to pay the rates which they have to pay.

L-1041. That has happened where agreements already exist ?—Yes.

L-1042. What do you mean by "organized industry" ?—Take the boot and shoe industry. I suppose that 90 per cent. of the workers in that industry are organized in a Trade Union. In some other industries there may be only 30 or 40 per cent. organized. The effect of that amount of organization might largely determine the conditions in that particular industry. The effect of an organization is far greater than the proportion of the workers organized.

L-1043. May I take it therefore, that when we talk of an industry being organized for the purpose of the Trade Boards Act, it is really the workers' organization which is understood ?—Yes. We have regard mainly to the extent to which the workers are organized.

L-1044. *Sir Alexander Murray* : It does not include the fact that the employers are organized ?—No. We could apply the Acts if the workers were not organized even if the employers were fully organized.

L-1045. What do you mean by "organized"—that there are Trade Unions or not?—That they are not members of some collective organization, which would be a Trade Union, of course. If there is an organization of which the workers are members for the purpose of regulating their conditions, and those organizations make agreements which are carried out, we regard that industry as organized, and effectively organized.

L-1046. You are now discussing a point which affects us a good deal in India. At home here you had the great bulk of industry organized before you introduced these Trade Boards, and it was only for the small proportion of unorganized industries that you introduced them. It is the very reverse with us in India. We have got practically no organized industry in the sense you are describing now.

Mr. Cliff : Is that the evidence ?

Sir Alexander Murray : Yes, we have practically no organized industry in the sense you speak of. We are exactly the reverse of what you are. In these circumstances, would you think it would be right to start in the same way there as you started Trade Boards at home. You had organized industry at home and very few unorganized industries when you started on this line. We are the reverse in India. Practically all industry is unorganized there. What would you do in a case like that?—It was with that in mind that I said a short time ago that I felt that the Trade Boards Acts were probably not quite the proper machinery with which to start. But, on our own position, I think it is necessary to remember that when in 1909 we came to consider some form of fixing a minimum rate we had behind us a long history not only of organization, but of discontent among the industries and public opinion had been aroused with regard to conditions in some industries which were not organized. We had worked up from the Conciliation Act of 1896, in which the Board of Trade was given power to intervene in disputes which arose. We had had that experience behind us, so that the Trade Boards followed as a sort of compulsory Conciliation Board. We had in the country examples of voluntary Conciliation Boards. We really added compulsion to a system which was partly in operation already, which made it possible for those who were unorganized to participate in the same kind of machinery as the organized people. In a country which has not had a history of that kind, or which has not been brought up to that point, the position would obviously be more difficult. That was the case in those countries which have adopted Minimum Wage Commissions. In those cases you have many different nationalities, and a comparatively illiterate population.

L-1047. *Sir Alexander Murray* : There is a tea-planting industry in India. How would you start to arrive at whether the wages in that industry were low or adequate ?

The Chairman : Is that a question to put to a witness ? Is not that a matter on which we must make up our minds ?

Sir Alexander Murray : The witness said to Mr. Joshi that he would not look upon agriculture as an industry. It is the main industry in India.

The Chairman (to the witness) : Have you any experience of India?—No. My answer has been misunderstood. When Mr. Joshi asked me that question we were talking of what we took into account when we were comparing the rates in the trade to which we proposed to apply the Trade Boards Act and general rates applicable in the country, and

I was saying that we had regard only to manufacturing industries, and that it was not necessary to take agriculture into account.

L-1048. *Sir Alexander Murray*: That is a different thing. As I understand it, there is only 7 per cent. of the occupied population in this country engaged in agriculture, but in India 70 per cent. of the people are engaged in agriculture. In fixing wages do you take into account rents of houses?—No. The Boards have given their attention only to the rate of wages which shall be paid by the employers to an employee for particular work. The Trade Boards Acts do not allow the employer to pay part of that rate in kind.

L-1049. You said that so far as you were aware there was very little dismissal of workers when they reached 18 or 21 of age. On the other hand, in Dundee I find it is quite a common practice to employ people in the jute industry while they are under these ages and immediately they become adults their services are dispensed with and other juveniles are employed instead?—We have no evidence that that kind of action is taken more in industries covered by Trade Boards than in other industries. That is a general cause of complaint even in connection with ordinary collective agreements. We have not much evidence that it is well founded.

L-1050. In practice Trade Boards at home really leave the fixing of the wages to the representatives on both sides, with the Chairman presiding. There are two sides to the Board, with a chairman, and they arrive at what is a fair rate. Is that the common practice?—The usual practice in organized industries, ordinary collective bargaining, is that the Trade Union and the employers' organization reach agreement. If they do not it is quite a common thing for them to ask an independent person to come in, or for there to be some intervention of some kind by which an independent person does come in as conciliator and who re-opens the discussion between them and tries to get agreement. A Trade Board merely applies that principle from the commencement of the proceedings, and the general object of the appointed members is not to assert their opinion at all, but merely to act as the conciliating medium. But if necessary, seeing that the Trade Board must fix a rate, the appointed members may have to come in and vote in order that the rate may be fixed.

L-1051. A question was asked about the effect of Trade Boards, and you indicated that the average wage for women was round about 6d. or 7d. According to the table you give in Appendix IX, evidently the wages of female workers may vary from 5d. to 10d.?—Yes, but a large proportion of them are round about 6d. to 7d.

L-1052. One would have thought that if 10d. in the boot and shoe repairing trade is considered a fair wage for a woman, 5d. in the chain-making trade ought not to be considered a fair wage. How do you decide? Do you still leave it to the people themselves to decide?—Yes. Chain-making is an entirely different industry from boot repairing, and we assume in fixing that rate that the Trade Board have had regard to the circumstances which they have to meet—for instance, that if they fix more the industry will not be able to be carried on.

L-1053. I see it is the same thing with the male workers. The wages vary from 9d. to 1½d. It is what the industry can bear more than what the standard of living is?—Quite. The standard which the industry can bear is bound to be the dominating factor in the Trade Boards' mind.

The employers will do their best to prevent a rate being paid which would be higher than they could afford to pay. If a Trade Board did fix rates which were higher than could be afforded, we should obviously have quite serious results in the trades themselves. All we can say is that in spite of all the allegations made, we have not found the amount of trouble in the industries which has been suggested.

L-1054. *Sir Victor Sassoon* : I am not quite clear as to the basic function of these Trade Boards. Is the basic function of a Trade Board to try to get as large a wage as the industry can bear where that industry does not happen to be organized ?—Its object should be to fix the highest minimum rate which any employer in the trade, reasonably efficient, should be expected to pay. That is not necessarily the highest rate that the trade can bear.

L-1055. These Boards are really to protect the good employer by taking care that the bad employer should not give an undue low rate of wage in that industry ?—That is one of its effects. It was not its object.

L-1056. Is one of its intentions not to dictate to the industry what it should pay, but merely to say that the average rate for a good employer is a certain figure and to make sure that nobody will give less than that ?—It is not quite that. The single intention of the Act was to protect the workers in the industry from being exploited by any employer.

L-1057. That was the original intention—to deal with sweated trades. Have you developed the second policy ?—In some of the trades the Trade Board has proceeded to fix rates for every kind of worker in the industry ; in fact, the Trade Board rates have become the standard rates in the industry.

L-1058. You see my point. Are you trying to say that they are there to protect those workers who are paid much too low wages, then you can surely only consider those trades, or industries, where the wages are unduly low ?—Yes.

L-1059. On the other hand, are you going to say " We are going further than that and make sure that in any industry the wages paid shall be more or less than those which are paid by the good employer who should not suffer at the hands of the bad employer " ?—We have not gone that far yet.

L-1060. In practice you are rather working that way, otherwise are you not going to find it difficult to justify the higher rates which you put down in one industry over another industry ?—In certain industries I agree that the Trade Boards have become practically the sole regulating machinery for those industries.

L-1061. Where you have a country like India, where 70 per cent. of the workers are employed in agriculture, if you were merely going to take up the original line that you were dealing with sweated industries in which the workers were being paid too low a rate, you would have it brought up against you, " Why are you interfering in trades where the existing rates are much higher ? "—You must have the same thing brought up against you here. Why do you interfere in a trade where the rates are fairly high ?—Because when the Trade Board Acts were applied to those trades at that time the rates for some of the workers were very much below those rates.

L-1062. Is there no trade in which you are not interfering, but where there is organized labour, where the rates are lower than where the Trade Boards are operating ?—I think so, yes. Some of the rates

fixed by Trade Boards for certain classes of work are higher than the rates which have been fixed for skilled workers by collective agreement in highly organized industries.

L-1063. Does not it seem rather difficult to justify the existence of Trade Boards if they were only to bring up the rate of wages of under-paid workers?—At the time at which these Trade Boards were established there were in those industries a considerable number of workers who were being sweated.

L-1064. They were being paid at rates lower than the rates prevailing in the organized trades?—Yes.

L-1065. You have brought them up above the rate which is paid in trades where there is organization?—That has happened in some cases. If you take the rates for some of the workers for instance, those in the brush and broom trade—you will find that they are higher than the rates of a large proportion of skilled men in the engineering and ship-building trades.

L-1066. This has happened without any really defined policy at all?—Quite, because the Trade Boards were compelled to fix certain rates, such as a general minimum time rate. They have the right to fix other rates if they so desire. The Committee presided over by Lord Cave rather suggested that they should not be allowed to fix, except by agreement, rates which were higher than the lower minima; if they wished to fix higher rates it should be done by agreement and should not be enforceable by the Government.

L-1067. Surely by enforcing higher rates you justify the Cave Committee's statement, that the operations of the Boards have contributed to the prevailing industrial depression?—It still remains the fact that the great bulk of workers receive the minimum. The higher rates usually apply only to a small proportion of the workers in an industry.

L-1068. But they are enforceable by law?—Certainly. I agree to that extent. The Trade Boards have really gone beyond the original intention; that is to say, they are protecting a class or worker which might very well be expected to protect himself.

L-1069. They are protecting a class of worker which it was not their intention originally to protect—I think that is true, but it is also true that the Trade Boards Acts are still properly applicable to that trade because there are a large class of workers whose conditions would be in danger if those rates were not in operation.

L-1070. Surely they could put a minimum rate for that trade without discussing what the higher rates should be for other parts of that trade, or for other operations of that trade?—They could. There is considerable argument about that. It is possible however to sweat a skilled man by paying him an unskilled rate.

L-1071. You mean that if you put a minimum wage they would pay the same rate to the skilled man and the unskilled man?—That would be possible.

L-1072. But surely your skilled man is generally the man who becomes organized, and therefore he can look after himself?—Yes. There is something which happened here after the War which has to be taken into account. The Committee over which the Chairman presided, proposed that it was desirable that for unorganized industries, as well as for organized industries, there should be some joint body which would have an interest in much more than the fixing of wages. We made some

approach to that in the 1918 Trade Boards Act by allowing Trade Boards to make representations to Government Departments and by regarding them as the consultative bodies for their industries. That being so there did creep into the atmosphere the suggestion that the Trade Board took the place of the ordinary negotiating arrangement in organized industries for the purpose of regulating conditions. To that extent there is no doubt that the Trade Boards still more departed from the intention of the original Act, which was to protect the weaker members in particular industries.

L-1073. How would you protect yourself from the demand that the Trade Boards should interfere in industries which are at the moment governed by negotiations between organized labour where the existing rates are lower than similar rates laid down by the Trade Boards?—Those conditions move up and down according to the circumstances of the industry. There may yet be a time when the rates in those industries will be higher.

L-1074. How can you protect yourself from that demand?—Why should not Trade Boards lay down the rates of wages for those other industries?—It would be possible for us at the present time.

L-1075. You have a policy not to interfere where there are collective agreements, is that right?—If the organizations are generally effective in the industry, we could not interfere.

L-1076. Why not?—Because the Act requires a double condition: (a) that the machinery is not effective throughout the industry, and (b) having regard to the rates of wages prevailing; that is to say, if there is effective machinery operating throughout the industry we cannot apply the Acts although the conditions are bad.

L-1077. *The Chairman*: Would it be correct to say that in the cases where these special high rates have been fixed by Trade Boards, those rates have been fixed by agreement between the employers' and workers' representatives, but not dictated by the independent members serving on those Boards?—It would not always be the case that the matter had not been decided by the vote of the appointed members. In some cases it has been.

L-1078. *Sir Ibrahim Rahimtoola*: You say "A Trade Board must fix a minimum rate or minimum rates of wages for time-work. Where no other rate has been fixed piece-workers must be paid at rates sufficient to yield, in the circumstances of the case, to an ordinary worker at least as much money as the minimum time-rate"?—In regard to piece-workers, do not wages generally depend upon the amount of work which a worker turns out?—Yes.

L-1079. Supposing you fix a minimum rate below which his wages cannot fall, and the worker does not produce sufficient to justify that payment, is the employer still to pay him that wage?—A worker of that kind would not be an ordinary worker. The piece-rate must be fixed in such a way as to enable the ordinary worker to obtain the rate. If another worker works below normal, then he would not receive the rate, and there would be no compulsion on the employer to pay him the rate.

L-1080. How do you regulate that? Supposing an employer employs a large number of men in his industry on piece-work, and 10 or 20 per cent. of those workers do not work with ordinary energy to produce sufficient work to justify the payment of the minimum wage by the employer: what is the employer to do? Has he still to pay to

those 20 per cent. of workers the minimum wage, or is he entitled to pay below the minimum wage?—If normally they could make six-pieces in an hour and the time-rate is one shilling, the piece-rate is then two pence; every worker must get at least two pence per piece. If a worker chooses to make only four pieces an hour he gets eight pence, and there is no compulsion upon the employer to pay the man a shilling for those four pieces, as the man has only earned eight pence.

L-1081. Then what does this mean: "Where no other rate has been fixed piece-workers must be paid at rates sufficient to yield, in the circumstances of the case, to an ordinary worker at least as much money as the minimum time-rate." In the illustration you give, supposing the minimum wage rate for an ordinary worker is one shilling, would not the worker who only produced four pieces still have to be paid one shilling, because that is the minimum wage?—No, the shilling is a time-rate. If the worker is not on piece-work, the employer must pay him a shilling for every hour he is working, irrespective of what he does. The Trade Board could proceed, if it liked, to fix a piece-rate also to be applicable to piece-work; but if the Trade Board does not fix a piece-rate, but merely leaves it at a shilling an hour time-rate, and the employer employs workers on piece-work, then the employer must pay to the ordinary worker a sufficient piece-rate to produce a shilling an hour. In the example I gave, the shilling an hour has been fixed for time workers, but for piece-work the corresponding rate would be two pence. If a worker does not make six pieces in the example I gave he only gets paid for the number he makes, and that is quite all right, because the piece-rate itself is right, as it produces a shilling an hour to an ordinary worker. It is the piece-rate which must be right, and not what the worker earns.

L-1082. Then it means that, although the minimum wages rate fixed is a shilling, the employer is not bound to pay the minimum wage, but may pay only eightpence because that is the ratio of production?—The corresponding piece-rate of a shilling an hour time rate is two pence per piece. If six pieces can be made in an hour, twopence is equivalent to a shilling an hour. The worker can earn that, if he pleases, by making six pieces.

L-1083. *Sir Ibrahim Rahimtoola*: I want to know the meaning of "at least such minimum time-rate". The time-rate is a shilling. The employer must pay the minimum of one shilling whatever the amount of work the workman produces.

The Chairman: "Sufficient to yield".

Mr. Sastri: The emphasis is laid on the twopence, and not on the shilling.

Sir Ibrahim Rahimtoola: In these conditions the amount of payment would depend upon the actual work which the man puts in having regard to the average that can be produced with ordinary efficiency?—Yes.

L-1084. If the man produces less he gets less wages, although those less wages may be lower than the minimum time-rate?—Yes, but they are equivalent to the time-rate, because the piece rate is based on that rate.

L-1085. You say, "It is true that, in a period during which industrial conditions fluctuate rapidly there are complaints that the rates may not, under the statutory procedure, be varied quickly enough, and when the great depression of trade began in 1920 complaints by employers

against the operation of the rates were general though by no means universal". What happens in those conditions? Does the employer continue to pay on the basis previously fixed until such time as the fresh Inquiry is held and the minimum rates are lowered?—Yes, he must continue to pay until the Trade Board has changed the rate and new rates have been put into operation by the Minister. The minimum period for that is about three months.

L-1086. *Sir Victor Sassoon* : What is the procedure for altering those rates?—The Trade Board considers a new rate and decides upon a proposal, which they send out to every employer in the trade.

L-1087. What starts it?—The Trade Board itself. It may be that the employers' side ask for a reduction, or the workers' side ask for an increase.

L-1088. *Sir Ibrahim Rahimtoola* : The work is done by the Trade Boards within a period of three months?—Yes. The order would be made within that period. Two months are allowed for employers to consider the proposal of the Trade Board, and to lodge objections. Then the Trade Board considers those objections and may determine to adhere to its previous decision. Then it sends that decision to the Minister to be confirmed and made obligatory.

L-1089. I was dealing only with those cases in which the Trade Board, in consequence of trade depression or other causes, decides to lower the wage?—It would take probably three months.

L-1090. At the date it comes into operation the workers accept the reduced wages which are so decided?—Yes. New rates are fixed, and they come into operation. Then the employer is not under an obligation to pay more than that. Where the workers for other reasons continue to get higher rates, that is another matter.

L-1091. There is no obligation on the employer to pay more than the reduced wages so determined?—Quite so.

L-1092. What has been experience in practice? Have the workers readily responded to a decrease in their wages, or has there been any trouble in enforcing the rates of pay which have been reduced on those principles?—There has not been any trouble when the wages have been reduced.

L-1093. The workers have willingly accepted it?—I would not say willingly, but they have accepted it without causing any trouble.

L-1094. *Diwan Chaman Lall* : Is that due to the fact that there has been previous consultation?—Yes. There is a long discussion on the Board itself, any very often the workers' side have the final satisfaction of voting against a deduction.

L-1095. Would you have had trouble if the employers had said, "We will reduce the wages", without consulting the workers?—They cannot do that. There must be this discussion on the Trade Board. There must be two months for objections. Objections could come from the workers' side that the rates were being reduced too low.

L-1096. *Sir Ibrahim Rahimtoola* : When there has been a statutory reduction, after enquiry, have the workers accepted it, or have they gone on strike against it?—We have never had a case of a strike against it.

L-1097. In reply to one question you said, if I correctly understood you, that "The minimum wage rises or falls according to cost of living."—That was in certain cases. The Trade Boards, in order to provide for the rapid changes which were taking place from 1920 onwards, when the cost of living was fluctuating a good deal and likely to come down, and

in order to avoid constant meetings, fixed a rate which should change according to the cost of living. In that they followed many industries not covered by Trade Boards.

L-1098. In those cases no special machinery is required? The rise and fall is automatic?—Yes. Most of those have been brought to an end now. (*Mr. Nicholson*): That is an expedient to keep real wages steady, and it is quite distinct from an alteration in the level of wages.

L-1099. What I was trying to find out was the procedure which obtains in this country. The workers being organized and the employers also being organized, it is easy to regulate minimum wages both in the event of a rise and in the event of a fall?—(*Mr. Leggett*): Yes. The machinery is there.

L-1100. There is on trouble, as in India, where immediately, whatever the cause, an employer reduces wages a little, there is a strike?—There are plenty of cases here. We have just had a strike in the woollen industry—an organized industry—in which there has been thirteen weeks stoppage. It all depends upon circumstances.

L-1101. The minimum wages operating must have a pronounced effect on the cost of production in industry? Is not that so?—When the Trade Board fixes a rate which the industry should be expected to pay: if carried on efficiently, it must have regard to the possibility of receiving a price for the goods sufficient to cover those labour costs. It is true to say that the operation of the Trade Boards in certain industries has undoubtedly led to an increase of efficiency in those industries. In the tailoring industry, the re-equipment of the factories, the improvement of machinery, and the improvement of methods, have been partly brought about by the compulsion on the employers to pay higher rates.

L-1102. *Sir Victor Sassoon*: Would that mean employing a lower number of operatives?—Not necessarily. It has shown itself in a greatly increased standard of clothing of the population and reduced prices. At this moment the cheapest suits are those which are supplied from these very factories.

L-1103. *The Chairman*: Have you any figures as to labour costs per unit in any industry?—I am afraid we have not. We only know what has gone on in some of these industries. The tailoring industry is particularly interesting, because it commenced from such a low level. The wage was pushed up very slowly at first only by a farthing an hour. The trade was given a chance to accommodate itself to the new conditions. It is undoubtedly a different industry now from what it was when labour could be obtained at any price which the employer cared to pay.

L-1104. *Sir Victor Sassoon*: My question really was whether, although the cost of production was low, the employer employed a smaller number of operatives: whether there was any displacement of labour due to the re-equipping of the factories?—I should say that the number of operatives employed in tailoring at the present time exceeds the number employed in 1909.

L-1105. When they re-equipped the factories, was there a temporary displacement?—What happened was the transfer of the workers from their homes to the factories.

L-1106. *The Chairman*: Labour-saving machinery always, in the individual case, appears to mean less labour, but the efficiency of the industry may lead to their re-employment in other places?—Yes. In the tailoring industry it operated quickly. In some industries at the present time it is true that there may be workers displaced who may never be picked up

again in time, but in the tailoring industry that expansion has taken place in time.

L-1107. *Sir Ibrahim Rahimtoola* : I take it that the workers clearly realize that the continuance of their wages and their prospects depend upon the success of the industry by means of efficient work ?—I think so. When I replied to the other question a short time ago as to the attitude of the workers when a reduction operates, it has to be remembered that already the general standard of rates has been raised in this country. If one compares them with rates in other countries, it is quite clear that the rates in this country have been put up somewhere round the proper figure, so that one would expect a different attitude in amendments to that figure from the attitude to a figure which started very low down. If, for example, in 1909, having put the rate up from 2d. to 2½d., the employers suggested a decrease of a farthing, one would have expected trouble, but when it is in a higher range it is different.

L-1108. My point was this—that the workers, being literate, realize that the industry will continue to employ them and pay them the minimum wages fixed if the industry itself is prosperous, and there is a genuine effort on the part of the workers to be more efficient in order that the industry may succeed and continue to employ them. There is that spirit ? —Yes, coupled with the fact that the employer in his turn has done all that is possible for him to avoid a reduction.

L-1109. Further there is no feeling here amongst workers that so long as their minimum wages are fixed it does not matter at all whether the industry gets efficient work and is successful or is not successful. They do not merely get their wages and go home ; there is not that spirit in this country ?—I think that would be rather an unnatural spirit, but whatever is the spirit, it seems to me that, while the Trade Boards Acts protect the wages and the hours of the workmen, without organization the employer has a very free hand with regard to which worker he shall employ and which he shall not.

L-1110. If the employer in this country tries to reduce the cost of production by dismissing a certain number of men whom he finds inefficient and replacing them by others, is there any difficulty on the part of the Trade Unions ?—The organizations in this country watch very carefully the interests of their members in that respect. It would be quite unfair to say that there is not a big resistance here to anything which is not clearly just.

L-1111. Who determines whether it is just or whether it is unjust ?—There are discussions between the two sides. It may be that the disputes and the discussions are carried on with a third party present. If that is not successful there may be a stoppage. The Government may hold an inquiry. If the Trade Unionist is still satisfied that the change is not acceptable, there is a dispute in this country just as there are disputes in other countries.

L-1112. Does it come to this—that an employer may close his works and dismiss everybody whom he employs without any trouble, but he cannot reduce the number of men he has got on his rolls without creating trouble with the Trade Unions ?—I am afraid that this goes to the root of the whole of the struggle between employers and workers, and that it is leading us into a somewhat difficult field.

L-1113. *Sir Ibrahim Rahimtoola* : The employers cannot dismiss a man and replace him as they like, is that the position ?

The Chairman : That is not a question capable of a single answer.

Sir Ibrahim Rahimtoola : Do you think there is any truth in the general impression that minimum wages, and other labour regulations, have raised the cost of production in England as compared with other continental countries, and that that is why England finds it difficult to compete in world markets and why unemployment is increasing. Do you think there is any foundation in that assertion?—I should like to be relieved from answering that. It is a matter of very considerable controversy and one that ought to be answered very carefully.

L-1114. *Mr. Clow* : You mention that in a number of industries there was a section among the employers which was anxious to prevent undercutting of rates. How far does the success of the Trade Boards depend on the presence of that section?—I do not think it would depend upon it at all. Once a trade Board has been established in an industry, the general habit here of observing the law, with some exceptions, enable that Trade Board to operate fairly efficiently whatever the attitude of the employers. As a matter of fact a considerable proportion of employers would not want to have their conditions regulated by law at all, and their position would not be affected by the existence of any section of the kind you mention. Administration, however is facilitated when the employers are generally not hostile to the statutory rates.

L-1115. Have you had Trade Boards in which the employers as a whole have opposed rates finally fixed?—Yes. We have had such cases. As a matter of principle, there is generally a good deal of opposition from employers. There may be objections from all the employers' organizations as well as from a considerable number of individual employers to the rates. Those are taken into account by the Trade Board together with objections from the workers' side. There have been cases in which a very considerable body of objection has been received from the employers. I would not like to say that in every case the rates have gone forward after those objections. It is quite possible that they have not been persisted in.

L-1116. Have there been cases in which Trade Boards have fixed rates, which have been finally approved, in which all the employers' representatives on the Trade Boards were opposed to those rates?—Yes, it would be true to say that, but it has not followed from that that the rates have been proved to be wrong.

L-1117. Will you turn to paragraph 78 of your memorandum and the method which you give in No. (iii). In this case how is the rate determined in practice?—There is no rule for it. They would fix a rate which they think should be fairly paid to piece-workers whatever the circumstances of their work. A guaranteed time-rate would usually be fixed in circumstances in which a piece-worker might be expected to meet obstacles which would impede him in earning the right amount, so that when he starts working piece-work he is sure of a certain amount. Obviously if a guaranteed time-rate is in operation an employer is not likely to retain an unsatisfactory worker on piece-work. He would not earn the guaranteed rate. That is the only safeguard against that.

L-1118. Supposing a dispute arises, and the employer alleges that a man has been slacking, and the man alleges that he has had difficulties, what happens?—The guaranteed time-rate would still be payable; but all the Boards have not fixed a guaranteed time-rate. (*Mr. Nicholson*) : It has only been fixed in one case—the laundry trade. (*Mr. Leggett*) : It applies to special circumstances in which piece-workers may meet with difficulties.

L-1119. What do conciliation officers do in connection with disputes?—We have seven officers in different districts in the country, whose general

duty is to keep in touch as far as they can with various movements in the industries, and to hold themselves available whenever a dispute arises—when the workers and the employers cannot agree—and to intervene in that dispute and endeavour to get an agreement in order to prevent a stoppage. The way in which it operates is this: very often months before a difficulty really comes to a head they are in touch with either the employers or the Unions in order to keep the matter discussed on proper lines. We have had many cases in which, by a short conversation when a difficulty first shows itself the matter has been directed into channels in which agreement has been reached. With regard to the second case, in which agreement has not been reached and a dispute is threatened, then the conciliation officer may try himself to get the parties to meet and discuss the matter, or one of them may come to him and ask him to call a meeting or take other steps which he might think fit to take in order to bring about agreement. There is a considerable amount of success obtained in that way. Above these conciliation officers there is the headquarters of the Ministry. We try to keep out of the disputes as much as we can, but if a dispute has a national significance, then probably we try to get the parties to a meeting in order to discuss the position. Generally most of the work is done away from the public eye altogether.

L-1120. In practice do conciliation officers find it easy to keep the confidence of both parties?—Yes. They have to be very careful not to abuse that confidence. They have to be in a position in which either side will tell them quite frankly their position, believing that they will not expose it to the other side. I think it is fair to say that they have that confidence, without which their work would not be successful.

L-1121. There is no danger of an officer becoming regarded as an employers' man or as a workers' man?—We have not got a case of that kind at present. If such a case arose obviously we could not keep that particular officer on that work. As time goes on he may be accused on one occasion of being an employers' man and on another occasion of being a workers' man, but if he lives through that for four or five years it is quite clear that he is not biased. There is one important point on that. Very often in the case of workers who are not organized, a third person of that kind can make them articulate. He can help them to crystallize their views, and to get those views placed before the employers properly, and he can get them to understand also the employers' views. Many disputes arise merely because of a misunderstanding of the views of one side or the other because they are not put clearly to each other.

L-1122. *Diwan Chaman Lall* : One of the principles of Trade Boards is to prevent sweating?—Yes.

L1123. Is there any definition of sweating?—No. The nearest we have got to a definition are the words used in the first Act: "where rates of wages are unduly low as compared with other employments".

L-1124. *Mr. Sastri* : Is it only on the wages, or hours of work as well?—Both have to be taken into account. If £1 a week is fair for forty-eight hours, that would be different from £1 a week for ninety hours.

L-1125. *Diwan Chaman Lall* : The second principle is where the wages are exceptionally low as compared with other employments, and the third, which was incorporated in the 1918 Act, is where no machinery exists for the regulation of wages?—Throughout the industry, yes.

L-1126. Has it ever been considered to incorporate a fourth principle, namely, a guaranteed living wage?—That has never been incorporated in the Act, but no doubt the workers' side will always have in mind the

desire to make an industry pay at least a minimum which would give a fair standard of life.

L-1127. Would you consider, for instance, with regard to a fairly well organized industry, that a wage of 6 a week for a day of ten hours is a sweated wage?—I think so, yes.

L-1128. *Sir Alexander Murray* : How do you know, if you do not know the cost of living.

The Chairman : You mean in this country?—I gather that Diwan Chaman Lall is talking of this country. I am only talking of the country I know.

L-1129. *Diwan Chaman Lall* : Would you consider, if that fairly well organized industry was in a position, to earn enormous profits, and yet continued to pay a wage of 6/- a week for a ten-hour day that there was a necessity for the institution of a Trade Board?

The Chairman : You must not try to lead the witness outside his own knowledge.

Diwan Chaman Lall : I suppose the factor which you have stated would operate in India equally well, and that there should be no difficulty administrative or otherwise?—I could not say that I am afraid. I think it has been pointed out that there would be difficulty.

The Chairman : We have only asked Mr. Leggett to come here to inform us as to the English conditions, so that we ourselves can judge as to their application elsewhere.

L-1130. *Diwan Chaman Lall* : The Chairman asked you a very important question about labour costs. That has never been taken into consideration in fixing the minimum wage?—We do not know all that a Trade Board takes into consideration. It does not have to come under our consideration as regards any part of our duty. I should find it very difficult to believe that any employers' side would ever discuss a rate of wages without having in mind labour costs.

L-1131. Is there any kind of machinery whereby you could find out the actual labour costs in any particular trade?—We have no machinery at the moment.

L-1132. It would be desirable, I suppose, in setting up Trade Boards to have such machinery?—All we do is to set up a body which itself fixes the rate. All they take into account in fixing that rate is their business. We have not to provide anything for them. The reason why we have left it to the employers and the workers is because they themselves have a knowledge of the industry and presumably can speak of the facts without enquiry.

L-1133. Are there any practical difficulties that you have come across which are of a serious nature in the working of the Trade Boards?—No. It is true to say that the Acts have worked with very great smoothness.

L-1134. They have been successful also in creating a better spirit?—They have certainly brought together people who did not come together before, and they have led to a better spirit because of those people constantly meeting together.

L-1135. *The Chairman* : In paragraph 78 of your memorandum you set out five different kinds of rates which have been fixed by Trade Boards. Can you conveniently give us rapidly, taking them *seriatim*, the cases in which these particular methods have been found applicable?—(*Mr. Todd*) : The general minimum piece-rates—that is, a fixed price for a job—apply in a number of trades examples of which are

the retail bespoke tailoring trade and the brush and broom trade. With regard to special minimum piece-rates, I do not know that there is a case in existence to-day of a special minimum piece-rate which is a rate fixed for a particular employer's establishment. There were one or two cases in the tailoring trade, but they have ceased. A guaranteed time-rate, which is a rate below which no piece-worker can be paid, exists only in the laundry trade for female piece-workers.

L-1136. No. (iii) has not been found applicable to any other case except laundries?—I do not know if it has not been found applicable, but it has not been necessary to apply it. Piece-work basis time-rate is fairly general to most of the Trade Board industries in which there is piece-work, and it applies in the tailoring trade alongside the piece-rates and also applies to the ready-made side of the tailoring trade as well. That is, that the employer fixes his own piece-rates for his own work. The yield of these piece-rates to the ordinary worker must be the piece-work basis time rate. Overtime rates apply fairly generally throughout the industries where overtime is worked.

L-1137. Turning back to the case of the guaranteed time-rate, what were the reasons why that was applicable to the case of the laundry trade and apparently not to other cases?—It is simply that the laundry trade thought it desirable. In the circumstances of the laundry trade, and in the method of giving out work to ironers, the work is mixed. Some of it may be difficult and some of it may be easy. It is quite possible that the earnings of the workers, owing to the circumstances of the case, would be very low, and the Board think it necessary that those particular workers should at least get the minimum fixed by the guaranteed time-rate.

L-1138. Would it be in some cases because the worker had to wait through no fault of her own?—No, that would not be the case. I think it is more the difficulty of the work. Waiting for work is governed by the waiting time provision of the Act. If a worker has to wait for his work, the ordinary time wage is applicable for waiting time.

L-1139. There must be a considerable number of cases where the worker, with all the will in the world to work on the piece basis, is unable to make the full amount because of somebody behind who is not supplying him with work?—That is true, and in the circumstances of those cases, when it is due to faulty organization on the part of the employer, as it usually is, waiting time is payable at the general minimum time-rate laid down, and the inspectors take steps to enforce that.

L-1140. Has the inspector any knowledge of an industry where there is weaving?—In flax and hemp.

L-1141. *Sir Alexander Murray*: When the weaver has to wait for cops, or for bags, what happens in that case?—I am afraid I am not very familiar with that. They are most difficult schedules—these jute schedules, and I should hesitate to reply.

(The witnesses withdrew.)

**Mr. H. L. FRENCH, C.B., O.B.E., Principal Assistant Secretary,
Ministry of Agriculture and Fisheries.**

L-1142. *The Chairman*: Mr. French, we are much obliged to you for coming to help us to-day. I understand you are Principal Assistant Secretary at the Ministry of Agriculture and Fisheries?—I am one of them.

L-1143. You have general oversight in the matter of the working of the Agricultural Wages Board?—That is so: the general administration of the Agricultural Wages Regulation Act, 1924.

L-1144. In your memorandum you have been good enough to give us the history of this movement to regulate agricultural wages. I do not think I need take you over that; to me, of course, it is rather familiar.—Exactly.

L-1145. I had something to do with various stages of the Corn Production Act and with what has happened since. I will therefore come at once to the system as it has existed from 1924 onwards. In your memorandum you say "The power of fixing minimum rates of wages is placed in the hands of County Wages Committees and the Central Agricultural Wages Board is only empowered to fix rates in cases of default by Agricultural Wages Committees or at the request of a Committee", and you add "in practice no such occasions have so far arisen". That is you add "in practice no such occasions have so far arisen". That is to say, the responsibility for the fixing of agricultural wages is placed upon these County Committees, which take into consideration the circumstances of their own particular industry and of the districts in which it exists?—That is so.

L-1146. Should I be correct in saying that one of the factors influencing those County Committees is the rate of wages obtaining in other industries in the county? For instance, I think I am correct in saying that in Lancashire and Yorkshire the rates are higher than they are in most of the southern counties of England?—That is so. However, if we go further north, in Scotland, where there is no statutory wage regulation, wages are generally higher than they are in England; and as you come south wages become lower. In the north of England wages are higher than they are in the south, but there is a figure, namely 30 shillings, below which in fact no Committee has fixed minimum rates since the Act of 1924.

L-1147. But in industrial counties such as Lancashire and Yorkshire, for instance, is it the fact that what is obtainable in alternative employment to some extent fixes the agricultural wages?—I hesitate to reply to the question, because in a way it is rather more difficult than it sounds. I do not doubt for a moment that what you put is true, but I would say that it has always been the case, apart from any Regulation Act. Agricultural wages in the north of England have always been higher than in the south, and I have no doubt that that is due to the competition of other industries. Consequently, when wage regulations started under Act of Parliament, that was a factor which had to be taken into account right from the first, and it still remains a very important factor.

L-1148. Referring to allowances in kind, you say "the Act gives Wages Committees power to make Orders defining what allowances may be reckoned in part payment of minimum rates and the Committees may attach values to these benefits. All Committees have defined a cottage as a recognized benefit and the majority have also included board and lodging and milk." There the Committees have regard to the custom of the industry in the area with which they are dealing?—Yes.

L-1149. It is not merely the cash wages which are taken into account but various kinds of benefits?—Yes, and the practice in that matter varies a great deal from county to county.

L-1150. No doubt according to the custom of the district?—Yes, I should say entirely according to the custom of the district.

L-1151. You tell us no Committee has yet fixed special rates of wages for piece-work. Am I right in saying that what they have done has been to fix a weekly rate in the first instance, and then to say that that weekly rate represents so many hours of work, and if a worker puts in less than that number of hours he gets only a proportion of the rate that is fixed for the week?—No, the last part of that is not quite correct. The Committee fixes a weekly rate of wages, and is in the Order as being in respect of a minimum number of hours, but, if the worker does not work that number of hours, it is assumed that that is by agreement with the employer. The employer cannot reduce the amount of money wages by employing a man less than the minimum hours; he must be at the minimum weekly wage. There is a clause in all the Wages Committees' Orders which is known as the Guaranteed Week. It ensures the worker a particular minimum wage, shall we say 30 shillings, in a particular county, and that thirty shillings cannot be reduced merely by reducing hours.

L-1152. But supposing the worker does not turn out to work on one or two days in the week, would he still get the 30 shillings?—That would be a different matter. The wage would be subject to deduction if he was absent on his own initiative against his employer's instructions; but that could not happen regularly every week. If it did we should regard that, in enforcing the Order, as collusion between the employer and employee to defeat the Guaranteed Week clause. In practice what happens is that if a man is sick or takes a holiday without permission he cannot demand the minimum wage for that week. A regular worker must be paid the minimum weekly wage if he is a full-time employee. The hours he works, even though they may be less than the minimum number, are not taken into consideration in reduction of the minimum wage.

L-1153. In effect the employer must have open to the worker a full week's work?—Yes, that is exactly the point.

L-1154. But the worker on his side may stay off a day or two days as he pleases, but if it is on his own motion he is not entitled to claim the full week's wage?—That is so; but, of course, nothing in the Act would prevent the employer giving the worker notice to quit if he habitually stayed away. It does not affect the ordinary relationship between master and man in that respect.

L-1155. You tell us that so far no piece-rates in agriculture have been fixed?—That is so.

L-1156. There was one attempt, but it broke down?—Yes.

L-1157. So that what it comes to is that the minimum weekly wage is fixed?—Yes.

L-1158. The employer must offer to the worker the full number of hours work that corresponds with the amount of wages?—That is so.

L-1159. But if in particular cases the worker is put on piece-rates, those rates must be such as will tempt the worker to accept piece-rates because he will thereby earn more than he would by remaining merely on the time-rate?—That is in practice the position.

L-1160. So that it is not bringing the workers down to a dead level. There are, I imagine, a considerable number who do work on piece-rates and earn substantially larger amounts than the minimum time-

rate?—At seasons of the year and on particular jobs, yes; but not, of course, for the whole year round. Piece-rates are very largely seasonal.

L-1161. Then you tell us about the provision for infirm workers, who are not capable of doing a full average day's or week's work. Has there been much dispute or difficulty in granting these exemptions?—It is really rather surprising that there has been so little. That part of the system works, I think, extremely smoothly. It has nothing at all to do with the Ministry, and therefore I can speak quite frankly about it. What usually happens is that an employer and a worker put in a joint application to a Wages Committee for an exemption certificate in respect of the worker, and they usually state the wage at which he would be willing to work. The Committee then usually appoint a sub-committee, consisting generally of one representative farmer and one representative worker, to go and interview the man, and they form their own judgment, after questioning him, as to his capabilities. I think perhaps the effect in most cases is to raise the amount which was stated in the application as the wage at which he would be willing to work, but usually the amount stated in the permit is accepted by both people quite amicably and on the whole the thing works very smoothly. In some cases the Committees deal with this matter merely by sending one of their number to see the man—either a representative farmer or a representative worker. It has ceased to be a controversial matter at all, and in certain counties they merely send down one representative to have a look at the man and decide on the spot whether it is a genuine application and what is a reasonable wage for him to work for. As far as I know, practically no difficulties occur in individual cases. I think there is a need, in a way, for rather more publicity about this particular matter, because in our enforcement work we constantly come across cases of where a man is receiving less than the minimum wage, but when you look at him you see he is a man who ought to receive less than the minimum wage, but in fact a permit has never been applied for. In those cases we have to tell the farmer he runs a grave risk of prosecution and that he must regularise his proceedings by obtaining a proper permit, with the amount of the wage stated in the permit.

L-1162. I was much struck by the figures you give in regard to this matter; you say there are only 12,000 permits of exemption?—That is so.

L-1163. It struck me that did not correspond with the number of aged workers who are kept on, largely by the goodwill of the employers, long after they have passed the time when they can do an average man's work?—I think everyone familiar with the Act is rather surprised at the smallness of that figure. I think there have not been anything like so many applications, and Committees have not granted permits of exemption to anything like the extent, that was at one time anticipated.

L-1164. *Sir Alexander Murray*: What is the total number of employees?

The Chairman: I think it is about a million. It would be something like 80,00,000, I think.

L-1165. We are not including Scotland, of course. One always took the number of farm workers as being roughly a million.—In England and Wales, according to the returns received on June 4th, 1929, the total number of male workers was 667,800—say 668,000—and the total number of females 102,000.

L-1166. *Sir Victor Sassoon* : Are you quite sure the full rate of wages is always paid ?—I have not come to the question of the extent to which the Act is observed ; I think we shall probably have to come to that later. That bears on the question of the 12,000.

L-1167. *The Chairman* : My own observation would lead me to suppose there would be seven or eight times as many as the 12,000 given here as the figure for agricultural workers who are not capable of a full average week.—Yes. As I have already said, I think that number is surprisingly low. No doubt to some extent the explanation is that many of these old men are very skilled. They may not be physically so capable as the others, but they are often amongst the most skilled men on the farms ; but I cannot really explain why the number is not greater than it is.

L-1168. Except that you admit that in all probability there is a much larger number than 12,000 who in fact are working for less than the standard rate ?—I think so, yes. I think our inspections always reveal that there are numbers of old men, and perhaps of younger men who are suffering from some disability (in regard to sight, or whatever it may be), who are working at less than the proper minimum wage which should be applicable to them. In those cases we do not immediately prosecute ; we always advise the farmer to put himself in the right by sending in an application, and in fact he generally does so. But I would not say that our inspections indicate that this number is a long way out ; it would not mean that if everyone who ought to have a permit applied for a permit the number would jump to 50,000, or anything like that ; it would mean only a comparatively small addition to it.

L-1169. Then, of course, no one can fail to be aware that there is a good deal of complaint on the side of the farmers that the rates are fixed on what they consider an uneconomic basis ?—That is so.

L-1170. You have told us quite frankly that the farmers' produce is only 34 per cent. above pre-war, that the cost of living, according to Government figures, is 55 per cent. above pre-war, whereas the rate of wages fixed under this system is 76 per cent. above pre-war ?—Yes, and personally I do not think that statement really does full justice to the farmers' position, because in estimating that 76 per cent. we have merely taken the increased cash wage ; we have not allowed for the reduced number of hours. The effect of wage regulation since 1924 has been not merely to maintain 30 shillings as a minimum wage, but it has also been to reduce the number of working hours per week, because overtime becomes payable after the specified number, and therefore, if you took into account the increased wage in respect of a lesser number of hours, 76 per cent. would be an understatement. Why I did not give a higher figure is because it becomes very controversial after that ; a good number of people will argue that a man is doing as much work in a week of 48 hours as he used to do in the old week of 60 hours. Those are matters of opinion on which I will not venture to touch. All I would do is to say that in the *National Farmers' Union Year-book for 1930* there is a very eloquent diagram showing the average of the weekly minimum wage for each year 1917 to 1929, and then they have another line showing the cost of labour and another showing the cost of living and another the price of agricultural produce. The effect of course is that whereas the value of agricultural produce is steadily falling, the cost of labour is horizontal and the average minimum wage is also horizontal,

while the cost of living is falling too. I do not think there can really be any doubt, therefore, that the cost of labour on a farm to-day is much more than it would be if it were not for this Act. I do not think anyone can really doubt that. Since the Act came into force, though wages have been maintained the retail prices of commodities have gone down, so that the value of the wage has really gone up.

L-1171. Coming now to the actual working of these Committees and the way in which they arrive at a decision as to what shall be the minimum wage rate for their county, are there appointed members in addition to the representatives of the employers and the representatives of the workers?—Yes.

L-1172. From what class of person do you obtain those appointed members?—The Minister himself is responsible for the appointment of what the Act describes as two "impartial members", and the Committee then proceed to appoint their own Chairman. Sometimes they elect one of these impartial members as their Chairman, in which case the Minister has to appoint another, but in other cases they find some local person in whom they have confidence to act as Chairman. If you regard the two appointed members and the Chairman as a sort of panel of arbitrators and the other two sides as being equally represented, I think one could say the arbitrators are really drawn from a very wide class. In some cases they are land-owners, but for the most part the tendency is to get away from the agricultural industry and try to get people who not only in name but in every respect are obviously impartial. Some are members of the legal profession; one is a well-known bank manager in an agricultural district. I would say that they are members very largely of the professional classes rather than of the employing classes, and in any case they are people who are not very closely identified with agriculture. It is difficult to generalize, however, because only a few days ago a gentleman died in Bedfordshire who was not only a farmer but a leader among farmers, and yet he had been elected Chairman of the Agricultural Wages Committee and had been an extremely successful Chairman of that Committee. He was elected by the Committee itself, though he was a practising farmer dependent on the land for his living.

L-1173. The success of the work has depended to a considerable extent on the availability of that class of person?—I do not think anyone could exaggerate the importance of that factor.

L-1174. The fact is that practically everywhere, in every county, you can find a sufficient number of independent-minded people to give service in this way?—It is extremely important.

L-1175. Are they paid?—No.

L-1176. They are unpaid?—Yes, with the exception of a subsistence allowance. It is extremely difficult work. It is not only a question, so to speak, of arbitrating between two opposing sides, but the importance of the decision is very widespread. There may be threats of strikes and refusals to co-operate, threats of the withdrawal of representative members and that kind of thing, and everything really depends not only on the judgment of these three impartial gentlemen but often on the ability they have to make it apparent to everybody that they are really impartial and are doing their utmost. It is an extremely important matter.

L-1177. *Mr. Clow*: In your memorandum you refer to piece-rates, and you say "No Committee has yet fixed special rates of wages for piece-work". I take it that is the same thing as saying that no Committee has fixed piece-rates at all?—That is so.

L-1178. This case of sugar beet is of special interest to us, because it approximates to some extent to conditions we are considering in India. Would it have been possible to fix, say, an hour-rate for that kind of work?—All our rates, of course, are really hour-rates. That is the form of the minimum rate; it is an hour-rate.

L-1179. Yes, but it is really a fixed rate irrespective of hours, in the sense that if a man works less than a certain number of hours he does not get less?—But the farmer can require him to work the minimum hours. The only way in which the minimum operates is that if a man works more than the minimum hours he is entitled to overtime. We speak of piece-rates in agriculture as being rates dependent on doing a certain job of work, say a particular acreage if it is hoeing, or a certain field. I know of nothing in the industry which could be called a piece-rate which is based on hours; it is based on the job.

L-1180. One very important industry in India is the tea industry. There is a system at present by which in many tea gardens the men are remunerated by fixing a task or a certain amount to do, and a man gets a certain payment for that work. Do I make myself clear?—Yes, I think I understand that.

L-1181. The employer as a rule does not insist on any specified number of hours being put in.—No. That is precisely what we should call a piece-rate; that is doing a particular job of work for a particular amount of money.

L-1182. *Sir Victor Sassoon*: Should not Mr. Clow add that the task varies according to conditions?

Mr. Clow: It is bound to, according to the stiffness of the soil, and so on.—Yes; that would be so with us.

L-1183. *The Chairman*: You say in your memorandum: "The Committee found the problem incapable of solution owing to the fact that the earnings of the worker on piece-work are dependent upon so many varying conditions, such as weather, type of soil, yield of crop". That is so.

L-1184. That is exactly this case?—That is exactly this case.

L-1185. *Mr. Clow*: With the added difficulty that there is no real standard of work by the hour at all, a good many of them are what I might describe for present purposes as part-time workers.—That would apply exactly to our piece-rate system, and I think it is exactly that problem which has made our Committees fight shy of fixing piece-rates. In the ordinary way, if two men apply at a farm for work—or they may be regular workers on the farm—and they are asked to undertake a particular job, they go and look at it, and according to the character of the soil and the thickness with which the crop is sown and all kinds of other considerations of that sort they agree a rate with the farmer. We practically never come across a case where those rates in practice, if they were converted into hour rates, would be less than the minimum rates, and therefore we never have to interfere. The ordinary man who bargains with the farmer for piece-rates is generally the best type of agricultural labourer and quite capable of looking after himself, and he will not take on a job at piece-rates, as the Chairman has said, unless he thinks it will benefit him as compared with hour-rates.

L-1186. Is a man entitled to go to a farmer and say "I will work for you for 20 hours a week at such and such a rate"?—The rate being based on hours, do you mean?

L-1187. The rate being above what the minimum would yield per hour, but not yielding the minimum for that week because he has worked so few hours.—If the man is merely employed per hour he would receive the hourly wage which is mentioned in the Order, but the guaranteed weekly wage would not then apply to him.

L-1188. That is the point.—I think I ought to clear up that point with regard to old men, because I think the question we have now got on to has a bearing on it. In certain cases an old man might be employed on an hourly rate, working only, say, four hours a day, and therefore he would not receive the full minimum weekly wage but would still be getting the minimum hourly rates set out in the Order, and would not become a permit case. That may to some extent account for the number of permit cases being less than was anticipated.

L-1189. What was the particular object in attempting to fix a piece-rate in connection with sugar beet work?—The Act empowers a Committee to fix piece-rates, and there are certain agricultural labourers who wander about from county to county and who are never employed at anything else but piece-rates. You can easily understand that if there was any tendency for those men to be employed on piece-rates which in fact would undercut the resident agricultural labourers it would be a very bad thing for the regular agricultural workers, and therefore a Committee might have to take steps, by fixing piece-rates, to see that did not occur; and the Act empowers them to do it.

L-1190. But the hour-rate would still be applicable, would not it?—No, it would not be applicable to a man who was engaged purely on a piece-rate job.

L-1191. I am afraid I have misunderstood you. I thought in that case the piece-rate would have to be such as to yield the minimum rate fixed?—That is clearly the intention of the Act, although it contains no specific provision on the point. If a Committee desired to fix piece-rates, it would be bound to comply with the general instruction of the Act that those rates should provide a worker with a reasonable subsistence, and a Committee could not, therefore, logically fix piece-rates at a level which would not enable a full-time worker to earn the minimum time-rate. That is the general principle on which a Committee would have to proceed, but, in fact, they do not fix piece-rates and so the point never arises.

L-1192. Anyone taken on by the farmer on piece-rates is thereby excluded from the protection of the Act?—Not completely. So long as he is employed on the basis of piece-rates there is nothing in the Orders which is applicable to him, but if, within fourteen days of his job being over, he applied to the Committee, he could get an award from the Committee if the rate at which he had been working was less than the equivalent minimum time-rate, and they would fix—they could fix—a special rate for that particular job. But this is really rather academic, because it rarely occurs. It is in the Act and provision is made for it, but it is really in the nature of stopping a possible abuse which does not really arise in practice.

L-1193. *Miss Power*: But can he claim arrears of wages? If he is paid piece-rates and does not earn as much as a worker covered by time-rates, can he not claim arrears of wages at the time-rate?—If he applied to the Committee within fourteen days, and the Committee found that the rate at which he had been employed was such that an ordinary worker could not have earned the hour-rate, then they give an award for that particular job. It is limited to the particular job he was employed on. He then has a legal right to sue his employer for the arrears.

L-1194. What was the idea in omitting from this particular Minimum Wage Act what is called a piece-work basis rate under the Trade Boards Act—that is to say, giving the piece-worker the benefit of a legal hourly yield?—I think the explanation really is the difference between agriculture and any industry which is carried on within a building. I think agricultural conditions are such that piece-rates have almost to vary from day to day, week to week and field to field, and no Committee as far as I am aware has ever thought itself capable of tackling that particular problem. I think full cognisance was taken of those facts when the Act was under discussion in the House.

L-1195. *Mr. Clow* : Surely there is a loophole for collusion between the farmer and the worker who wants to accept a lower wage?—That is true.

L-1196. He could say “ I am going to pay you piece-rates, and at the end of the week it will come to 25 shillings ”?—Yes, but I think we should hear of that if it went on at all regularly. I do not say it would never occur in any isolated case, but as far as I know it is very unlikely that that could go on with the same farmer and the same employee week after week without some complaint coming from other employees in the district.

L-1197. Is there any protection given to those employed temporarily for harvesting operations, raspberry picking, hop picking and so on?—One or two of the Committees have fixed harvest rates, special rates applicable to hay harvest, corn harvest and so on.

L-1198. There is fruit picking, strawberry picking and so on?—I have never heard of a case even being raised. You have to remember the conditions of the industry. The farmer is very anxious to get those crops in, and he will generally offer a rate which encourages a man to do his work quickly and not to spend long hours over it. That is the normal condition under which those rates are payable.

L-1199. *Sir Victor Sassoon* : Is there any overtime with piece-work?—No.

L-1200. It is a contract rate?—It is a contract rate, and applicable to the whole time he is on it.

L-1201. *Mr. Clow* : Are the harvesting rates to which you refer hour-rates?—Usually it is in the nature of a payment for the harvest. That is the common practice.

L-1202. But is it not customary in this country to bring in extra workers for the harvest, if you can get them?—Several of the rates which have been fixed for harvesting are in the nature of lump-sum payments after the harvest is over. For instance, in Cambridge and the Isle of Ely for corn harvest a lump-sum of £11 is paid for a period of 4 weeks of 64 hours a week, excluding Sunday.

L-1203. That is to regular workers?—Yes.

L-1204. In addition to their wages?—In lieu of their regular wages.

L-1205. I was thinking rather of the man who is not a regular worker on the farm, but who comes in for the harvest.—This would apply to him too. That is why it is fixed in that way. It is in substitution of the ordinary weekly wage for a particular period in the year.

L-1206. That is irrespective of the pace at which a man works?—Yes. These Harvest Orders are made for counties, and anybody working on the harvest in those counties is entitled to that particular payment.

L-1207. *Sir Victor Sassoon* : If they work the 64 hours?—Yes.

L-1208. *Sir Alexander Murray* : It is a 64 hour week ?—Yes : in the case I quoted.

L-1209. How many weeks will that extend over ?—4 weeks.

L-1210. *Miss Power* : Could you tell us from what quarter the pressure for agricultural wage regulation came in the first instance ? Was it from the workers, the employers or the public generally ?—It certainly was not from the employers !

L-1211. *Sir Alexander Murray* : Yes, it was, I think ?—For regulation ?

L-1212. When they agreed to minimum prices and minimum wages ?—I was coming to that. The history of it is not a very long one. I think it started, probably, just before the war, when there was a good deal of discussion about the condition of the industry and more particularly about the low rate of wages in agriculture. You will remember that it figured very largely in Mr. Lloyd George's land inquiry of 1913. In 1915, Lord Milner was Chairman of a Committee of which I myself was Secretary, which recommended a minimum guaranteed price for wheat, and the final part of their report said that if the farmers who benefited from this State subsidy or State guarantee did not increase the wages they paid, or pay adequate wages, legislation would have to be passed to ensure that the workers received their share of the advantage. That shows that even in 1915 the subject was very much in the air. Then, when the Corn Production Act was passed in 1917, I think the position was that the whole agricultural community—farmers and workers—realized and openly acknowledged that if the State gave the occupier of agricultural land certain guarantees and advantages, the State was entitled to see that that percolated right through to the workers. So closely were the two matters associated at that time that when that Act was repealed in 1921 the Government of the day decided to repeal it as a whole, and there came, as you know, a sort of hiatus in agricultural wage regulation. Subsequently the present Act was placed on the statute book as a separate entity by the Labour Government in 1924. In 1924 I do not think there is any doubt that the pressure on the Government of the day was from—I will not say the agricultural workers but from—workers as a whole. The trade unions in their organizations and so on, as well as the agricultural workers' organizations, pressed on the Government the necessity of wage regulation. But that, I think, was due to the fact that they had tasted the advantages of it in the years from 1917 to 1921. I think it would be wrong to say that in 1917 the action of Parliament was taken on the initiative of the workers ; I think that would be quite wrong.

L-1213. *Miss Power* : Under the first Act, the District Wage Committees acted in an advisory capacity to the Central Board.—Yes.

L-1214. Under the second Act that procedure seems to have been reversed, and the District Committees took the initiative, their rates being merely confirmed by the Central Board ?—Yes, that is so.

L-1215. What was the point of that alteration ?—It is a very drastic alteration in the machinery and it would be interesting to know what lay behind it ?—It is not an easy question to which to reply, because it was at that time, and still is to a lesser extent, a subject of keen political controversy. The House of Commons was really divided purely on party lines on this question of whether the Central Wages Board should be the executive organization for this work, or whether the work should be carried out through local Committees. You will remember that the Labour Govern-

ment of 1924 had not a majority in the House, and I think it would have been impracticable for them to carry this legislation through without co-operation from other parties; and eventually, I think I am right in saying, it became the subject of something in the nature of a political bargain. The Conservative Party were not opposed to wage regulation in principle; but they were very anxious to see that the wages were fixed in close relationship with the requirements of localities, and they pressed on the Government of the day that the real authority and executive power should be given to the County Committees; and eventually, by amendments to the Government Bill, the powers of the Central Wages Board in London were reduced to something approaching formality—not much more. I think that is the history of it; I do not know that I can go very much further, having regard to the political character of the question.

L-1216. You say in your memorandum that wages are fixed on the basis of what is considered adequate "to promote efficiency, and to enable a man in an ordinary case to maintain himself and his family in accordance with a certain standard". What inquiry is made by the Board to arrive at this before it fixes the wage? Does it ask for a wage return from the farmers as a preliminary, or does it do it through its own agents?—I believe that nothing in the nature of a formal inquiry has been made since 1924 by any Committee previous to fixing wages, the inquiry being directed to the question of what wage is necessary to maintain a man and his family in any particular locality, but you must remember the Committees consist of farmers and workers and this is a subject on which they speak, and I think are entitled to be heard, with great confidence.

L-1217. *Sir Victor Sassoon*: Do they agree?—No. Usually what happens, of course, is that the farmers' representatives urge the purely economic considerations—what the farm can afford, what is the standard of agricultural prices, how those prices are falling to-day, and what the prospects are. The workers will urge what one may call the more human side—what it is really necessary to have to maintain a man and his family. I think in a great number of cases they are armed with budgets of household expenditure, giving rent, clothing and items of that kind, all of which are produced for discussion and argument around the Committee table. Ultimately, as I have already indicated, it rests with the three impartial people to arbitrate on these somewhat conflicting considerations.

L-1218. *Miss Power*: May I interrupt for one moment? The wage policy laid down in the Act indicates that the only thing to be taken into consideration is the standard of living of the agricultural worker, but you imply to us, in reply to my earlier question, that the capacity of the industry to bear a certain wage is also taken into consideration, although not incorporated in the actual wage policy set out in the Act?—That is perfectly true. The Act states quite specifically that the Committee shall, in fixing minimum rates, so far as practicable secure for able-bodied men such wages as, in the opinion of the Committee, are adequate to promote efficiency. There is nothing in the Act as to those wages being varied up and down in accordance with what you may call the prosperity or the prospects of the industry. But, after all, the individuals who serve on the Committee are practical people, and it is no use fixing wages which may have some theoretical relationship to the cost of living if the effect is that the industry is going to be broken and the men are not going to have any employment at all. You will understand that I am not entitled to attend

any of these Committee meetings, and in fact I never do, nor do I have emissaries there to tell me what takes place, but from conversations with members and so on the impression I have gathered is that the farmers (quite rightly, from their own point of view) do advance what you may call economic considerations, while the workers' representatives advance the other considerations; and both these factors are bound to influence the ultimate determination of the impartial members.

L-1219. *Sir Alexander Murray* : Is that a distinct difference between the practice obtaining under the Trade Boards, where they take into account the capacity of the industry to pay rather than, or more than, the standard of living?—I am afraid I do not know very much about the Trade Boards.

L-1220. *Sir Victor Sassoon* : I take it that the capacity of the industry to pay these wages is covered by the words "so far as practicable"?—I assume that is so.

L-1221. It is that phrase which allows for that?—It is possible that is so, yes. The intention of the Act is undoubtedly that an able-bodied man shall receive a wage sufficient to maintain him and his family efficient, but there are those words "so far as practicable" which qualify the instruction.

L-1222. *Miss Power* : With regard to what you say in your memorandum as to the wage-fixing machinery under the 1924 Act, could you tell us how the workers' representatives on these Committees are selected, in view of the small percentage of them who are organized into trade unions?—Yes, I will deal with that. It is one of our greatest difficulties in the administration of this Act that the agricultural workers in this country are so unorganized, or at any rate that the organization which exists is very limited geographically. There are certain parts of the country where hardly any agricultural workers—a negligible proportion, at any rate—are organized in and members of trade unions.

L-1223. That corresponds to the Indian situation, which is why it is so valuable for us to know how to get over the difficulty.—In other parts of the country, in the east of England for instance, the organization has gone much further, but at any rate we have this advantage, that there are two unions which cater for the agricultural worker, though whether he joins them or not is of course his business. One of those unions, the National Union of Agricultural Workers, is limited to agricultural workers and consists entirely of agricultural workers or men employed in rural industries. The other union, which used to be known as the Workers' Union, has an agricultural section. Taking these two unions together, I do not suppose they cover more than about 10 per cent. of the agricultural workers throughout the country, but they are the only organizations in existence for the purpose, and therefore the Minister by regulation empowers these two unions to nominate equally the representatives of the workers to serve on every Committee.

L-1224. The whole of them?—Every Committee throughout the country.

L-1225. The representation of the workers is taken from only 10 per cent. of the workers' side of the industry?—Yes, and in addition to that in some county you might find that practically no members of either union were working there, but still the Regulations give these two unions the right to nominate between them the whole of the representatives of workers on the Committee.

L-1226. *Mr. Clow* : That does not complete the representation of the workers, does it ?—Yes. The number of representative members varies from six to eight on a Committee.

L-1227. *Sir Victor Sassoon* : 3 or 4 from each of these unions ?—The proportion nominated by each union varies on different Committees according to the relative strength of the union in the area.

L-1228. *Miss Power* : Why has no attempt been made by the department to obtain representatives from among the much bigger percentage of completely unorganized workers ?

The Chairman : They would not know how to do it.

Miss Power : It is done in industry under the Trade Boards Act.—You will realize that questions of this sort are bound to get very close to political considerations. The regulations, I think, were made in 1924, and, although I had nothing whatever to do with them, because I was not in charge of the work at the time, I can easily understand that the Minister at the time would say “ It is in the national interest that these workers should come into these unions, and I will do everything I can to increase the importance and the authority of the unions ”. I do not know that those were his thoughts, but if they were they would at any rate explain the character of the regulations. There is also, of course, the very real difficulty of knowing what else to do. I should find it very difficult, if I was told to find some alternative to the present system, to suggest one which was not open to very serious criticism.

L-1229. How is the balance kept even on these Committees between employers and workers, in view of the difference of education and debating ability ?—I think that is an extraordinarily interesting question, if I may say so. I believe it is the almost universal experience that the impartial members who have worked for a long time on Wages Boards or Wages Committees are very much impressed by the ability with which the case for the workers is put forward. I could not subscribe to it myself, but I have constantly heard the criticism from farmers that an impartial member only has to serve on a Wages Committee for a period of 3 or 4 years and he becomes pro-labour. So that the problem you have in your mind, of the inadequate education of the workers being a handicap to them, does not, I think, really apply in practice. They organize their cases, I believe, extraordinarily well.

L-1230. I want, if I may, to put to you the same question that I put to the representatives of the Ministry of Labour this morning. Why is the enforcement of the Act placed under the Ministry instead of under the Wage Fixing Boards ?—That is not an easy question to which to reply. In 1917 the wage fixing and the enforcement of the Orders were in the hands of the same body, the Central Wages Board. When the Act of 1924 was brought in the procedure was altered, and the fixing of wages became a matter for the different County Committees, and in fact we have now 47 different wage-fixing authorities. I think it is quite clear that if each of those was left to enforce the Act in its own area it would not make for much elasticity or for much uniformity throughout the country.

L-1231. Or, I suppose, for impartiality ?—And possibly the enforcement would not be very impartial in some cases. But I cannot say that is the only reason, because in fact I know it cannot be, since the Bill that was put before Parliament in 1924 did not contemplate that wage fixing should be done so absolutely by the Committees, and that the Wages Board should have such comparatively small powers as laid down eventually by

the Act; yet the Bill contemplated that the administration and the enforcement should be with the Ministry. I think the real answer to your question is that enforcement of the law is a matter, I should say, for which a Minister of the Crown ought to answer at the table of the House. Now, you cannot have a Wages Board, and still less forty or fifty Wages Committees, answering at the table of the House, and it seems to me that from a constitutional point of view there is a great deal to be said for placing the real responsibility on a Cabinet Minister. I do not know whether that is a sufficient answer.

L-1232. Do you demand agricultural experience from your inspectors under these Wages Boards?—Yes, it is one of the qualifications we look for, and I think I could almost go so far as to say it is a qualification we should regard as essential.

L-1233. You give as a reason for the very low percentage of inspection that you do every year the fact that many of the visits paid showed that no workers were employed at the farms visited. Why can there not be compulsory registration of farmers who actually do employ labour, to avoid what may be called "dud" visits?—I think the agricultural industry objects to compulsory anything, and I think if we tried to combine with this somewhat unacceptable Act a requirement that farmers had to register for any purpose at all it would have made its passage through the House much more difficult. I am afraid that sentence in my memorandum may possibly have misled you. We do not habitually visit farms in large numbers where no workers are employed, but within a very few weeks of the present Government coming into power a deputation was received by the Minister from representatives of the workers, who complained that the Act was not being properly administered, and that in large areas there was a very big proportion of workers who were not receiving the proper minimum wage. We decided to test that by going to typical areas, or areas thought to be black spots, putting down a team of inspectors and letting them go just straight through the countryside, visiting every farm. It was a new scheme, and of course we learned a good deal by experience from it. From the first area we learned this, that there was such a very large proportion of farms where no paid labour was employed that there was no need to tell the inspectors to visit every farm. We have therefore altered the former procedure and do not tell the inspectors to visit every farm, but only to visit every farm where, from previous information—speaking to the police and local people—there is *prima facie* evidence that employees are at work. We quoted that as the little bit of evidence we have as to the proportion of farms on which workers are employed, but it is the only case of the kind where we went steadily through the countryside and visited in fact every farm.

L-1234. I now know from your reply to my other question why you have not asked for the compulsory keeping of time records?—Exactly.

L-1235. But I should like to know whether you would be prepared to say that, even in the absence of such records, minimum wage regulation in agriculture is still possible?—Yes, I think it is.

L-1236. You do not consider that the failure of employers to keep time records vitiates the minimum wage regulations?—Not in itself, no.

L-1237. Further on in your memorandum you say that many workers decline to complain, even when they know they are being paid below the minimum rate. Is this due to fear of unemployment in a trade not covered by compulsory unemployment insurance?—Partly.

L-1238. Or to pure apathy?—It is due to a great number of causes. It is often due to really rather likeable reasons. In many cases an agricultural worker lives in. He may be the only worker on the farm. Night after night he sits with his employer, with his feet on the same fender in front of the same fire, and he naturally does not want to write to a Government department or local inspector and complain about that man breaking the law. There is a lot of good fellowship and good feeling in such matters, and in such cases as that, where we tumble across such a state of affairs by a test inspection, where there has been no complaint at all but our man happens to go there, we naturally have to have regard to that worker's instincts in the matter and his feelings. In such cases as that I think the worker's attitude, though perhaps open to a certain amount of criticism, is bound to attract a large measure of respect. There are other cases of quite a different character, where, for example, a man may go to a local hiring fair expecting to secure an engagement for six months and fail to get it, and next day or a day or two afterwards he will offer himself at less than the minimum wage, knowing that he is quite deliberately breaking the law. We have no sympathy for that man, and in enforcing the law we have no regard for him; whether he wants to give evidence or not does not affect our administration.

L-1239. Does that mean you would not collect arrears of wages for him?—No, it does not go so far as that, but if we can influence the magistrate to impose a penalty rather than give arrears of wages we are quite happy.

L-1240. *Sir Victor Sassoon*: To penalise the worker?—No. We prosecute the farmer. The magistrate is bound to give six months' arrears if the man has been working for six months. We can apply for two years, but in such a case we would not; we should limit ourselves to six months. But we should not allow the farmer to get-off cheaply if we could help it; if we could influence the magistrate we should ask him to impose an exemplary penalty.

L-1241. *Miss Power*: Just two questions about the economic effects of the act. You say it has made for better organization amongst the employers, in order to avoid the necessity for paying overtime. Would you also say it has produced a better sense of discipline amongst the workers, so that instead of hanging about the yard they get through their work at a reasonable speed?

Sir Alexander Murray: In order to avoid overtime?

The Witness: If I were to say that I should not get very much support, I think, from the farming community. I think one has every reason to hope that in the course of time that will be one of the effects of the Act, but after all these are early days yet, and I think it would be optimistic to say we had already reached that point.

L-1242. *Miss Power*: Do you think it has given a greater corporate sense to the workers? Has it, for example, improved the percentage of workers organized within those two trade unions?—There again it is very difficult to dogmatize, because the two unions were rather stronger at the end of the war than they are now, but that was because agricultural wages were much higher and a contribution of 2d. or 3d. to the union was a comparatively small outgoing from a wage of 45 shillings. Now the wages have come down to 30 shillings. Everybody knows it is very difficult for a man in the countryside to live on 30 shillings a week, if he is married and has a family, and every penny or two pence is a serious matter to him. So unfortunately many of them

have ceased to support their unions. I could not, therefore, say that the Act has proved a means of strengthening the unions. I believe, as a matter of fact, it is true to say it has been one of the factors (I do not say a very important one) in strengthening the National Farmers' Union.

L-1243. *The employers' side?*—Yes, the employers' side, because undoubtedly through the National Farmers' Union members do get to know about variations in the Orders. We circulate copies of the Orders to the county branches of the National Farmers' Union and they are sent out to all their members and so on, and of course they have also a legal service which is very helpful; so I would say that distinctly on the employers' side it has brought men into the organization. I do not say they would not have been there without it, but so far as one can test it it would seem to have had that effect. On the workers' side, however, I think the wages are still so low and the margin is so small that I cannot say the Act has brought people into the unions.

L-1244. You say the wages are so low. Before the inauguration of the minimum wage in agriculture it was notorious, I think, that the wages paid lagged behind the cost of living. Would you say that with the protection afforded by the Minimum Wage Act the agricultural worker's wage has at least kept pace with the cost of living?—The relative position of wages to-day in relation to the cost of living is substantially better than it was before the war.

L-1245. Do you attribute that to the Minimum Wage Act?—I have no doubt whatever that the present depression in agriculture would have had the result of placing the ordinary agricultural labourer on a lower wage than he is now getting if it were not for the protection afforded by the Act of 1924.

L-1246. Do you purposely avoid saying "below a living wage"?—That I could not say. I do not know what the farmers would have done; it is rather hypothetical. One knows, of course, that before the war there were counties in which the cash wage, at any rate, was a surprisingly low figure; one has seen figures of 13 and 14 shillings a week quoted. Of course, you must go into them very carefully before you accept those figures, because the wage was often supplemented by payments in kind which were of really substantial value, but even so, with only 13 shillings a week in cash coming into the home, it must have been a very difficult thing for some of those men to live.

L-1247. Is there a feeling now that the Minimum Wage Act does in fact stand between the agricultural worker and an undue depression of his standard of living?—I think that is a very general feeling, yes.

L-1248. *Sir Alexander Murray*: And also that it stands between the farmer and a living?—I would say that at the present time the profits, such as they are, derivable from the cultivation of the land have, by this Act, been transferred much more from the farmer to the worker than they would have been if the Act had not been there.

Sir Alexander Murray: A very good reply!

L-1249. *Mr. Joshi*: In fixing the minimum wage you say in your memorandum the standard taken is that which will enable a man to support himself and his family. Do I take it, therefore that no account is taken of the wages that are earned by his wife or children?—No.

L-1250. Further on you refer to overtime rates. Are overtime rates higher than the ordinary rates?—Yes, usually.

L-1251. How much?—I think they are $1\frac{1}{4}$ times the ordinary rate.

L-1252. Is that fixed by regulation?—That is by Order, yes.

L-1253. *Sir Alexander Murray* : I see that the passage about "such standard of comfort" that we have been referring to goes on to say "and further, that the wages should be such as in the Board's opinion were equivalent to wages for an ordinary day's work at the rate of at least 25 shillings a week". That refers to the old Act?—Yes, the 1917 Act.

L-1254. Is there anything like that in force now?—There is no specified minimum in the existing Act. No money value is mentioned in the existing Act.

L-1255. There is that difference between the previous and the present Act, that whereas there was this minimum in the previous Act there is none now?—There is none now.

L-1256. So the present Act represents an attempt to arrive by agreement at a suitable rate?—Yes, that is so.

L-1257. Later on you refer to benefits such as a cottage, board, lodging, milk and various other things. Do the Committees put a value on that?—Yes. For instance, they may put a value of 2 or 2|6d. or 3 on a cottage.

L-1258. And they include that, therefore, along with the wages?—Yes.

L-1259. In the tables that we have here?—That is so. If, for instance, the minimum wage in a particular area was 31 shillings a week, and a man was living in a provided cottage for which the Order enabled the farmer to deduct 3 shillings, the man would in fact receive 28 shillings in cash.

L-1260. *Mr. Clow* : The reduction is irrespective of the accommodation?—Yes. The Order generally states a flat rate for a cottage in a particular area, but any individual occupier of a cottage can, if he wishes, apply to the Committee to reduce that rate in respect of his cottage, owing to inadequate accommodation or for other reasons.

L-1261. *Sir Alexander Murray* : I believe Mr. Clow asked you this question but I am not sure I caught your answer. What is the real difficulty in fixing piece-rates, say for hop picking or berry picking or anything that can be standardized like that?—I imagine the real difficulty is that in hop-picking districts, as far as I know, the rates do in fact vary considerably from farm to farm according to the conditions.

L-1262. But presumably the piece-rate might vary equally as well the time-rate?—If the Committee fixed the rate, it would have to be at the bare minimum; the Committee could not have varying rates. After all, all this Act does is to require the Committee to fix *minimum* rates, though in practice they become standard rates very generally.

L-1263. Too often?—Very nearly always, and therefore the Committee would be shy about fixing a rate which was the lowest rate which was reasonably possible in a particular district, because it might become the standard throughout the entire county.

L-1264. *The Chairman* : You might be paying the same rate for hoeing on stiff clay as on easy marl.—Exactly.

L-1265. *Mr. Clow* : I also understood you to say that in those industries as a rule it is so much higher than time wages that there is not the

same necessity?—That is so. The ordinary worker employed on piece-rates is confident he can earn a higher rate than the minimum hour-rate, and consequently he is not really very interested in the fixing of rates.

L-1266. *Sir Alexander Murray* : What is the actual reason for that difference between industry and agriculture, that in industry the minimum rate is not always the average, whereas in agriculture the minimum rate appears to be the ruling rate?—It is the minimum rate in agriculture, of course, for the ordinary worker; cattle-men, beast-men, horse-men and so on get a higher rate. Your question, really, is therefore why the rate fixed for an ordinary man becomes the standard rate for all ordinary men in agriculture.

L-1267. And not in other industries.—Not in other industries which are subject to statutory regulation?

L-1268. Which are under Trade Boards?—I am afraid I do not know sufficient about Trade Boards to make any useful comparison, but one has to remember that in agriculture to-day we are passing through a very difficult financial time for farmers. There is probably an adequate supply of labour, though not a large surplus of labour. What the effect would be of a general improvement in trade which attracted more men from the country into the towns and created anything like a shortage of agricultural labour I cannot say, but the effect might well be that a specially skilled man would then have no difficulty whatever in getting a wage above the minimum wage; but those conditions do not apply just now.

L-1269. Have you any reason to believe that cultivation is going out and land is being put under grass?—We know that quite a large area has been put under grass.

L-1270. To what do you ascribe that?—In four words, prices of arable crops.

L-1271. More than the cost of producing them?—Yes, much more than the cost of producing them.

L-1272. I think you said in reply to Mr. Clow that piece-work in agriculture came in where a man above the average attempted to bargain so that he could earn more than the minimum wage?—Yes.

L-1273. Supposing a man is below the average, do you think the employer would want to have piece-work to get them up to that standard? I am putting the converse of what you put to Mr. Clow.—Yes, I think he might, but if he cannot get workers on piece-rates he must employ them on time-rates, and the worker is entitled to his time-rate.

L-1274. You evidently justified the man of the better type going to the employer and saying "I am prepared to work at piece-rates in the hope that I may earn more than the minimum." Would you not justify the employer coming to the worker and saying "I will give you a certain piece-rate which will work out at more than the minimum rate provided you will work to earn that"?—I do not want, of course, to split words with you, but my observations on that point were not an attempt to justify it at all but merely to explain that in so far as piece-rates do not create a situation of undercutting there is no need for Government interference; we are not concerned with it. I quite see your point, that the farmer might say it was rather a one-sided bargain, but it does not come before us at all so long as the Act is complied with. That is the limit of my responsibility.

L-1275. In the early part of your memorandum you say: "In fixing minimum time-rates of wages the Board adopted the week as the

basis in the case of male workers, but in the case of female workers the rates fixed were hourly rates". That was under the old Act?—The same applies now.

L-1276. Why did they differentiate between the sexes like that?—It seems rather strange, but I think the explanation is that there are comparatively few women who work all the year round, week after week. Women will come out for seasonal operations—hop picking and so on—or they will give a few hours a day for dairying or something of that sort. One could urge that the system of wage regulation has been very closely associated with the conditions of the industry, and this is one of the aspects of it.

L-1277. Is it within the option of the employer to engage his men by the hour, or must he do it by the week?—In certain cases, as with an old man, an agreement may be made that he will in fact work four hours a day, and in that case he simply gets the full hour-rate for that smaller number of hours.

L-1278. But take the case of the average able-bodied worker; has not the employer the option to say "If you work for so many hours a day I will pay you so much an hour"?—A sort of part-time arrangement?

L-1279. Yes.—Yes, he can do that, and it applies to people with some other occupation. For instance, a smallholder may be in a position to give a farmer five hours a day, and he can make that arrangement; in fact they do make it.

L-1280. That is what I was trying to get at, because we have plantations out in India where perhaps a man is not entirely a whole-time worker; he has probably cultivation of his own?—We make provision for that in the Orders.

L-1281. Who fixes the hours to be worked? I see it differs from one county to another?—Yes. When a Wages Committee fixes the minimum weekly wage it also specifies the hours which it covers; the two things go together in one Order.

L-1282. They may be 48 or 54?—Yes, and they vary from summer to winter.

L-1283. And from county to county?—Yes. Each county specifies its own hours which, like the minimum wage, vary from county to county. Both the wage and the hours vary.

L-1284. *Sir Victor Sassoon*: It is held by some people that there is no unemployment in agriculture. Do you agree generally with that statement?—I think the answer to that is that in the last winter, in the winter of 1928|29, we certainly have had a substantial amount of unemployment in certain areas for a few months. It has not been universal, and it has not been for the whole year through. So far as our information goes, the men out of employment in the winter months have all gone back into employment when the spring work came along. But it is quite a new development. I am not in a position, of course, to say whether it is in any way related to this Act, or entirely due to the depression or due to some entirely different reason, but we have seen this development coming along of men "stood off" for a month or two months, or possibly three, in the winter.

L-1285. Would that be universal during the winter months in all districts?—No.

L-1286. Only in some districts?—Only in some districts. I think you may say that in the west of England, generally speaking, there is

very little indication of it. It would be very difficult in the west of England to find a regular farm worker, a man entirely dependent on his wages from a particular farm, stood off during the winter months, but we have seen a good deal of it in the east of England, and more particularly in the East Riding of Yorkshire.

L-1287. I take it in the west there would be no possibility of farmers employing more labour during those winter months?—Possibly the explanation with regard to the west of England is that of course dairying requires constant attention in winter as well as summer. It may not be entirely geographical; it may have something to do with the industry. There is also, no doubt, the factor that in the arable counties the acute shortage of money has meant that the farmer has not done his hedging and ditching during the winter months to the same extent as he would have done had he had more money with which to pay wages.

L-1288. If the industry were more prosperous it would give more regular employment?—There can be no doubt about that.

L-1289. There is no shortage of labour in agriculture?—We often hear of a shortage of skilled labour. I do not think it really means there is an opportunity of employing additional men; it generally means the standard of skill is less than the farmers would wish. I think if you could provide a more skilled man the farmer would probably sack somebody else; I do not think it would mean more employment. The word shortage is used, but I think it is misleading.

L-1290. There would be no opening there for the unemployed in industry?—I think not, no; not as agriculture is carried on to-day.
(The witness withdrew.)

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