

Report of the
Committee on holidays
with pay.

April 1938



REPORT OF THE COMMITTEE ON HOLIDAYS WITH PAY

*Presented by the Minister of Labour to Parliament
by Command of His Majesty
April, 1938*

LONDON

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TERMS OF REFERENCE.

“ To investigate the extent to which holidays with pay are given to employed workpeople, and the possibility of extending the provision of such holidays by statutory enactment or otherwise; and to make recommendations.”

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The cost of the Committee's inquiry is estimated to be £385 8s. 1d. of which £118 os. 0d. represents the estimated gross cost of the printing and publication of this Report.

REPORT OF COMMITTEE

To: The Right Honourable ERNEST BROWN, P.C., M.C., M.P.,
Minister of Labour.

SIR,

1. We have the honour to submit our Report in accordance with the following terms of reference, with which we were appointed by you on 25th March, 1937:—

“ To investigate the extent to which holidays with pay are given to employed workpeople and the possibility of extending the provision of such holidays by statutory enactment or otherwise; and to make recommendations.”

2. In view of the general interest in the matter under our consideration we decided to hold the hearing of evidence in public, except where witnesses desired to give their evidence in private; and in addition to calling for evidence from the major industrial and commercial organisations concerned, we issued public notices inviting all bodies and persons interested to submit evidence. The hearing of the evidence taken in public occupied fourteen days, in the course of which we also took certain evidence sitting in private. A list of the organisations and persons who gave oral evidence appears in Appendix II, and a list of those from whom written statements were received appears in Appendix III. The various memoranda submitted and the oral evidence taken in public were published from time to time during our proceedings by His Majesty's Stationery Office, along with an Appendix containing memoranda, letters, resolutions, and other matter received by the Committee, in regard to which oral evidence was not called. In all major respects the evidence (public and private) was adequate, and we desire to express our appreciation and thanks to those who have assisted us in obtaining material for this Report.

INTRODUCTION.

I.—PROCEEDINGS IN PARLIAMENT.

3. The decision to appoint the Committee was announced by Lt.-Col. A. J. Muirhead, M.C., M.P., (then Parliamentary Secretary to the Ministry of Labour), during the Committee stage of the late Mr. Guy Rowson's Annual Holiday Bill (1936)*, when he stated on 23rd February, 1937, that the Government intended to set up a Committee of investigation into holidays with pay on which it was hoped that representatives of employers and trade unions would serve. That Bill, it will be recalled, was withdrawn after an amendment had been carried on the Third Day's proceedings in Committee. This amendment purported to invest the Minister of Labour

* Official Report of Standing Committee "A" on Annual Holidays Bill, First Day's Proceedings, col. 24.

with power to make exemptions "in the case of trades and industries where there was no collective agreement giving paid holidays and the provisions of the Act would prove detrimental to the welfare of the trade or industry."

4. On 4th March, 1937 the Minister announced the terms of reference of the Committee, and on 25th March he informed the House of Commons of its constitution.

5. In order to set the discussion in Parliament in its proper perspective, it may be useful to recall previous attempts to legislate on this matter. A Private Member's Annual Holiday Bill was introduced in 1925, in the House of Commons, but no progress was made with it. In November, 1929, another Private Member's Annual Holiday Bill was introduced and secured a Second Reading. The House of Commons supported the Bill in principle, but Mr. J. J. Lawson, (then Parliamentary Secretary to the Ministry of Labour) stated that "no time could be given, unfortunately, for its passage in view of the heavy programme before the House, and owing to the fact that the whole matter would need full enquiry and consultation with the Unions and interests concerned".* This Bill was accordingly withdrawn, but on account of the economic depression of 1930-1 the proposed enquiry was deferred. The next Annual Holiday Bill to come before the House was that of the late Mr. Rowson (already referred to) which secured a Second Reading in November, 1936. During the proceedings of that Bill, the then Parliamentary Secretary of the Ministry of Labour expressed sympathy with the principle of holidays with pay.

6. The position, therefore, when the Committee was set up was that the House of Commons had on two occasions given a Second Reading to an Annual Holiday Bill, and on the first occasion the Labour Government and on the second the present Government had through their Parliamentary spokesmen expressed sympathy with the principle, but had thought that enquiry was necessary before legislation could be introduced. Copies of the three Annual Holiday Bills which have been referred to appear in the Appendix to the Minutes of Evidence.

7. In November, 1937, while the Committee was still sitting, a further Annual Holiday Bill (introduced by Mr. M. K. Macmillan) came before the House for second Reading, and was defeated by 134 votes to 133 votes; and by 130 votes to 122 votes the House adopted the following amendment:—

"This House, while welcoming the development of the practice of granting holidays with pay by voluntary agreement, considers that further information is required on the whole problem and cannot assent to the Second Reading of a Bill while a departmental committee is investigating the relevant facts and has not yet reported".

* Official Report, vol. 231, No. 36, col. 2490.

8. After hearing the evidence which has been tendered by the numerous and important witnesses who appeared before us, we have no doubt that a full enquiry into this difficult subject was necessary. A study of the debates in the House of Commons reveals a great variety of views and assertions of facts of a conflicting nature made on both sides of the House. Even after the full enquiry which we have endeavoured to make, the subject is not free from difficulty.

9. If justice is to be done to the workers in general, a reform of this nature cannot be obtained on the lines of the Bills that have been laid before Parliament. Whether the proposal for holidays with pay for industrial workers be secured by collective bargaining or by legislation, it cannot be done without a detailed consideration of the varying circumstances and conditions of employment. In some industries, for example, there is little turn-over among the workpeople; in others the turn-over is great, and the same procedure cannot be applied to both. In some industries a general holiday at one and the same time for all workpeople is practicable and convenient; in others it is impossible. Sheltered industries and industries exposed to fierce foreign competition in home and overseas markets are not on the same footing. The subject is a complex one and needs detailed treatment.

10. In regard to the Bills which have been submitted to the House of Commons, the Parliamentary Secretary to the Ministry of Labour (Mr. J. J. Lawson) in 1929 expressed the matter correctly and succinctly when he said—"You cannot deal with this matter in such simple terms as the Bill itself proposes".* The two Bills which have been submitted since 1929 differ little in form.

II.—THE DEVELOPMENT OF HOLIDAYS WITH PAY.

11. Paid holidays are not required by statute in this country save in one case which is exceptional in character. This case occurs under the provisions of the Shops (Hours of Closing) Act, 1928, by which in a holiday resort or sea fishing town the local authority may provide that, during the season, shops may be kept open after the hours normally fixed for compulsory closing, but if the shop assistants are employed for extra hours, they shall be entitled to compensatory holidays with full pay after the season is ended.

12. Annual holidays with pay for salaried employees seem to have been fairly established 80 years ago, if not before then. The development of paid holidays for wage-earning employees did not appear to any extent until towards the end of last century. In 1884, a large chemical firm conceded a week's

* Official Report, vol. 231, No. 36, col. 2487.

holiday with pay, and one witness representing an old-established firm in Bristol produced a copy of a letter which his father wrote to each employee of the firm in 1889 conceding a week's holiday with pay to all factory and warehouse people in the employ of the firm for twelve months. The letter ended with the firm trusting that this step would materially contribute to the health and happiness of their workpeople. In the large West End houses in the retail distributive trades it was a well-established custom to give holidays with pay more than fifty years ago. These were the earliest instances of holidays with pay for wage earners which came to our notice. In long term hirings, such as are to be found in agriculture in Wales, the North of England and Scotland, any holidays were taken without deduction of pay.

13. It was not, however, until the beginning of this century that provisions for consecutive days' holiday with pay for wage earners began to appear in collective agreements in the important industries, some of the earliest being certain sections of Railway Service, Public Utility Service, and Newspaper Printing. Up to the outbreak of the Great War, holidays with pay for wage earners, on the whole, were rare. During the War and up to 1925 there was a rapid increase in the number of collective and individual agreements providing for paid holidays. This development was undoubtedly helped by the introduction and growth of Whitleyism at that time, some of the more specific objects of the Whitley Charter being the regular consideration of wages, hours and working conditions in industry, and the importance of the health of the workpeople, and it is noteworthy that the principle of holidays with pay has been adopted in 28 industries where a Joint Industrial Council is in existence, covering over 600,000 workpeople. In March, 1925, it was estimated by the Ministry of Labour that approximately $1\frac{1}{2}$ million manual wage earners were covered by collective agreements providing paid holidays. From the beginning of 1925 up to the time the Committee was appointed, there had been a relatively small increase in the number of new agreements, and certain of the existing agreements had been terminated through bad trade, or had lapsed. At the time the Committee was set up, the number of workpeople covered by the operative collective agreements was between $1\frac{1}{2}$ and $1\frac{3}{4}$ millions, though, as will be explained later in Part I, several millions must be added to this figure in respect of those having holidays with pay otherwise than by collective agreement in order that a true picture of the position as a whole may be gained.

14. We mentioned earlier in this section that holidays with pay for salaried employees had been established long before the movement for paid holidays for wage-earning employees

began to develop. Various reasons have been suggested for this distinction of treatment. The reason is probably to be found in the nature of the terms and conditions of employment. Generally speaking salaried employees are employed at an annual salary, as against the hourly or weekly employment of the wage earners: they are few in number in any establishment compared with the number of wage earners, and the holiday is generally taken in rotation, so that when any one is absent on holiday, the others do his work, and there is thus no extra burden on the establishment. Moreover, the salaried employee is not generally paid for overtime, although in recent years overtime to some extent is recognised and paid for.

III.—HOLIDAYS WITH PAY AND HOLIDAYS IN GENERAL.

15. The enjoyment of holidays (with or without pay) by the workpeople of this country has had a varied history. In medieval England and Scotland the situation is obscure. Some writers maintain that medieval labour took very few holidays and one contemporary English writer reckoned that the number of working days in the year was 308, which would give five holidays. On the other hand, it is said that saints' days and religious festivals were rest days, work being suspended for the day, and where the engagement of the worker was by the year (which was not then uncommon) pay was not suspended for the rest day or holiday. The probability is that both situations obtained at different times and in different occupations.

16. In 1552, in the reign of Edward VI, an Act "for the keeping Holidays and Fasting Days" appointed certain days wherein all kinds of labour should cease and people were exhorted, under Church discipline, to apply themselves "only and wholly unto holy works properly pertaining unto true religion", with certain exceptions for the harvest and what may be described as pivotal occupations. Some 27 days (of which 23 were saints' days, two in Easter week and two in Whitsun week) were so appointed, apart from Sundays. The object of this Act was to prescribe and limit the number of saints' days and public holidays rather than to make the observance of any of them compulsory. The Act was repealed in 1553 by an Act in the first session of the Parliament of Mary; but the latter Act was, in its turn, repealed in 1603, by an Act in the first session of the Parliament of James I, with the effect that the Act of Edward VI is still existent.

17. In 1646 certain young men and apprentices in the City of London petitioned Parliament "to appoint some times of lawfull recreation for servants as your Wisedomes shall thinke

fit". The Parliament of the Commonwealth in the succeeding year passed two general Acts or Ordinances providing every second Tuesday in every month throughout the year as a holiday for scholars, apprentices and other servants, "for recreation and relaxation from their customary and ordinary labours". One of the Acts further ordained that all windows of shops, warehouses and other places where wares or commodities are usually sold should be kept shut on the said day of recreation from 8 o'clock in the morning until 8 o'clock in the evening. These Acts lapsed in 1660 on the Restoration.

18. In the reign of Charles II an Act was passed making the observance of Sunday obligatory. The Act provided that "no tradesmen, artificer, workman, labourer, or other person whatsoever shall do or exercise any worldly labour, business, or work of their ordinary callings on the Lord's Day or any part thereof (works of necessity and charity only excepted)." This Act is still in force, but has been superseded as regards Sunday trading by the Shops (Sunday Trading Restriction) Act, 1936.

19. In the reign of George II in 1750 an Act which reformed the calendar left the position of public holidays untouched. It provided that "all and every fixed feast-days, holy-days, and fast-days which are now kept and observed by the Church of England, and also the several solemn days of thanksgiving, and of fasting and humiliation, which by virtue of any Act of Parliament now in being are from time to time to be kept and observed, shall be kept and observed on the respective days marked for the celebration of the same in the new calendar". This Act was repealed during the reign of Queen Victoria in so far as it enjoined the keeping and observance of 30th January, 29th May and 5th November.

20. The development of the movement in favour of regular holidays in Scotland was more pronounced. In 1598 a convention of Nobility and Estates passed an Act "anent ane pastyme day oulklie (weekly)". The Act appointed Monday in every week as a day on which all servants were exempt from all service or labour to their masters. These holidays were to be employed by the people in using and handling their armour and in other lawful games and pastimes, procuring "habilitie" of body whereby "all persons minds and bodies be recreate". The Act thus made provision for much that is engaging our attention to-day—a five-day week and physical exercise. How far these provisions remained in force or to what extent they were observed does not appear. What is noteworthy is that in the opinion of a representative assembly in 1598 holidays and physical fitness were desirable. From Acts passed in 1641 and 1661 by the Scottish Parliament it would seem that holidays

were taken at Easter, Christmas, Whitsunday, and at certain other times in the year, but that in consequence of the unruly conduct of miners their holidays were subsequently restricted to holidays at Christmas. It may be added that the Act of 1661 was not repealed until 1906, but before that date it had long fallen into abeyance.

21. After the times referred to the practice grew up in the United Kingdom of leaving the question of holidays generally to be settled between employer and employee, and where it was desired to close an establishment for a holiday this could be done by the parties concerned. There were no general public holidays. Doubtless employers and workpeople, apart from public and quasi-public establishments, took few holidays. It was the spirit of the age. The generous provision for holidays made in the less industrial age of 1598 and 1647 was forgotten. Holidays varied in different establishments. Public offices and quasi-public offices closed on certain saints' days in the year. For example, the Bank of England in 1761 closed on 47 such days; in 1808 on 44 days; in 1825 on 40 days; in 1830 on 18 days, and in 1834 the number of days was reduced to four, namely Good Friday, Christmas Day, 1st May and 1st November. This remained the position until the Bank Holidays Act, 1871.

22. Banks were, however, in a peculiar position. They could not be closed at the will of the banker, for they owed a duty to their customers. Already provision had been made by legislation for banks being closed on certain days whereby the holders of bills of exchange and promissory notes becoming payable on those days should be payable on the day before. When, therefore, it was proposed to increase the number of bank holidays it was necessary to secure legislation for the purpose. It was accordingly proposed by the Bank Holidays Bill of 1871 (associated with the name of Sir John Lubbock) that banks should be closed during the year four days in England (Easter Monday, Whit Monday, the first Monday in August and the 26th December (Boxing Day), if a week day), and five days in Scotland (New Year's Day, Good Friday, the first Monday in May, the first Monday in August and Christmas Day—if either New Year's Day or Christmas Day fell on a Sunday the following Monday to be a Bank Holiday). No provision was made in the Bill regarding Good Friday and Christmas Day in the case of England as these days were already, by custom, observed as bank holidays in that country; the effect of the Bill was accordingly to give England six and Scotland five Bank Holidays. The Act required that bills of exchange and promissory notes falling due on the holiday should be made payable on the day after. The Bill met with some criticism in the House of Lords as not going far enough, and it was urged that it should

not be confined to banks only, but should extend to all businesses throughout the country; and that the number of public holidays should be increased to six statutory holidays in the year—one, in effect, every other month. This was resisted on the ground that any such amendment of the Bill at that stage of the proceedings would mean delay. The Bill became law. Subsequent legislation in 1875 extended these holidays to docks, custom houses, Inland Revenue Offices and Bonded warehouses. Sir John Lubbock (afterwards Lord Avebury) stoutly maintained that the Bank Holiday Act was not confined to banks only, because, he urged, "it expressly enacts that no person shall be compelled to do anything on a bank holiday which he could not be compelled to do on Christmas Day or Good Friday". However this may be, bank holidays did become in fact general holidays throughout England and Wales, although in certain districts and in certain industries bank holidays are not observed and other days are taken as holidays. Members of bank staffs, being salaried, receive the bank holidays with pay, but manual workers, although they may have a bank holiday, generally have it without pay.

23. In Scotland the only bank holiday of the five appointed under the Act of 1871 which is generally kept outside Banks and such establishments as Government Offices, is New Year's Day. This is the only general public holiday in Scotland and is recognised as a traditional Scottish holiday rather than as a Bank holiday. In some burghs Good Friday and Christmas Day are also recognised as holidays to a certain extent by shops, offices and warehouses. Other days of holiday are fixed in burghs by the town councils, and the number of the days varies in different districts. The normal practice is to fix three days, viz., Spring Holiday, Victoria Day, and Autumn Holiday. The Victoria Day holiday is generally applicable only to shops, offices and warehouses. The dates are fixed by town councils acting under their prerogative and not under statutory powers, and the rural areas generally follow the practice of the nearest burgh. There is also generally a holiday week in each burgh which is also fixed by the town council. In the case of some Royal burghs this holiday week originated in Royal Charters granted to the burghs. The holiday week applies primarily to manual workers and to work in factories but in some cases shops close for one or two days of the week.

24. The first general movement in modern times for relaxation by way of holiday from labour in this country was earlier in date than the Bank Holidays Act, 1871. This was the Saturday half-holiday movement. The Saturday half-holiday became common in industry without general legislation some eighty years ago.* This in a sense is a half-holiday with pay, for,

* The Factory Act, 1850, rendered unlawful the employment of young persons and women in any factory after two o'clock on Saturday afternoon.

speaking generally, the half-holiday was introduced without any reduction of the weekly pay, just as the recent general reduction of the weekly hours of work to 48 hours took place without reduction of pay. The Saturday or weekly half-holiday did not, however, extend to the distributive trades (although certain of the larger establishments did close on Saturday afternoon) or to agriculture. Legislation was introduced by the Shops Act, 1911, making a weekly half-holiday compulsory in the case of shop-assistants. As regards agricultural workers the Agricultural Wages (Regulation) Act, 1924, provided that in fixing minimum rates of wages agricultural wages committees should so far as is reasonably practicable secure a weekly half-holiday for workers. The 1924 Act applies only to England and Wales; a corresponding provision applying to Scotland is contained in the Agricultural Wages (Regulation) (Scotland) Act, 1937. When we were taking evidence as to the extent of the provision of holidays with pay we noticed that it existed more widely in the distributive trades than in most industries and had been arranged earlier; it may be that it was the delay in the extension of the weekly half-holiday to these trades, together with the nature of business, which led to this greater provision of annual holidays with pay.

25. Hitherto in industry generally the aim had been to give and take the holidays on individual days.* Early in the industrial era the practice became fairly established in certain parts of the country of having a short period of consecutive days, such as the Wakes in Lancashire, the Bowllingtide holidays in the Woollen Industry in Yorkshire, and the Fair holidays in Glasgow; the last seem to trace their origin to a Charter of William the Lion in 1159, creating a yearly fair in Glasgow for "eight full days from the octaves of the Apostles Peter and Paul". There are other similar instances. So much has this practice extended that now in most industrial centres throughout the United Kingdom (excluding the Metropolis) some week during the summer months is generally recognised as a holiday week. This doubtless is largely due to the increased facilities for travel and the benefit of getting away, even for a short time, from everyday environment.

IV.—THE POSITION OVERSEAS.

26. Numerous references were made in the debates in Parliament, and in the evidence given to us, to the position abroad. This is natural both in view of the large export markets which this country holds in world trade and because of the international movement which has developed through the medium of the International Labour Organisation towards the betterment of labour conditions. We give below the main facts in

* Under the Factory Acts women and young persons employed in factories are entitled to Christmas Day, Good Friday, and the four Bank Holidays in the year, or days in lieu.

regard to the extent of holidays with pay abroad and the action which has been taken by the International Labour Organisation.

(i) *The Extent of Holidays with Pay.*

27. For information as to the extent of holidays with pay abroad we are indebted to various publications of the International Labour Organisation, and particularly to the reports of on enquiry made in 1935 and 1936; the information about developments since that enquiry has been provided by the Statistics Branch of the Ministry of Labour who have kindly kept us in touch with the current position. Their memoranda on the subject are published in the Appendix to the Minutes of Evidence.

28. The right to a holiday with pay is secured to the worker, or to certain classes of workers, in a very large number of oversea countries either by legislation, by collective agreement, by arbitration award, by individual contract or by custom. Legislation of widely varying scope providing for paid holidays exists in some forty countries or territories. A classified list of these countries or territories is given in the Appendix to the Minutes of Evidence. The application of the legislation ranges from the provision of holidays with pay to all classes of workers, manual and non-manual, to provision for only one specified class of workers, such as shop assistants. In 23 countries and two cantons of Switzerland, the legislation applies to manual and non-manual workers in industry and commerce, and in some of these countries to other classes of workers in addition, such as agricultural workers, domestic servants, etc. In Germany holidays with pay are secured by administrative order.

29. The minimum duration of the holiday for manual workers abroad varies from a week or less to a fortnight or more, a minimum period of a week being most frequent. Non-manual workers are usually granted longer holidays. In some countries, the duration of the holiday increases with length of service. The qualifying period is, in general, a year's service; but, in some countries, service of less than a year qualifies either for the full minimum holiday or for a proportionally less period.

30. In Belgium, France and Germany, special arrangements exist for workers in industries in which employment is normally intermittent. The cost of the holidays is apportioned among employers either by means of holiday stamps affixed to holiday cards, or by contributions to a central fund called a "compensation fund", to which employers are required to affiliate.

31. The principal oversea countries in which a collective agreement provides the only title to a holiday with pay for

certain classes of workers, or in which legislation in force is supplemented or implemented by collective agreement, are Denmark, Italy, the Netherlands, Norway, Rumania, Sweden and the Union of South Africa.

32. In Australia and New Zealand the arbitration awards governing the working conditions of certain classes of workers provide for holidays with pay. In the United States of America, there is no legislation, State or Federal, providing for the grant of paid holidays to manual and non-manual workers in private industry. In so far as the grant of such holidays has, in the past, been made by employers, it has usually been to non-manual workers; but, with the recent development of trade unionism and collective bargaining, there is a tendency for paid holidays to be granted to manual workers. The actual extent to which paid holidays are granted in the United States is, however, not known. So far as manual workers are concerned, they appear to be exceptional.

(ii) *Action taken by the International Labour Organisation.*

33. The question of holidays with pay has been before the International Labour Organisation from time to time since the first Conference held in 1919, when a motion was proposed that "the question of providing regular annual vacations for employees should be included in the agenda of the next session of the Conference". It was not, however, until 1935 that the subject finally appeared upon the Agenda.

34. After the general question had been placed on the Agenda, the Governing Body of the International Labour Office decided that the question of holidays with pay for seamen and agricultural workers should be considered separately, the former at a special Maritime session of the Conference to be held in October, 1936, and the latter by the Permanent Agricultural Committee set up by the Governing Body.

35. The discussion of the matter at the Conference in 1935, therefore, related to holidays for industrial and commercial employees. It was preliminary in character and was followed by the circulation of a questionnaire to Governments. The reply of His Majesty's Government to this questionnaire was as follows:—

"The Government are of opinion that holidays with pay should be provided wherever circumstances permit. They feel, however, that apart from other difficulties attendant upon an attempt to deal with this matter by means of international regulations, the consideration which has so far been given to the problem has not taken into account the great problem presented by the large proportion of workpeople who during the year work for different

employers or who are not continuously employed. It does not appear therefore that it would be possible to adopt international regulations in the form of a draft convention. The Government, however, would be prepared to support the adoption of a recommendation which would have the object of encouraging all practicable steps to be taken to extend the provision of holidays with pay and of stimulating further consideration of this subject."

36. At the Conference in 1936 a draft for a Convention which had been prepared by the International Labour Office was considered. A proposal to transform the draft Convention into a Recommendation was put forward and was supported by His Majesty's Government but was rejected, and eventually a draft Convention was adopted by 99 votes against 15, the delegates of His Majesty's Government abstaining from voting.

37. The text of the draft Convention is set out in the Appendix to the Minutes of Evidence. It applies to all persons employed in industrial and commercial undertakings or establishments specified in the Convention and every person to whom the Convention applies is to be entitled, after one year of continuous service, to an annual holiday with pay of at least six working days, persons under 16 years of age being entitled to at least twelve working days. There is a provision that the duration of the annual holiday with pay shall increase with the length of service, any conditions to be prescribed by National Laws or Regulations. The same Laws or Regulations may provide that a person who engages in paid employment during his annual holiday may be deprived of his right to payment in respect of the holiday period. Any part of the annual holiday which exceeds the minimum may be divided into parts, and a person dismissed for a reason imputable to the employer before he has taken the holiday due to him shall receive payment in lieu.

38. The Conference in 1936 also adopted a Recommendation supplementary to the Convention, the voting in this case being 98 votes against 15, the delegates of His Majesty's Government abstaining. This Recommendation makes suggestions with regard to the interpretation of continuity of service and recommends that the holiday should be earned after one year's work regardless whether this period has been spent in employment of the same or several employers.

39. The Conference in 1936 also adopted four resolutions dealing with the extension of holidays with pay to domestic servants, hall porters, home workers and agricultural workers. Further consideration of the first three questions has been referred to the International Labour Office which is studying the problems that arise, while the question of holidays with

pay for agricultural workers, as stated above in para. 34, is now under consideration by the Permanent Agricultural Committee.

40. As stated in para. 34 above, the question of holidays with pay for seamen was considered by the special Maritime Conference held in October, 1936. A preparatory technical tripartite Conference of the principal maritime countries had previously been held which considered this question. In connection with the conclusions of the preparatory meeting, His Majesty's Government sent the following observations to the International Labour Office on the proposal:—

“ The view of His Majesty's Government with regard to holidays with pay for seamen does not differ from the view which they expressed on the question of holidays with pay in industry generally in replying to the Questionnaire circulated by the International Labour Office in preparation for the Twentieth Session of the International Labour Conference. In principle, their view is that holidays with pay should be provided wherever circumstances permit, and they would observe, in this connection, that holidays with pay are already granted in the United Kingdom in pursuance of agreements arrived at by the National Maritime Board in the case of deck and engineer officers. Such holidays with pay are granted only in respect of service with the same employer over the qualifying period. So far as the lower deck is concerned, no similar agreement has been arrived at by the National Maritime Board.

“ The problem was discussed at some length in Committee at the Preparatory Maritime Meeting which took place in November, 1935, and it then appeared that grave difficulty arose in the case of seamen owing to the fact that they, even more frequently than most other employees, change their employer. The administrative difficulties in the way of dealing with the case of the seaman who changes his employment are so great that His Majesty's Government entertain doubts whether it is possible to make any substantial progress, either by Convention or by Recommendation, in the case of all seamen. They would, however, be prepared to support the framing of a Recommendation in favour of the grant to seamen, who remain in the same employment over a qualifying period, or a reasonable amount of leave with pay. They would not, however, be prepared to contemplate a Convention on the subject, since they, for their part, would feel great difficulty in promoting legislation giving benefits only to the most favourably placed seamen and leaving out of account those

less fortunately placed. In their view, a Recommendation would have the result of encouraging the adoption of all practicable steps to extend the provision of holidays with pay and of stimulating further consideration of the subject."

41. The Maritime Conference adopted a draft Convention by 60 votes against 15, the delegates of His Majesty's Government abstaining. The text of this Convention is set out in the Appendix to the Minutes of Evidence. It provides for holidays with pay of not less than twelve working days in the case of masters, officers and wireless operators, and of not less than nine working days in the case of other members of the crew after one year of continuous service with the same undertaking. It excludes persons employed in vessels engaged in fishing, whaling, etc., or where the crew consists entirely of members of the owner's family, persons remunerated exclusively by a share of the profits or whose duties are solely connected with cargo, or who are travelling dockers, or who are working on their own account. National Laws and Regulations may define special circumstances in which an annual holiday may be divided into parts or accumulated with a subsequent holiday and in exceptional circumstances a cash payment may be substituted in lieu. The annual holiday is to be given in the territory in which the vessel is registered and the conditions about engaging in paid employment during the holiday or leaving employment before the holiday is due, contained in the General Convention, also apply.

(iii) *Comparison between the position overseas and that at home.*

42. We feel that we should observe here that comparison of the progress made by different countries in the matter of social legislation is difficult to make with certainty owing to the great variety of the conditions prevailing in the various countries. In one country there may be a wide system of social services but the structure supporting the basic wage rates in the country may not be a strong one; in other countries wage rates may be well supported by industrial organisation but the system of compulsory social service may not be so wide. We deal with this matter further in Part III in the section entitled "Conclusions".

43. Again, in regard to public holidays, although in some more important industrial countries overseas, days recognised by law or by national or local custom as public holidays are probably higher in number than in Great Britain, these holidays are not necessarily days on which work must be stopped. The detailed observance of public holidays may be regulated

in various ways, by legislation, collective agreement or by other arrangements between employers and workers. The available information on the subject is inadequate for the purpose of a comparison of the observance of public holidays as days on which work is stopped in Great Britain and overseas countries. In some cases, where work is in fact stopped, the arrangements provide for the subsequent making up of the time lost.

PART I.

" To investigate the extent to which holidays with pay are given to employed workpeople " (terms of reference).

44. The information about the extent of the provision of holidays with pay to employed workpeople, existing at the time the Committee held its first sitting, was summed up in the evidence given by a witness from the Ministry of Labour as follows:—

" It is estimated that approximately between $1\frac{1}{2}$ and $1\frac{3}{4}$ millions of manual wage earners are at present covered by general or district collective agreements providing payment of wages for annual holidays. In addition large numbers of salaried clerks and shop assistants, and other salaried employees, are regularly granted holidays with pay, as well as many workers on ' standing ' wages, and wage earners employed by numerous individual firms who are not parties to collective agreements arranged by employers' associations and trade unions ".*

45. The same witness stated that the Ministry had not on any occasion undertaken a detailed enquiry, firm by firm, into the extent of paid holidays in view of the nature of the practical difficulties attached to such a general investigation and of the probability that the proportion of the replies received would be small.

46. This view was shared by us and no steps were taken to set on foot any general enquiry addressed to industry, firm by firm, by questionnaire, as to the existing practice on this matter. But numerous public notices were issued inviting the submission of evidence and the Committee's proceedings attracted considerable publicity, with the result that, as witnesses were asked to address themselves closely to the terms of reference, the first part of which dealt with the question of the extent of the provision of paid holidays, and as the scope of the evidence received covered the major part of industry, much useful information on the present position was amassed in the ordinary course. While, again, we did not ourselves issue a questionnaire, except when specifically asked for guidance by a witness as to the points

* Minutes of Evidence, p. 14 (8).

to which attention should be directed,* a number of witnesses prior to submitting their views to us sent questionnaires† to constituent organisations or firms as to present practice, or set on foot special enquiries; certain social bodies‡ made investigations over selected fields, and one private individual§ undertook an enquiry by circular letter.

47. The evidence given on the extent of holidays with pay, while, for the reasons given above, not providing direct statistical results in itself, was very helpful when we came to the point of estimating how many, and which classes of the population of employed workpeople are provided with paid holidays. We found it possible by analysing the statistics concerning employment provided by the Population Census of 1931, and by the various social insurance schemes, to make, in the light of the evidence received, a series of estimates in regard to the numbers and proportions of the main classes of employed workpeople provided with holidays with pay. The justification of the detailed approximations and the display of the various statistical considerations leading up to them we have not thought appropriate to the main body of the Report, and this accordingly forms the content of Appendix I. But we give below the main considerations.

48. In estimating the number of workpeople provided with holidays with pay, we gave consideration to various possible interpretations of the phrase "employed workpeople". "Workpeople" may mean all persons gainfully occupied not on their own account, the number of whom is about 19½ millions; or in a narrower sense it may be taken to mean manual workers, and non-manual workers not in receipt of more than £250 a year, the number of whom is about 18½ millions. Again "employed workpeople" may mean such persons in employment at a given time excluding those unemployed, or such persons in the employment field including those unemployed, as most of the latter pass frequently in and out of employment. Estimates based on these various interpretations are set out in Appendix I. The interpretation which appears to us the most reasonable one is "workpeople coming within the employment field, including the unemployed who are either manual workers, or non-manual workers in receipt of not more than £250 a year". It was suggested that non-manual workers in receipt of not more than £250 a year was not a sufficiently wide interpretation as proposals were under consideration to extend the

* Appendix to Minutes of Evidence, p. 433. (The terms of this questionnaire were suggested by the Committee.)

† Minutes of Evidence, pp. 72 (2), 255 (4), 299 (2), and Appendix to the Minutes of Evidence, pp. 433, 440, 441, 443, 453, 458.

‡ Minutes of Evidence, p. 97 *et seq.*, 105 (985).

§ Minutes of Evidence, p. 268 (7).

ambit of the Unemployment Insurance Scheme to include non-manual workers with up to £400 a year in income. We think preferable, however, the interpretation based on the existing schemes; in any case there is little difference in the estimated proportions of persons provided with holidays with pay as it would appear that there are relatively few non-manual employees in receipt of more than £250 a year who are not provided with holidays with pay*; moreover, this interpretation relates here only to the statistical survey.

49. On the basis of the reasoning described in Appendix I, the conclusion emerges that annual consecutive days of holiday with pay in some form at the end of March, 1938, are provided for some $7\frac{3}{4}$ million workpeople, as interpreted above, out of the total of $18\frac{1}{2}$ million such workpeople in the employment field, a proportion of a little over 40 per cent.

50. It must be recognised that in this estimate we have made no deduction in respect of persons, belonging to a class of workpeople provided with holidays with pay by agreement or by custom, who fail to qualify in actual fact for the holiday with pay for the reason, for example, that they change their employment before serving any requisite period which has been adopted by any individual employer or industry as a condition to the receipt of the holiday with pay. Our estimate, in short, relates to classes of workpeople for whom provision has been made for holidays with pay and not to individual workpeople who actually enjoy a paid holiday during any particular period, the number of the latter being in our view clearly not susceptible of estimate.

51. The nature of the holiday payment provided for these persons varies from industry to industry and according to individual arrangement. In the overwhelming majority of instances it consists of an amount equal to the weekly time rate of wages which the employee would normally receive for a period of the length of the holiday period. In the case of persons whose weekly remuneration does not consist entirely of the actual wage paid (e.g., domestic staff and persons habitually receiving gratuities), the holiday pay in general practice appears to be simply the wage which would have been paid for the holiday period, though this is exceeded in certain cases. Again, the payment in many arrangements is simply the provision of wages, in others it is an *ex gratia* payment by the employer. In two or three arrangements it is an amount which has been made up of joint contributions paid over a period by both employer and employee.

52. The duration of the holiday also varies in the different arrangements. Most collective agreements and individual arrangements in respect of industrial workers provide a week's

* See Appendix, I, paragraphs 23 and 24.

consecutive holiday; many manual workers in the public utility services, however, and public administration are provided with up to two weeks, and a number of workers in the distributive trades are provided with longer than a week and in some cases as much as three weeks. Salaried employees generally are provided with a fortnight's or three weeks' holiday with pay. Most collective agreements providing the week's annual consecutive holiday, it should be noted, also make provision for payment for the public holidays during the year on which work is not performed.

53. If the figure of some $7\frac{3}{4}$ million workpeople provided with holidays with pay as above described is subtracted from the total of $18\frac{1}{2}$ million employed workpeople, there remain some $10\frac{3}{4}$ millions who are not provided with annual consecutive holidays with pay in any form. The main groups of workpeople who are not so provided appeared from the evidence which we received from witnesses to fall into the following main categories:—

(a) Those in whose case difficulty was said to arise from the conditions of employment or the nature of the contract of employment, e.g. workpeople employed in agriculture (except in certain areas), building, public works contracting, painting and decorating, shipping, canal transport, outworkers in certain branches of industry, certain grades of workers in the entertainment industry, and such persons as insurance agents, sub-postmasters, branch managers of the Ministry of Labour, etc.

(b) Those in industries said to be subject to severe foreign competition and concerned with the problem of passing on to an export market the extra cost which would be involved, e.g. coal miners (except in about eight areas), workpeople employed in the cotton, wool, bleaching, dyeing and finishing, flax, hemp and jute, hosiery, india rubber, felt hat manufacture, iron founding, shipping, industries, etc.

(c) Workers in trades in which the matter was said, at the time evidence was given, to be under consideration, notably iron and steel manufacture, shipbuilding and ship-repairing, port transport. (General agreements have since been reached in the shipbuilding and ship-repairing and the iron and steel industries. The number of workpeople affected by these agreements is included in the figure of $7\frac{3}{4}$ millions above.)

(d) Those working in the small and miscellaneous industries, and those industries where industrial organisation is weak, e.g., the Trade Board trades.

(e) The large number of workpeople who do not get continuous employment throughout the year. These may

be either (i) workers in trades where holidays with pay are provided after a specified period of service with an individual employer who fails to qualify for the facility, or (ii) workers already covered by the four categories (a) to (d) of persons not provided with holidays with pay, or others changing their employment too often to fall within any of the specific categories mentioned. Those mentioned under (i) were included in our estimate of persons provided with holidays with pay, as was explained in paragraph 50; but the industries providing holidays with pay at present are not those in which employment tends to be of a casual character, and accordingly by far the greater number of persons with discontinuous employment may be taken to be embraced in the residual figure of $10\frac{3}{4}$ millions, which is analysed in this paragraph. An indication of the size of the group of workpeople who do not obtain continuous employment can be seen from the fact that the number of insured workpeople who made claims for unemployment benefit during the recent year, which indicates a break in their employment, is about four millions. To this number must be added numerous persons who change their employment during the year without having resort to the Unemployment Fund or without coming within its provisions.

54. Before concluding this part of the Report, reference should be made to the development of the provision of paid holidays which has taken place while the Committee has been sitting. As was pointed out in paragraph 44, at the time the Committee was set up, between $1\frac{1}{2}$ and $1\frac{3}{4}$ million manual wage-earners were affected by general or district agreements giving holidays with pay. While the Committee was sitting a number of additional agreements were made, and it is estimated that the total number of wage-earners affected by collective agreements is now about 3 millions. A list of the principal additional agreements made is set out in Appendix IV. A noteworthy agreement was that reached in the Engineering industry to grant for each full week's work performed, a sum representing $1/50$ th of the appropriate day time rate plus time workers national bonuses for the time being as an *ex gratia* payment in respect of holidays. General agreements were also made affecting *inter alia*, railway engineering, shipbuilding and ship-repairing, iron and steel manufacture, electrical cable making, sugar beet manufacture (engineers), furniture removing and warehousing; and district agreements were made affecting such diverse industries as coal mining, ship-repairing, iron founding, file manufacture, laminated spring manufacture, machine knife making and machine grinding, needle, fish hook and fishing tackle manufacture, saw making and grinding, scythe, sickle and hook manufacture, tin plate manufacture, belt manufacture,

retail bespoke tailoring, baking, omnibus drivers and conductors, horse carters, glass bottle manufacture, pressed glass manufacture, saw milling, warehousemen, theatrical employees, cinema musicians and employees, and employees of retail distributive co-operative societies.

55. Moreover, a considerable extension of private arrangements made by individual firms for the provision of holidays with pay, while the Committee has been sitting, has been brought to our notice by witnesses and by reports received. These increases have probably been helped by the prominence given to the question during the last year when, it is satisfactory to note, the number of wage-earners provided with holidays with pay by collective agreement was increased by about 60 per cent.

PART II.

"To investigate . . . the possibility of extending the provision of such holidays by statutory enactment or otherwise; . . ." (terms of reference).

I.—THE CASE FOR EXTENDING THE PROVISION OF PAID HOLIDAYS BY STATUTORY ENACTMENT.

56. The evidence in support of a statutory enactment making the provision of holidays with pay compulsory upon employers was tendered by the General Council of the Trades Union Congress, representing a membership of some 4 million work-people, and certain individual employers, social workers and publicists. This evidence tended to show that the need for holidays arose partly from questions of health and efficiency and the abatement of industrial fatigue, and partly from reasons of a broad social character connected with the development of the human personality. Holidays without pay, however, it was contended, were more often an added strain than a means of relaxation and did not permit of the achievement of the valuable effects which a holiday could bring. This was particularly important to-day, because employment was in many instances more exacting than previously owing to rationalisation, speeding up, mechanisation, and the growth of dull repetitive work; and industry was changing at a greater rate than ever before and thus imposing on the workpeople the strain of constant re-adjustment. Nervous strain was accordingly having an increasing influence on the personnel of modern industry, and the Approved Societies of the Trade Unions were reporting more cases of nervous breakdown than previously. This prevalence of nervous strain was a disturbing symptom in industry for the reason that the health and happiness of the

workers were generally accepted as factors in industrial efficiency. Moreover, the provision of holidays with pay to manual wage earners would have an important psychological effect on industry in removing the unfortunate distinction in this matter between workers engaged directly on production and "black-coated workers" (clerks and others) which had no logical basis and was socially undesirable, and in improving industrial relations generally. A further effect which it would have, to which importance was attached, was that of providing a facility which would be of great benefit to the wives of the workers. For every three or four men working in industry there must be some one working in the household contributing to their efficiency; such persons should, as a measure of social justice, participate in the promotion of health and recreation by holidays with pay.

57. The current ratio of increase in industrial productivity, it was claimed, was so great as to be able to absorb without difficulty in a short time the cost of holidays with pay. The full benefit of increased productivity had not yet come to the workers, and holidays with pay was a very favourable means of providing a share of its benefits to the workers without burdening industry; for the cost of the proposal to individual industries was small and yet the general effect of the extension of holidays with pay would undoubtedly be to expand the purchasing power of the population and aid business development. Of the schemes already in operation in regard to holidays with pay only good reports had been heard, and it was clear that they were of value to the employer as well as to the worker. The psychological value of the arrangement was considerable and efficiency was increased.

58. While, however, health and happiness were factors in industrial efficiency they were not something which could properly be expressed in terms of money. It was commonly stated that a fortnight's paid holiday would cost 4 per cent. of the total annual wages' bill. Such a statement, it was contended, overlooked the fact that a proportion of wage earners already have paid holidays and that items such as overtime pay, special bonuses and the wages of those not qualifying for paid holidays are included in the total wages' bill. The addition to the total wages' bill, it was claimed, could not be specified but must be below 4 per cent. The cost would vary in each industry according to the proportion of wages cost to its total costs of production but was not likely in any instance to be very high.

59. The same evidence quoted certain publications to show that this proportion ranged from just over 74 per cent. in coal mining to just under 5 per cent. in the drink and tobacco trades; that it rarely exceeded 40 per cent. and was usually nearer 20 per cent. It stated that where the proportion was

as high as 50 per cent. a fortnight's paid holiday would only increase the cost of production by 2 per cent., or less than 5d. in the £; where it was as low as 10 per cent. the increase amounted to .4 per cent. or less than 1d. in the £. This cost was not excessive or one which industry could not bear. Published information had shown that profits, as a percentage of the wages' bill, had increased in industries covered by the Import Duties Act from over 54 per cent. in 1930 to just over 63 per cent. in 1933 and 67 per cent. in 1934; that the average dividend on ordinary capital had increased from 5.8 per cent. in 1933 to 7.4 per cent. in 1935 and to 8.2 per cent. in 1936 as shown in the reports of 2,186 industrial companies; that the net average earnings and dividends of 114 companies rose steadily during the years 1932-6 from 3½ per cent. to 5½ per cent. respectively. It was claimed that more recent information, as soon as it was available, would show still greater recovery of the earning power of industry.

60. The further point was submitted of the position of the large body of unorganised workpeople. It was stated that the numerous workpeople in the unorganised industries could never hope to get holidays with pay by collective agreement, and it was urged that the only means of meeting their case was a general statute.

61. The General Council of the Trades Union Congress put forward the proposal* for a statute providing for a holiday of 12 working days, exclusive of Bank and public holidays, after 12 months' service of not less than 1,800 working hours or such hours as may have been fixed by collective agreement. Those with less than 12 months' service should have an annual paid holiday of not less than one day for each completed month of service of not less than 150 working hours or such hours as were fixed by collective agreement. The qualifying period of service might be spent in the service of one or several employers. Without legislation large numbers of workpeople would never receive holidays with pay. Adequate penalties should be provided for breaches of the law, and every employer would have to keep a record of his procedure in this respect to satisfy the competent authority.

62. Another witness† expressed the case for a statutory enactment as follows. Holidays with pay, if left to voluntary arrangements, could not become universal. Some firms could not afford the cost, others could but would not; in some industries competition made it impossible; in others some firms could afford it but the industry as a whole would refuse for the sake of the others; in others some firms could afford it but as an

* Minutes of Evidence, p. 27 (61).

† Mr. Comyns Carr, K.C. Minutes of Evidence, p. 48.

organised whole they would not. Holidays with pay was a measure of social justice and contributed to the fairer distribution of employment and leisure. One well-known industrialist* in giving evidence suggested that holidays with pay should, as a matter of right, be a prior charge on industry, prior even to interest on capital.

63. Certain firms with schemes at present in operation testified to the value of the schemes in reducing absenteeism, improving efficiency and creating a favourable psychological situation from the standpoint of industrial relations.

64. Certain social bodies concerned with the welfare of girls and young persons in industry testified to the value that such a measure would bring to those with whom they came in contact. Particular mention was made of the position of those leaving school, who were said to experience considerable mental and physical strain in the change-over from the 27½ hours a week of the work at school to the 48 hours a week and more of employment. Holidays with pay appear to be very unusual during the first year of employment of young persons, and it was during this year that they were much needed. The absence of payment prevented those who had holidays from going away, particularly as many of them were obliged to contribute to the upkeep of the home.

65. The bulk of the evidence referred to above was directed at the immediate provision of a statute making holidays with pay compulsory upon the employer. Some witnesses, however, suggested the institution of a tribunal before which industries, claiming that they could not bear the cost of the proposal, could appear and could, on establishing their claim, be afforded delay regarding the imposition of the statute; others suggested a contributory scheme with a view to lessening the immediate burden upon cost of production. A consideration of these schemes follows in paragraphs 80-90. While the bulk of the evidence given in favour of a statute for holidays with pay came from employees' representatives and social bodies, we should record that employers' organisations and a number of individual employers of prominence gave evidence in support of a statute. This evidence was based in some cases on reasons of social justice, in others on issues of industrial welfare and efficiency, and in others on the desire that competitor firms not granting the facility to their workpeople should be compelled to do so.

66. It was pointed out in the Introduction that the development of the provision of paid holidays for manual wage earners in this country over the last fifteen years, up to the time of the

* Sir Malcolm Stewart, Bt. Minutes of Evidence, p. 231 (3008).

setting up of the Committee, had been very slow. It was inevitable, therefore, that the initial case for legislative intervention should have rested largely on the inadequacy of the prevailing rate of extension of the principle. The position has been somewhat affected since by the relatively large increase in the provision of holidays with pay by collective agreements which has taken place during the period the Committee has been sitting, due no doubt to the general improvement in economic conditions and the publicity given to the matter in Parliament and by the proceedings of the Committee. Over a million workpeople were affected by new collective agreements providing holidays with pay during the last year. This is relatively a considerable advance on the total of about 1½ millions provided with paid holidays by collective agreement at the time the Committee was set up.

II.—THE CASE AGAINST EXTENDING THE PROVISION OF PAID HOLIDAYS BY STATUTORY ENACTMENT.

67. The evidence in opposition to a statutory enactment making holidays with pay compulsory upon employers was tendered through the medium of the National Confederation of Employers' Organisations representing industries which employ over seven million workpeople, and by certain individual employers. The Confederation did not submit oral evidence as a body but communicated its views in writing* and arranged for evidence to be submitted by the individual Federations within its membership. The members of the Confederation were unanimously opposed to payment for wages being imposed upon their industries by Act of Parliament; and the Confederation considered that the "payment of wages for holiday periods could not be divorced from the general question of wages and conditions of employment, and that it was only by the system of voluntary collective negotiation in the various industries that such questions could be properly adjusted so as to take account of the economic circumstances of the industry and of the desire of the workers as to the extent to which the available money should be distributed in the form of weekly wages, or earmarked for other purposes, such as payment for holidays". The view was expressed that a statute would inevitably not only disturb and cut across collective agreements in the industries and take away from the employers and workers the freedom of determining for themselves the order of priority in such matters, but would also undermine the machinery of joint negotiation upon the successful development of which the welfare of industry and of the country as a whole so largely depended. The Confederation pointed out that these views were shared by its

* Appendix to the Minutes of Evidence, p. 431.

members irrespective of whether they had already instituted a system of payment for holidays in their industries or not.

68. Evidence was submitted by representatives of employers' organisations in 38 industries in opposition to any statutory enactment. They based their case partly upon the general considerations already mentioned and partly on the particular difficulties with which they, as individual industries, would be faced. Certain exporting industries indicated that the margin by which they held their export markets against severe foreign competition was extremely small, and that this margin would be adversely affected by the charge which holidays with pay would place upon the cost of production in the industry; other industries, supplying both the home and overseas markets, said they were met by fierce and unfair competition in those markets, and would be injuriously affected by the proposal. Certain industries not engaged in overseas trade expressed the view that they could not take advantage of their "sheltered" position in such a way as to assume that they could necessarily pass on the additional cost of holidays with pay to the consumer, owing to the danger of reducing the demand for their commodities in the community or causing substitute articles or services or new mechanised processes to be introduced, with deleterious effects upon employment.

69. A contention to which a considerable amount of evidence was directed by the employers in certain important industries was that payment for holidays was already contained in the existing wages agreed to in the industry by the workpeople's organisations. It was submitted that when the wages in the industry were fixed the payment decided upon took account of the holiday periods when the employee was not actually at work during the year. A typical example of this argument is that applied to the "Wakes" holiday by the employers of the cotton industry. They claimed that the fact that most of the operatives in the Lancashire towns succeeded in going away to the holiday resorts and elsewhere during the customary yearly week of summer holidays indicated that they were able to save sufficient from their weekly wages to meet this recurrent expense. In the cotton industry there was altogether a holiday period in the year of $13\frac{1}{2}$ working days, and these holidays were regarded as a normal incident of employment which had been taken account of when wages were fixed. It was suggested that the fact that under the Workmen's Compensation Acts annual earnings were divided by 52 for the purpose of computing compensation to workers implied that holidays were a normal incident of employment. Statutory holidays with pay would amount to a compulsory saving by the employer of a certain amount due to the employee which, after having accumulated for a year, would be paid over to him at the holiday period. It

was not right to interfere with the worker's own distribution of his income by forcing him to have a certain amount deducted from his wages for the purpose of holidays.

70. Another argument submitted by employers in certain industries* where a considerable amount of piece work was in operation was that the work accumulated during the holiday period and was kept for the piece worker on his return, when he had no difficulty in performing it quickly (without necessarily working overtime) and so earning extra money towards his holiday expenses.

71. A further objection that was made was that of the unequal incidence of the financial burden of the proposal upon different industries. This might occur in two ways. First, in that the proportion of the costs of production of different industries made up by labour charges varied very considerably. The burden of the proposal upon an industry such as mining, where labour charges made up about 67 per cent. of the cost of production, would be very different from that upon an industry where the labour content was as low as 10 or even 4 per cent. of the cost of production. It was pointed out that when the question of the National Defence contribution was discussed in Parliament this question of the inequality of the burden upon different industries of the measure proposed had carried considerable weight. Secondly, that inequality of treatment of different industries would result from the proposal, since holidays with pay had already been expressly obtained in certain industries as the result of ordinary collective bargaining. The position was, therefore, that in certain industries holidays with pay had already been expressly achieved as part of the wages bargain. Under the proposal for statutory enactment, however, holidays with pay would be imposed, irrespective of the effect of this upon the wages position, in those industries where such an arrangement had not been expressly achieved. Certain industries would therefore be penalised by any statutory enactment for no other reason except that the past collective bargaining in the industry had taken the form of giving increases in wages alone instead of giving holidays with pay as a part of the increases of wages.

72. It was urged too that it was clear that any such compulsory advance in remuneration must be taken into account at subsequent wage determinations. This position arose in a particularly acute form in the case of the coal mining industry.† The method of determining the wages in that industry was that 85 per cent. of the net proceeds went to wages and 15 per cent. went

* Minutes of Evidence, pp. 145 (2), 147 (1722), 194 (2389), 222 (3).

† Minutes of Evidence, p. 286 *et seq.*, p. 310 *et seq.*

ERRATUM TO CMD. 5724.

REPORT OF THE COMMITTEE ON HOLIDAYS
WITH PAY.

Page 31. Para. 74. Line 10. *For* £4,000,000 *read* £40,000,000.

to profits. In some districts the 15 per cent. of the proceeds which should go to profits had not been realised for some years, and the amount of profit had been as low as 2d. per ton. The effect of holidays with pay in such districts, assuming the proceeds were the same and the costs were the same, would be that the whole of the 2d. would be used up and a trifle more. Unless, therefore, there were some adjustments within the industry, such as the raising of prices, holidays with pay could only be provided if the industry ran at a loss to the providers of capital. As the industry was largely reliant on its export trade it was a difficult matter to force up the prices of the products in order to meet the extra cost involved.

73. Much evidence was given to us by individual employers' federations urging that statutory holidays with pay would have an unfortunate effect upon the general negotiating machinery in this country. It was stated that the imposition upon industry by law of an item so intimately connected with the general wage nexus as holidays with pay would undermine the principle of voluntary negotiation and the spirit in which it was normally conducted. This spirit was one of accommodation, and adjustments were made on each side to meet the special difficulties of the other. In the case of a statute, there was no room for such accommodation; a stereotyped position was created and the element of reasonable negotiation was removed. The National Federation of Building Trade Employers submitted to us a copy of the rates of wages determined by the local machinery throughout the country, showing its complexity and illustrating how the rates varied from district to district in accordance with local conditions. Some witnesses contended that once the question of wage conditions became a matter for Parliament in any form wages issues would become matters of political controversy and the excellent machinery of negotiation in this country, which was a national asset, might be jeopardised; others insisted that the proposal for legislation providing holidays with pay at the expense of the employer was in effect simply one for a statutory advance in wages.

74. The question of cost arose, more particularly in the industries with large export markets. In the cotton industry the cost of providing one week's holiday with pay for the 233,000 operatives in the spinning trade was stated to be £400,000 exclusive of £100,000 for the maintenance of plant. This would be a great handicap to the export market. Notwithstanding the lamentable attrition of the industry during the last 15 years, which amounted to nearly one-third of its original production, it still exported £65,000,000 worth of goods per year, of which £4,000,000 represented remuneration to British services spent upon the raw material. Any measure which might adversely affect the economic position of this trade needed grave consideration from the national aspect. In the woollen industry

the cost of a week's holiday with pay was stated to be £500,000; this would increase the selling price of the products and sales in the world market. In addition to these statistics, certain figures were submitted to the Committee in private showing that the effect of the imposition of holidays with pay would be to make an appreciable increase in the selling price of cotton and woollen goods manufactured in this country for sale abroad. The Allied Association of Bleachers, Dyers, Printers and Finishers showed that the cost of holidays with pay to the three largest combines represented by the Association would be £50,000 a year. This cost would accrue in the face of the very serious financial position of the industry where great attrition and capital depreciation had taken place. The jute industry is similarly affected. It is carried on in Dundee and neighbouring towns and employs about 30,000 operatives, and unemployment is at present about 29 per cent. in the trade. There is a duty of 20 per cent. *ad valorem* on jute manufactured goods imported from the Continent, but imported jute goods from India come in free. Imports from India increased from 28,000,000 yards of cloth and 44,000,000 bags in 1928 to 142,000,000 yards cloth and 77,000,000 bags in 1936. The increase really started at the end of 1935. Imports of jute goods from this country to India are subject to 25 per cent. duty. The export trade has fallen from about 40 per cent. of production a few years ago to about 30 per cent. now. New machinery and equipment have been installed in many of the mills to reduce costs and the reserves are exhausted. The industry is under a Trade Board and an advance in wages of 4½ per cent. was made in 1937. The employers of the trade, while admitting that pay during holidays was an excellent thing, urged that it was utterly impossible to consider holidays with pay under these conditions. Recent orders for bags for Government purposes absorb about 20 per cent. of their production.

75. The Federation of Civil Engineering Contractors pointed out that special difficulties would be involved in their industry owing to the nature of their operations. They estimated that the cost of a fortnight's paid holiday would result in an increase of 5 or 6 per cent. on the cost of works, plus a further 1 per cent. for increased oncosts and for overhead expenses. The only practical way the industry could avoid the increased cost and the consequent falling off in demand would be by greater utilisation of mechanical methods, which would, in turn, mean more unemployment. A further difficulty referred to by the same industry, and also dealt with in the case made by the building and the port labour employers, was the intermittent and casual nature of a great deal of the employment in the industry, with its consequence of a large turnover in the personnel of the labour employed by individual firms.

76. A number of other industries submitted that the special character of the employment or the nature of the work singled them out for special treatment in any measures suggested, and an account of some of the special problems of particular types of employment submitted both by employers and by the employees' representatives will be found in Section VI (a) of the Report.

77. A good many of the witnesses on behalf of the industries referred to above expressed agreement with the principle of holidays with pay but asked to be left to work the matter out through the ordinary negotiating machinery (e.g. the mining and building industries). Others were opposed in principle to holidays with pay, on the ground that the whole matter was really one of wages, and that there was no reason why the employer should act in the manner of a banker in regard to his employee and hold back a proportion of his wages for a year rather than pay it to him every week when he was at work.

78. Certain employers who paid during holidays were opposed to any statutory enactment, while others who had no objection to a statutory enactment in their own industry were not in favour of such enactment in other industries where different conditions prevail.

79. Mr. Louis Smith, M.P., gave evidence* to us as the Member of the House of Commons who had moved the amendment to the late Mr. Guy Rowson's Annual Holiday Bill, the acceptance of which had caused the Bill to be withdrawn after the announcement of the Government's intention to appoint a Committee of Enquiry had been made. Mr. Louis Smith spoke from his experience as an employer in the engineering and chemical industries and, expressing himself in favour of all wage earners being given a week's holiday with pay, submitted that the procedure most likely to bring about a harmonious solution of the problem would be for the Government to introduce a Bill making it compulsory that, after a period of say twelve months from the date of its passing into law, all wage earners in industry should have a week's holiday granted to them as part of their wages agreement, powers being given to the Minister of Labour to decide whether the particular schemes put forward to him by the various trades in the country met his requirements. This, it will be observed, is a different variety of proposal for statutory enactment from that dealt with in this and the preceding section, and we accordingly only refer to it here in passing and discuss it further in Section IV below.

III.—THE CASE FOR A CONTRIBUTORY SCHEME.

80. A number of witnesses, while impressed by the considerations given above in regard to the case for statutory holidays

* Minutes of Evidence, p. 368.

with pay, felt that it would be inequitable or uneconomical to place the whole burden of the proposal upon the employer, and suggested a tripartite contributory scheme. They argued that the employer, the employee, and the State would each benefit from the value accruing from the employee's holiday, and might accordingly all be expected to contribute towards a fund for its implementation. Mr. Comyns Carr submitted the outline of a scheme to be administered through the machinery of the Unemployment Insurance Fund which should provide varying rates of holiday benefit for different persons, according to whether they were adults with dependants, adults without dependants, or juveniles. Included in the financial basis of his scheme was the assumption that some £17,000,000 would be saved in respect of the unemployment pay of those who would gain employment at the holiday season to replace persons going on holiday, or who would be given regular employment to make up any loss of output on the year's working due to the closing down of works at the holiday period.

81. We examined this scheme carefully, but were not convinced that the saving claimed would result, or that any saving of magnitude would in fact accrue to the Unemployment Fund; for it seems to us unlikely that holidays with pay would lead directly to any material direct increase in employment.

82. We found that the workpeople's witnesses resisted the proposal that the matter should be dealt with by a contributory scheme. Their objection arose on the ground that the scheme would perpetuate the undesirable distinction between "black-coated" workers and productive workers, in regard to the provision of holiday payments. They argued that manual wage earners should receive holidays with pay as a right exactly in the same way as salaried employees, and that there was no justification for making the one class achieve it only by a contributory scheme. They said, moreover, they felt that it was psychologically objectionable to link holidays, a cultural matter, with unemployment, which was a social ill. In addition, it was contended that the State's contribution to the scheme would, in the long run, be contributed largely by the industrial worker in the form of increased taxation; as for the immediate effect, this would be to increase his weekly outlay by way of deductions from his wages to an extent which he could not afford.

IV.—VARIETIES OF, OR ALTERNATIVES TO, STATUTORY ENACTMENT.

83. During the course of the hearing of evidence and our deliberations we had before us for consideration a number of different approaches to the problem, and we think it well to

set out below the chief types of these. The most comprehensive proposal for a statutory enactment was that submitted to us by the Trades Union Congress General Council, and we have dealt with this in the preceding section. We have also dealt there with the view of the National Confederation of Employers' Organisations that the matter should be left to collective bargaining; and we dealt with the argument for a Contributory Scheme. We have not thought it necessary to discuss these suggestions further under this heading, and in what follows we attempt rather to give the alternatives to these proposals which have been before us.

84. The first type of alternative suggestion is as follows. Sufficient provision of holidays with pay will only come if special steps are taken to ensure it. While such special steps are necessary on the ground that collective bargaining will not automatically solve the position, a general statute is undesirable because of the objections which were put forward in the evidence given by the employers' organisations. The best solution was for the Government to do all it could to aid the promotion of paid holidays short of a general statute. This might be done by a series of measures of partial application to industry aimed at securing the further development of the general principle of holidays with pay, e.g. by amending the Fair Wages Resolution of the House of Commons of 10th March, 1909, governing the conditions for employment on Government Contracts to include holidays with pay; by enlarging the powers of statutory bodies laying down minimum wages, such as Trade Boards, to embrace the question of holidays with pay; by giving legislative sanction to collective agreements on holidays with pay made by industrial organisations in individual industries in order that the advantage of holidays with pay should be extended to unorganised as well as organised workers.* In regard to the first suggestion, we thought that the matter of the inclusion of holidays with pay in the "fair wages" clause should be left to the Committee at present investigating the working of the Fair Wages Resolution to deal with in the light of the recommendations we make later. The latter suggestion, in so far as it covered part of the position, did not appear to be open to intrinsic objection. But the suggestion for legal enforcement on the whole of particular industries of collective agreements reached by the organised bodies on holidays with pay was said to be exposed to certain difficulties. One difficulty put before us was that in industries which are highly organised the non-federated firms usually follow the agreements reached by the federation and the need for the legislative sanction does not normally arise; whereas in the industries which are not so well organised it is nearly always impossible to obtain the majority decision which

* Minutes of Evidence, pp. 186(8), 207 (2576), 225 (2868, 2869).

is necessary before an Enabling Bill can be introduced, unless some new principle of legislation on such matters is introduced. A further difficulty urged was the impracticability of isolating holidays with pay for legal enforcement without reference to wages. The fear was expressed that what was enforced on the unorganised section of an industry in the nature of holidays with pay could be easily withdrawn in effect by a reduction of wages. This consideration also applies to some extent to the proposal for a general statute for holidays with pay; it was referred to in the preceding section and will be dealt with further below.

85. A proposition following logically from the contention that special steps should be taken to provide holidays with pay in industry and, at the same time, not interfere with its wage structure, is one which would require that, in industries without holidays with pay, the next increase in wages to the amount of 2 per cent. in the case of a week's holiday, or 4 per cent. in the case of a fortnight's, should be devoted to the appropriate extent to the provision of a week's or a fortnight's holiday with pay respectively. This proposition would involve in effect a statute giving priority to holidays with pay in wage negotiations. We found that this proposition had a certain logical value and we therefore think it worthy of mention, but we do not feel that it met the nature of the claim put forward.

86. A further suggestion was that there should be a statute enforcing the payment of holidays on all employers, in which a time limit was incorporated, e.g. that holidays with pay must be given in all industries within a year.* A difficulty which was raised in regard to this suggestion was that of the effect which the proposal to have enforcement upon employers of the provision of holidays with pay after a specific period would have upon wage negotiations in the meantime. The idea behind this suggestion was to ensure that the inclusion of holidays with pay in ordinary wage negotiations should continue to develop during the period of delay, with the result that the ultimate enforcement would only cover the recalcitrant remainder. The difficulty raised was that during the waiting period the employees might well prefer to take the whole of their wages increases in the form of wages, no arrangement for holidays with pay forming part of it, rather than take a wage increase of which holidays with pay formed a part, as they would have the knowledge that they would obtain holidays with pay in any event at the end of the specified period. Against this it was argued that employers would tend to compel the workpeople to accept holidays with pay as part of their wages agreement during the interim period, in order to avoid having to make a compulsory extra provision

* Minutes of Evidence, pp. 98 (23), 369 (9).

for it when holidays with pay became enforceable. This, it was urged, would be the most satisfactory procedure, as it would secure holidays with pay with the minimum dislocation of industrial conditions.

87. Another form of suggestion was to have a statute making holidays with pay compulsory upon the employer but to allow the Minister of Labour or an independent Tribunal to grant suspension to industries which could not afford it. This was roughly the proposal of the amendment to the late Mr. Rowson's Annual Holiday Bill arising out of the discussion of which in the House of Commons the Committee was set up. This idea also came forward in evidence.* A refinement of this suggestion was that temporary suspension in the case of individual industries rather than exemption should be allowed by the Minister or the Tribunal.

88. A further variation which we have considered is the combination of the suggestion in para. 86 with that in para. 87.

89. In the preceding section we dealt with the suggestion for a tripartite Contributory Scheme, and we should not close this section without reference to the suggestion for a bipartite scheme. The basis of this suggestion is that the matter amounts to the problem of who is to bear the extra cost of paying for the workpeople's holidays, and that an equal division between the two parties concerned is the correct solution. The State is excluded on the ground that there are matters of greater urgency to which any State money available could be devoted. Reference was made in this connection to the scheme† in existence in the Boot and Shoe Industry originally introduced in 1919. This scheme involves contributions by the employer and the employee to make up the amount of the employee's wage for the holiday, and should be distinguished from another type of scheme, described‡ to the Committee, in which the employer makes a full contribution equivalent to the amount of the employee's weekly wage, but arrangements are made for this amount to be supplemented by weekly savings by the employee, in order to produce an ultimate amount for the holiday period greater than the wages equivalent.

90. A further scheme of which we should make mention was that submitted to the Committee by Baron von Veitschberger,§ which aimed at the provision of universal holidays with pay as a substitute for unemployment. The suggestion was that

* Minutes of Evidence, p. 70 (561).

† Appendix to the Minutes of Evidence p. 447.

‡ Minutes of Evidence, p. 320, *et seq.*

§ Minutes of Evidence, p. 116 *et seq.*

the monies expended in unemployment benefit and assistance, combined with that at present expended in provision of holidays with pay, would, combined with the stimulus which would be given to trade by the scheme, be sufficient to provide holidays with pay of five weeks per annum to everybody, on the basis of the 1936 figures of unemployment; so ensuring continuity of employment for all. This scheme we thought to be idealistic in conception, but open to great difficulties in practice, and in Appendix V we set out our observations on the scheme, indicating our reasons for not thinking it suitable for adoption.

V.—THE ORGANISATION OF HOLIDAYS.

91. A considerable amount of evidence was submitted to the Committee in regard to the question of the organisation of holidays. It was pointed out that even at present a good deal of difficulty arose during the summer from the shortness of the general holiday season and the congestion which resulted from many people taking their holidays at the same time. The effect of this was to dislocate transport services and to exaggerate prices in the holiday resorts. It was submitted that the present holiday period was one determined by custom more than by its inherent attractiveness, as there were obviously other periods in the summer apart from the first week of August when the weather conditions were suitable for holiday-making.

92. In the proposal submitted by the Trades Union Congress General Council it was stated that the holiday ought to be taken as far as possible during the summer months, though it was recognised that in certain industries and services it would not be possible to confine holidays within a limited period. It was accordingly suggested that the law should safeguard as far as possible the right to a holiday within the period from April to October, except where it was shown that exceptions were necessary. In the exceptional cases regard should be paid to the general practice within the industry or service. It was urged that it was desirable that the worker should go away if possible for his holidays, and the Committee's attention was drawn to the fact that under the Belgian scheme for holidays with pay the State Railways made allowance of 35 per cent. reduction of fares for workers and their families who desired to go away under the official scheme. The same witness, however, we noted, did not think that there would be "a sudden rush to the seaside" as the result of their proposal being carried into law, but that there would

be the development of a habit in parallel to which the Railway Companies and the accommodation services would automatically provide additional facilities, though it was stated that it was highly probable that the State would have to play some part in the scheme on the administrative side.

93. Other witnesses* submitted that the introduction of legislation making holidays with pay compulsory would affect about 11,000,000 people, many of whom would undoubtedly wish to make use of the facility to go away to holiday resorts. Some control was accordingly necessary to prevent all the holidays being taken together, both from the point of view of disorganisation of the transport and accommodation services, and in order to aid industry. With a view to causing the minimum dislocation of production it was advisable that holidays should either take place in rotation in individual establishments, or that those establishments which had to close down should do so in rotation. This would also help to alleviate the perennial shortage of labour at the holiday season in the hotel and boarding house service.

94. It was further pointed out by many witnesses* that any attempt to create a general system of rotating holidays in industry would meet with the problem of the date of the school holidays. Parents naturally wished to take their holidays at a time when their children are free to accompany them, and this was stated by industrialists to be an impediment to steps for the better organisation of the existing holiday arrangements. We accordingly called evidence from the Board of Education on this point, who informed us that the problem of spreading the school holidays was one which rested with the Local Education Authorities in the case of elementary schools, while in the case of secondary schools the Governing Bodies were also concerned. We learned with interest that the problem was not a difficult one from the technical point of view in the case of the elementary schools, which covered by far the greater proportion of schoolgoers. There was, however, difficulty attached to the spreading of the secondary school holidays in that their terms were arranged to lead up to the examinations, the dates of which were fixed by the University Authorities. There was said to be some difficulty in the duplication of these dates owing to the possibility of dissatisfaction arising from the fact that candidates in a given year would have different examination papers, the particular set of papers on which they were being examined being determined by the date on which they happened to sit for the examination. A further problem was that most of the children in secondary

* Minutes of Evidence, pp. 49 (24), 217 (9), 231 (3005), Appendix p. 460.

schools had brothers and sisters in elementary schools and that if the elementary school holidays were spread over without the secondary school holidays being affected, the family might still be split during the holiday owing to the parents going away during a different period to that in which the secondary schools had their holidays. The witness stated that he understood from the Scottish Education Department that in Scotland the external examination took place in May, which made the position easier, so that in Glasgow and the West the tendency was for the schools to have their holidays in July, while in Edinburgh and the East they had them in August. He pointed out that over the past twenty years consideration had been given to the question in England and Wales, and that if holidays in industry were spread a popular demand for the spreading of school holidays would undoubtedly be created, and Local Authorities, in whose hands the matter rested, would doubtless consider making suitable arrangements.

95. Evidence was also called from the Railway Companies* on this matter, and they represented to us that it would be in the interest of the travelling public to spread the holiday period. It, in consequence of any extension of paid holidays, additional large sections of the public were able to travel to the holiday resorts in July and August, the Railways would be placed in a more difficult position in dealing with holiday traffic at the weekends in summer unless some spread over of the holiday period was achieved. The period suggested for the spread of the holidays was from the beginning of May to the end of September. It was stated that the Earlier Holidays Movement propagated by the Railways had not had a very marked response, one of the main difficulties being the incidence of the school holidays. In the North school holidays coincided with "Wakes" week, but elsewhere the position was largely governed by the school holidays. If no change was made in the holiday period the difficulties of congestion could only be met by running earlier and later trains, which would not be so convenient to the public, and by instituting a system of rationing or allocating seats. It emerged that the kind of suggestion which was thought to be most helpful would be the adoption of the system of "staggering" the holiday seasons of different towns on the lines of that in existence in the North of England, and of also "staggering" the days of the week for travel so that holidays did not always begin at the weekend. The witness on behalf of the Railway Companies also agreed with the suggestion that the situation would be eased if there were a small section of a Government Department trying to put pressure on the various Authorities concerned to secure a spread over of the holiday season. A number of other witnesses supported the

* Minutes of Evidence, p. 332.

idea that it would be an advantage if holidays could be "staggered" so that everyone did not want holiday accommodation at the same time, which would make holidays more expensive for the workers; and some suggested that a Government Department should regulate the spread of holidays. One prominent industrialist* expressed the view that the arrangement would have to rest primarily with the Associations of the various manufacturers, but some Department would have to bring them together to spread their dates and to provide supervision.

96. This type of suggestion was carried a little further by witnesses who suggested that active steps should be taken for the provision of cheap hostels, the municipal organisation of lodging accommodation, and the extension of holiday camps and similar facilities. It was pointed out that, while it was not desirable to "shepherd" people into common centres at holiday periods, the establishment of rationally organised holiday facilities would enable many who could not afford a holiday at all to be able to go away and find recuperation under attractive conditions. In this connexion we invited evidence from the International Labour Organisation† as to the work which had been undertaken in countries abroad on this matter. We are indebted to the International Labour Organisation for a detailed account of these arrangements, which are shown in the Minutes of Evidence. We learned that France has an Under-Secretary's Department for Sport and Spare Time, and that in Belgium the Ministry of Transport deals with the question, while in other countries there were in operation Departments or organisations of an official character, such as the Strength through Joy organisation in Germany, the After Work organisation in Italy and the Tours Department in Russia.

97. We were impressed by the evidence which we heard, particularly that given by the Railway Companies, as to the advantages which would result nationally from the spreading of the holiday season, both as matters stand and in particular if any considerable extension of paid holidays results in the near future. In considering the cost to industry of holidays with pay regard must be had, we think, to the saving which can accrue to the workpeople from the better organisation of holidays. This appears to be generally recognised but there seems to be lacking some central initiative which can bring the various interests together and work out a plan for the spreading of holidays in general, which will be to the common benefit. The present position appears to us to be that the Railway Companies are waiting upon industry and the Board of Education to move in the matter, while undertaking such propaganda as they are

* Sir Louis Sterling, Minutes of Evidence, p. 219 (2726).

† Minutes of Evidence, p. 347.

able to, and that the Board of Education is waiting for public opinion to influence Local Authorities. In the meantime industry in general seems to be unwilling to make any start sufficient to give the movement the impetus necessary for it to develop in large proportions. We suggest in the latter part of this report that some greater effort should be initiated from the central Government to secure the "staggering" of town or district holidays so far as practicable, and the encouragement of the setting up of new holiday accommodation or the better organisation of the existing accommodation, with a view to providing more economic facilities than those existing at present for workpeople who may desire to make use of them. We think particularly that there should be encouragement given to the setting up of establishments catering for the worker who wishes to take his family on an inexpensive holiday on which his wife can enjoy rest and recuperation and freedom so far as possible from more arduous household duties. By making use of the advantages of large scale enterprise it should be possible to provide facilities for family holidays at low weekly terms in establishments constructed for that purpose in suitable localities. It is possible that the development of accommodation in the country for recreational and recuperative purposes may be a matter of interest to, for example, the Commissioner for the Special Areas, but beyond this reference we have no further observations to offer on this aspect of the subject, except to make it clear that in making these remarks we do not suggest that efforts should be made to do more than to provide facilities and to call people's attention to them.

VI.—MISCELLANEOUS MATTERS.

(a) *The position of special classes of workpeople.*

98. During the course of the hearing of evidence the special case of certain classes of workpeople was brought to our attention. In the canal carrying industry, for instance, it is the practice for men to live with their families upon the boats, and as theirs is normally an outdoor life it was submitted by the employers that the need for holidays with pay did not arise in the same way as in normal industrial employment, and that the men would be worse off if they were compelled to go away for a holiday, as provision of quarters for them on their boat formed part of their remuneration. It was also urged by employers in agriculture that the same strain did not fall upon the employee there as in many other branches of industry, and that in any case the conditions of the work, particularly in regard to the care of the livestock, made the provision of a consecutive holiday during the summer months extremely difficult. Moreover many of the employers in agriculture were small farmers employing only a few workpeople and they would find it

particularly difficult to set their workpeople free for consecutive days of holiday. Another industry claiming to hold a special position in the matter was the shipping industry, where it was contended that the periods between the sailings of ships amounted in effect to holidays. The theatrical industry also asked for exclusion from any general measure on the ground that its employment was of an intermittent character, involving only a few hours' service every day; it was urged that the withdrawal of certain employees for the purpose of taking holiday during the run of a production might well jeopardise the piece and cause employment to be lost. A suggestion in this connection was made to us by the National Association of Theatrical and Kiné Employees, who contended that the position of the industry could be met by making the lessor of the theatre responsible for the payment of holidays rather than the lessee. The problem of the intermittent character of their employment also arose in the case of workers in the public works contracting and building industries, and we studied with interest the information produced in regard to the procedure which had been followed in France and Belgium in dealing with the matter by utilising the Central Funds to apportion out the cost of the holidays with pay of the workpeople of the industry among the various employers.

99. Another type of difficulty was that submitted to us by the representatives of meat traders who stated that it was important in the case of butchers' salesmen that the continuity of service from week-end to week-end should be preserved. Customers liked to be served by the same assistant, and in the interests of both the customer and the assistant it would be desirable that assistants should be allowed to take their holiday broken into two periods so that they were not absent at week-ends when business was at its height.

100. Transport workers are another class. It was represented to us on behalf of transport undertakings that owing to the pressure on the transport services during the summer it was inevitable that a certain proportion of their employees should have to take their holiday in the winter season by rotation. Provisions to this effect are, we understand, embodied in the collective agreements of transport undertakings, and we think that full regard should be paid to these existing arrangements in any measures which may be undertaken to increase the provision of paid holidays.

101. The employment of out-workers was another matter in regard to which special difficulties arose. Employers in trades in which out-workers were utilised showed that they had little control over their activities, and that it would be possible for one worker to obtain several holidays with pay at the expense

of a number of employers unless special measures were included in any legislation proposed to ensure that abuses of this kind did not arise.

102. A further case in regard to which our attention was called was that of the employee of the employer having perhaps only one or two workpeople in his business, who would often be members of his own family, or relations. In such small concerns, particularly in the villages and smaller towns, there is a tendency for the employee to waive his rights to facilities due to him at times of difficulty and to have compensating advantages given at more convenient opportunities. In a small business of this character the existence of a degree of flexibility in the matter of the obligation to send the employees on holiday might make all the difference between the failure and the success of the employer in surmounting a situation of financial difficulty.

103. A further case was that of persons remunerated partly on commission basis, e.g., a salesman who would normally go on holiday at a time when there were no orders to be taken. The question arose whether it would be fair for the employer to pay him average commission as well as the average standing wage for the period of holiday. It was pointed out on the one hand that commission was directly related to incentive and the salesman could not be influenced by incentive when on holiday; on the other hand it was pointed out that the payment of average commission during the holiday period would be justified by the incentive displayed throughout the year.

104. A similar question arose in the case of persons remunerated partly by gratuities, such as hotel staff, hairdressers' assistants, etc. In this case the complication was added that the extra remuneration over and above the standing wage is not provided by the employer at all, but by the customer.

105. A further case was that of persons whose remuneration was not wholly given in the form of money, e.g., domestic servants. The claim was made on behalf of domestic servants that "board wages" should be included in the wage provided for the holiday period. The proposal of the Trades Union Congress General Council included the clause that "in cases where employed persons are paid partly in cash or partly in kind their payment for the holiday shall include a cash equivalent of such remuneration or other emoluments".

106. Another special type was insurance agents, sub-postmasters, and Branch Managers of the Ministry of Labour. It was argued on their behalf that they were in many instances unable to take a holiday owing to the fact that absenting themselves from their position meant the provision of a substitute

which they could not afford. Holidays with pay in their case should, therefore, they argued, be met by the provision of a substitute or the provision of payment for a substitute during the period of holiday. This was resisted on the ground that such persons occupy the position of agent or part-time agent rather than of employee and are accordingly responsible for their own provision for holidays.

(b) *Holidays and Unemployment Insurance.*

107. During our proceedings we had brought to our notice a number of comments on the law and practice relating to the payment of unemployment insurance contributions and benefit during periods of holiday, and we called evidence from the Ministry of Labour as to the present position on the matter.

108. In regard to contributions, it appears that the Unemployment Insurance Act of 1935, following previous legislation, provides that a weekly contribution shall be payable for each calendar week during the whole or any part of which an employed person has been insurably employed, but that, where no services have been rendered by an insured person during any week and no remuneration is paid in respect of that week, no contributions shall be payable. The position in regard to holidays, therefore, is that a contribution is payable for a holiday period if the employer makes the worker a payment in respect of the holiday period which can be regarded as remuneration. The remuneration must, however, be in respect of the holiday period and not deferred pay or pay in respect of previous weeks of service. If the payment is gratuitous it is not regarded as remuneration, but a payment made in accordance with established practice is not considered gratuitous. Similar conditions govern the payment of national health and pensions insurance contributions during holidays.

109. It was submitted to us by some witnesses that the fact that under the existing law contributions were payable in respect of a period of holiday for which the employee was paid wages acted as a deterrent to the development of the principle of holidays with pay in that, in addition to paying the workers' wages for the period, the employer was called upon to pay contributions; whereas if he did not give pay in respect of holidays he was exempted from them. The principle underlying the Act appears to be that a contribution ought to be paid because the employee has had a period of paid employment.

110. The provisions governing the payment of unemployment benefit are laid down primarily in the Unemployment Insurance Acts, but the question of holidays is not specifically dealt with in them. Under those Acts all claims and questions arising thereon are determined by independent Statutory Authorities, viz., the Insurance Officer, the Court of Referees and

the Umpire. The decisions of the Umpire form a body of case law and the rules governing the payment of benefit for holiday periods are to be found both in the provisions of the Act and in the Umpire's interpretations of them. In order to establish a claim to unemployment benefit a claimant must show, among other things, that he is unemployed. The general effect of the Umpire's decisions with regard to holidays appears to be that (1) a claimant is not unemployed, and therefore not entitled to benefit if he receives a contractual payment in respect of the holiday period; (2) if no such payment is made, then, (i) if the holiday is a recognised or customary one for the worker concerned, he cannot get benefit but can count the days of holiday as part of a continuous period of unemployment for other purposes of the Unemployment Insurance Acts; (ii) otherwise the holiday will be a period of unemployment for the purpose of both benefit and "continuity". Thus the question whether unemployment benefit may be received may turn upon one of two issues, whether the period of holiday constitutes a customary or recognised holiday or whether the claimant is receiving payment from his employer in respect of that period. On the other hand unemployment benefit is payable in respect of unpaid holiday periods which may be becoming, or have not yet become, established as unpaid customary holidays, and also in respect of holiday periods (not being customary holidays) when a payment is made either by way of deferred wages, or *ex gratia*.

III. The Ministry of Labour stated in evidence that the application of the principles just mentioned to the numerous different schemes for holidays with pay had resulted in the practice in regard to the payment of benefit differing from place to place or firm to firm, so far as the conditions differ. The Ministry's view was that the position as it stood was not altogether satisfactory. For, from the point of view of the proper management of the Unemployment Fund, it seemed to them to be quite clear that unemployment benefit ought not to be payable if the claimant's period of absence from work—whether or not it was a holiday—was paid for by the employer. Further, it appeared to them that unemployment benefit ought not to be paid for any period of absence from work which was in truth a holiday, whether a payment was received in connection with it or not. For, the Ministry argued, holidays were part of the terms and conditions of employment, implicitly, if not explicitly, accepted by the worker, and, as such, they should be provided for by means similar to those used for meeting, for example, the provision for Sundays, or for tools or travelling expenses.

112. When the Insurance Acts were originally introduced paid holidays for insured manual workers were rare and do not

appear to have received the attention of the legislature. With the development of holidays with pay in industry it seems to us that the provisions in the Insurance Acts respecting unemployment benefit and payment of contributions during the period of a paid holiday should be reconsidered with a view to amendment, as well as the question of benefit during an unpaid holiday.

- (c) *The question whether it should be permissible to take other paid employment during the course of an annual holiday with pay.*

II3. In the Draft Convention adopted by the International Labour Conference it is laid down* that national laws or regulations may provide that a person who engages in paid employment during the course of his annual holiday may be deprived of his right to payment in respect of the period of the holiday. The Bills which have been introduced in the House of Commons had a similar clause providing that workers taking paid employment during the holiday would forfeit their right to the pay for it. A good deal of discussion took place before the Committee as to the merits of such a clause in any legislation which should be introduced. The point assumed practical importance in agriculture, more particularly with regard to fruit-picking, where the practice for generations has been for large numbers of people from the neighbouring towns to spend a few days in the country each year gathering fruit. The National Farmers' Union maintained that any prohibition or limitation would make it very difficult for farmers to get their fruit picked in areas where they were dependent for the fruit-picking upon persons on holiday from the towns and no local labour was to be had; further that it was advantageous to the town worker in that he received a healthy holiday with reasonable exercise and an addition to his income.

II4. It was argued on the other hand, however, that such a provision was necessary in any legislation in order to protect the general interest of the workpeople and ensure that the holiday was actually taken. The proposal for legislation which was made by the Trades Union Congress General Council contained a clause to the effect that any person who engaged in paid employment during the course of a holiday with pay should be deprived of his right to payment for the holiday. As it was made clear in the general proposal that what was asked for was the provision of the holiday rather than payment for it as such, the fear was expressed that the chief purpose of the proposal, that workpeople should in fact enjoy an annual holiday for the purposes of relaxation and recuperation without financial

* Appendix to the Minutes of Evidence, p. 471.

worries, might be nullified if a number of people chose to take advantage of the opportunity to seize other persons' situations while they were on holiday, or make money at the expense of other workers who were properly enjoying the privilege which it had been the intention to give. It was contended that it might be necessary to interfere with the liberty of the few in order to ensure the proper application of the principle to the great body of workpeople. A somewhat similar view was submitted by the National Federation of Master Painters and Decorators who urged that steps should be taken under any scheme for holidays with pay to prevent the practice at present followed in the north of England, where during the holiday period at his own town a painter often secured employment at a neighbouring town at which the holiday had either not yet begun or had passed.

115. A possible line of solution that has occurred to us on this point is that the provision that paid employment should not be taken should be restricted to employment in the trade in which the person normally earned his living, on the ground that a change of occupation was often a form of relaxation. On this basis there would be no intrinsic objection, for example, to a town worker going for a week's fruit or hop picking. We might at this stage refer to the evidence which was submitted to us by the Workers' Educational Association,* which attached great importance to the possibility which would arise under an increase in the provision of holidays with pay of extending their arrangements for advancing the education of workpeople at their Summer Schools, which is a matter with which we are much in sympathy. Under the general extension of education the opportunity for workpeople to have remunerative hobbies such as journalism and teaching, which they might pursue in addition to their normal employment, is tending to increase, and hardship might be caused in some cases by a general provision prohibiting the taking of paid employment during a holiday with pay. We cannot help feeling that a too hard and fast adherence on this matter to a principle of the kind laid down in the Draft Convention and the Bills introduced in Parliament is not quite in keeping with the modern desire that the individual should be as flexible as possible in his accomplishments and outlook.

(d) *Holidays with pay and Savings.*

116. We had submitted to us by the National Savings Committee and others particulars of the schemes which they had initiated at the request of certain employers, under which the money provided by the employers for holidays with pay schemes

* Appendix to the Minutes of Evidence, p. 452.

could be set aside from the general accounts of the firm in the form of an account belonging to a holiday club to which the employees could make additional contributions. We were impressed by the advantage of a facility of this kind in maintaining the saving habit and resulting in the employees taking more than their actual week's wages to spend at the holiday period. Holidays generally are a matter of expense over and above the weekly remuneration received by the wage-earner and his family, and efforts on the part of workpeople to add to the amount due to them from their employers by private savings appear to be worthy of the fullest encouragement. We were interested in the account† given to us by Wing Commander J. A. C. Wright, M.P., of the system adopted in his firm under which full holiday pay is given to those workpeople who are willing to undertake themselves a small weekly saving for holiday purposes. It provides, in the result, payment of amounts higher than the appropriate wages on twelve days of the year, for in addition to the six days in August, disbursements are made on two days at Christmas, two at Easter and two at Whitsun. A real advantage of schemes associated with Holiday Savings Clubs is the dissociation of the holiday payment from the general accounts of the firm, which preserves the workpeople's holiday against such contingencies as failure on the part of the firm, and allows accounts to be transferred from the holiday club of one firm to that of another when workpeople change their employment. This in miniature seems a development having somewhat the same effect as that of the institution of central funds for the payment of holidays by the employers in certain foreign countries in the case of industries having a good deal of intermittent employment with the advantage of the addition of facilities for saving by the workpeople.

PART III.

I. THE NATURE OF THE PROBLEM AS IT EMERGES.

117. In the course of our enquiry we came across little lack of understanding of the value of holidays with pay as a social measure; but we found that the arguments directed against the introduction of a general statute rested upon considerations, which are less obvious and less generally appreciated, concerning industrial relations in this country and the development of the system of collective bargaining.

118. Industrial organisation affecting labour questions is an important factor in a country's competitive ability in international markets. We can, we think, hold ourselves fortunate

* Minutes of Evidence, p. 329.

that we possess a highly developed system of collective bargaining in our major industries which permits of a good deal of adjustment in the employer-employee relationship, without the difficulties that result from imperfect contact between the parties concerned, or the rigidity which tends to come from bureaucratic intervention. In this reference we have not in mind simply an assertion of principle; but rather the constant necessity of having regard, in a problem such as that before us, to those detailed items of employment conditions, which are dealt with from day to day in the ordinary course of business, upon the flexibility of the treatment of which the advancement of trade and employment so closely depend. The differences in the terms and conditions of service in various industries and trades and districts are so great that any attempt to apply at once to all industries and trades one uniform rule would be likely to produce many serious difficulties.

119. As a result of these considerations our first reaction to the nature of the problem is that it is one in which flexibility is the keynote to success, and that, therefore, collective bargaining should be left to settle as wide a sphere of the matters at issue as can be arranged.

120. The view was put to us by the witnesses who presented the case for a general statute, that legal enactment and voluntary collective agreement on the subject were not necessarily incompatible and that the values accruing from collective bargaining could be preserved in a statute. The proposal put to us by the Trade Union Congress General Council suggested that a general law should lay down a framework of broad minimum conditions, over the basis of which the voluntary principle could continue to operate. The parallel was drawn of the legislation enforcing minimum wages in the trades covered by the Trade Boards Acts, where statutory bodies had laid down minimum conditions, which were, in fact, commonly exceeded by arrangements arrived at voluntarily.

121. The witnesses appearing on behalf of the employers' organisations did not accept this parallel, contending that the question of holidays with pay was related to the actual wage negotiations which took place in the industries. These were concerned, not with minimum rates, but with the rates paid in fact. To introduce statutory compulsion in this matter was to give, in substance, a statutory advance in actual wages paid which could not fail to have a damaging effect on the general system of collective bargaining. A further distinction between the case for a statute for holidays with pay and the minimum wage legislation contained in the Trade Boards Act was that of the difference in self-sufficiency between the two measures. Statutory enforcement of minimum wages is, in general, only likely to fail in its object if the hours of employment in the

trades concerned remain unprescribed, or if there is no machinery for altering the wages as the cost of living changes. The arrangements made under the Trade Boards legislation secure protection for the worker in respect of these two items. Thus this legislation does not in any major respect fail anywhere in self-sufficiency, or become incapable of fulfilling its real object. Statutory enforcement of holidays with pay, however, must in reality be dependent ultimately upon the general wage machinery which lies outside the control of Parliament under present conditions, and so be quite lacking in self-sufficiency as legislation, unless there were in existence some general statutory control of wages; for any provision of holidays with pay could be made nugatory, in its financial effect, by the employers, if circumstances made it necessary, making a reduction of wages through the ordinary channels subsequent to the legislation; and this suggested the possibility of industrial disturbance. It was this characteristic of a general enactment imposing holidays with pay, that it was only partial in its effect and yet at the same time liable to lead to considerable repercussions on the wages position and industrial relations, that closely concerned the employers' representatives. We may, in fact, sum up the position from their point of view as follows:— Legislation in regard to holidays with pay would be intervention by Parliament in regard to one particular item of the workers' remuneration. This intervention would not only transgress the voluntary principle in wage negotiations, but owing to its incomplete character would have adverse repercussions upon the wage negotiations left to voluntary arrangement. For what was momentarily achieved by statute would, in due course, come forward for redetermination in its financial aspect in the ordinary wage negotiations of individual industries. In view of the fact that statutory holidays with pay would have to be taken into account at future wage determinations, what was the value of introducing the element of statutory intervention on this particular topic and stimulating wage controversies in industry?

122. We gave considerable thought to the problem in the form set out above, and found that the logic of the conclusions expressed in the foregoing paragraph was inescapable, except in so far as it was possible for the workpeople to enjoy a greater proportion of the earnings of individual industries, and to the extent that productivity as a whole was increasing and the cost of holidays with pay would be absorbed in the near future.

123. This consideration brought us back to the question of the cost of the proposal. If it were possible for industry to provide holidays with pay at once without the necessity of attempting to reclaim any of the advance from the workpeople in the form of wages, then the difficulties of paragraph 121

would, theoretically, not arise, except when trade conditions should deteriorate and it might have to be decided by the legislature or the workpeople concerned whether holidays with pay should be a rigid item in the cost of industry, or whether they should be sacrificed before other items of the workers' standard of living.

124. The case for a general enactment imposing holidays with pay at once rests, therefore, on its financial side primarily on the assumption that industry as a whole has more to give to the workpeople than the amount at present received in wages. To meet the claim of the Trades Union Congress General Council for a fortnight's holiday with pay this extra remuneration might in some cases have to be available up to the extent of 4 per cent. of the wages bill.

125. The considerations we referred to above in regard to the divergence of conditions in individual industries apply to the question of the cost of the proposal. The proportion of wages in the cost of production has been stated to vary from under 5 per cent. to about 70 per cent. in different industries, and the incidence of the cost of any general proposal must fall more heavily or more lightly according as the industry employs a large or small proportion of workpeople in relation to its costs of production. Again the trading situation of industries varies considerably; some can pass on to the consumer any additional charges incurred in production; others are industries in danger of having their markets taken by substitute products manufactured either at home or abroad if their prices are increased; some are "sheltered" industries; others compete on narrow margins in international markets; some industries are working at a substantial profit, others are showing a loss; some might meet any rigid increase in labour charges by further mechanisation and a reduction of their employing capacity; or again employees may so benefit by a holiday that their output will be greater.

126. Further, one of the facts which has been repeatedly brought to our attention is that in many organised trades in which wages and working conditions have been fixed by collective agreement, neither employers nor employed persons have suggested payments in respect of holidays. The importance of holidays and holiday resources seems even in recent negotiations for increases of wages frequently to have escaped serious attention. Either few holidays have been taken or it has apparently been assumed on both sides that the wages paid during the working periods would enable the employed persons to make provision for holidays. In other cases advances have been made on the understanding that the wages include payment for holidays. The probable result is that wages have in certain instances been raised recently above the rate which would have been agreed upon, if, in addition to wages for periods of work,

holiday payments had been included in the agreed terms of employment as a specific item. An additional provision for paid holidays, if required immediately without opportunity for adjustment, might bring about a serious state of affairs in the industry.

127. We should also recall here the reference which we made in paragraph 122 to the fact that where wages already included a payment for holiday periods but no specific provision of holiday money was made at the time of the holiday, it was only possible to institute holidays with pay in so far as it was practicable for the employees to enjoy a greater proportion of the earnings of the individual industries and of the extent that productivity as a whole was increasing. In our account of the evidence tendered on behalf of a statutory enactment we quoted certain figures (paragraph 59) which had been brought forward to show the increase of profits as a percentage of wages in industry over recent years. These figures are subject to limitations and unless those are fully realised they present a more optimistic account of the position than is actually the case; and the question of the ability of certain industries to stand an immediate addition of cost of the kind proposed without employment being adversely affected is one needing grave consideration.

128. We should, however, not under-estimate the progress which has been made in the development of collective agreements on this matter and the expression of sympathy with the principle of holidays with pay which has been given in evidence to the Committee by such major industries as building and coal mining. It seems probable that even without legislation the near future would see a still further increase of the growth of collective agreements and individual arrangements of particular firms covering holidays with pay. In this connection we recall the manner in which the 48 hour week was introduced by voluntary arrangement without the necessity of legislation. This took place at a time of great goodwill, after a national emergency, but the psychological conditions of industry to-day are also satisfactory and national effort is being directed into a number of new channels of communal importance. The case of organised industry, therefore, is undoubtedly a different one from that of the large body of workpeople who are not represented in collective bargaining.

129. There is one further aspect of the problem. The difficulties, which we have dealt with above, of the connection of holidays with pay with the general wage position have been said not to arise if the matter is removed from the sphere of the remuneration of the individual worker and regarded as a social matter affecting the health and welfare of the nation as a whole. The parallel has frequently been drawn between holidays with pay and the National Health and Unemployment Insurance

Schemes, the Factory Acts and similar social legislation. The evidence which we have received on the social aspect of the problem leads us to attach importance to this argument. If holidays with pay could be removed in the minds of employers and workpeople from the immediate sphere of wage negotiations and accepted as a right to which the employee is successively entitled by virtue of being employed, there would undoubtedly be less likelihood of friction resulting from any repercussions which the institution of holidays with pay might inevitably have upon the economics of industry. If, for instance, the contention of the industrialist referred to previously* were generally accepted that holidays with pay ought to be regarded as a prior charge on industry, we could not but agree that over the whole of industry the percentage of the cost of providing a week's holiday with pay to the workpeople of industry in relation to capital and turnover is relatively so small as to make it absorbable over a period under rising trade conditions, without industrial dislocation, though a period of readjustment would have to be allowed for the reasons we have explained in paragraphs 125 and 126. The acceptance of such a principle, however, would undoubtedly involve a measure of sacrifice on the parties in industry other than labour, and it is a question how far the conditions necessary for such a step exist. In this connection, the problem of the unequal incidence of the proposal upon different industries comes into prominence. Clearly, the amount of sacrifice to be made would be greater in industries where wages formed a high proportion of the cost of production than in those where it formed a low proportion. We have accordingly not found any general acceptance of this principle among employers except in industries where the proportion of wages cost to total costs of production is a small one.

II.—CONCLUSIONS.

Holidays.

130. We were much impressed by the evidence which was submitted to us in regard to the value of holidays from numerous aspects: including the standpoint of the individual, the social aspect, and that of industrial welfare. It cannot, in our view, be denied that an annual holiday contributes in a considerable measure to workpeople's happiness, health and efficiency, and we feel that the extension of the taking of consecutive days of holiday annually by workpeople would be of benefit to the community.

131. There is, as we saw in Part I of the Report, a considerable proportion of employed workpeople who are already provided with such a holiday with pay, and in addition to this

* See para. 62 of this Report.

number there is a fair proportion of the remainder who have annual periods of holiday without pay, when the factory or workshop closes during the first week of August or during the local holiday week. But there is also at present a large number of the employed population of the country who normally are only on holiday on the days of public holiday. The legislation relating to the observance of Bank Holidays covers only banks and certain public offices and there is no obligation on private employers to close their establishments on those days, although in most parts of England and Wales it is the general custom to do so. In Scotland, however, and in areas such as Lancashire where there are separate arrangements for holidays during the year, it is the practice for establishments to remain open on the Bank Holidays, although the banks are closed. There is, of course, also a tendency for certain seasonal industries to work on public holidays, and the essential services (in which in most cases annual consecutive days of holiday are provided) and the entertainment services continue to operate. In the case of these industries and services compensatory periods of leisure are usually available at other periods; but there would of course be a number of persons whose financial circumstances were such as to compel them to take work available on the public holiday rather than take a holiday, and there would be others who would follow that course from desire rather than from economic compulsion, preferring the more immediate gain of additional income to the more lasting advantages which a holiday is generally recognised as bringing to an employee and his family.

132. We have formed the opinion that the time is opportune for more active steps to encourage the taking of holidays by employed workpeople in this country, and we have come to this conclusion bearing in mind the following two important considerations. First, the general advantages accruing from holidays to which we have referred above, on the one hand from the family and social aspect, and on the other from the aspect of industrial efficiency. To this we would add a reference to the current widespread desire to improve the nation's physique, which would undoubtedly be furthered by an extension of holiday taking. Secondly, the comparison with the position overseas. The former considerations have been given prominence in other parts of this Report. With regard to the latter we need hardly stress that a comparison with the position abroad is of the utmost importance in this country in view of its competitive position in world trade and its reliance upon overseas markets to maintain its population. We have not, however, found anything in this comparison, so far as it is practicable to make it (see para. 42), to dissuade us from recommending an extension, where practicable, of holiday provision

in this country. We have drawn attention in the introduction to the wide extension of annual holidays with pay abroad.

Holidays with Pay.

133. It was represented to us in evidence that when holidays were taken without pay the beneficial effect of them tended to be lost, in particular among lower paid workers, owing to the resultant financial worry, even when it was possible for the holidays to be taken in the form of an absence from home and a change of environment, while in many cases where holidays were taken without pay and absence from home was impossible owing to its expense. If the employee goes away for a holiday, he still has to pay his rent and his overhead expenses at home, which normally absorb a considerable part of his weekly wage.

134. It seems to us not unreasonable, in view of what we have said above, that the period of the holiday should be more than one working week, but having in mind the desirability of proceeding judiciously in the matter for reasons connected with production, we think that our recommendations in regard to the annual period of consecutive paid holiday for industrial and kindred workers should be confined to a minimum of a working week, after the qualifying period has been served. We use the phrase "a working week" to cover the case of shift workers and others whose working week extends over seven days, in whose case the holiday would be one of seven days and not of six as would be the general rule.

135. It is hardly necessary to stress the points in the preceding paragraph. It is plain that for the full enjoyment of a holiday not only the weekly remuneration but an amount over and above that is really necessary, so that the wife or mother may receive the benefit of a change and, if practicable, of a rest*, as well as the actual employee. We have, however, felt throughout that it is incumbent upon the employee to save the extra money over and above the weekly wage which is needed, and we have noted with interest the various schemes which have been adopted which have as their object the encouragement of employees to save for their holiday period in addition to the payment made by the employer. Some valuable work in this connection appears to us to have been done by the National Savings Committee and other bodies in arranging for holiday savings schemes. It has been represented to us that compulsory holidays with pay would act adversely on saving, but we rather think that the arrangements to which we have

* On this subject see Part II, Section I, of this Report in regard to the organisation of holidays.

just referred and the further developments in this connection to which we look forward, would prevent any such fears being realised.

136. We therefore regard it as desirable that so far as possible the employee should have, in addition to any savings which he may be able to make during the course of the year, an amount available during one working week of the year for which the employer has an obligation to set him free from work, and we make below recommendations to this end. We have realised throughout that the matter of holidays with pay is so closely bound up with general issues affecting wages and working conditions that in the long run whatever is done in the matter of enforcing holidays with pay must be taken into account in subsequent wage determinations, in cases where the payment for a holiday period is in fact inherent in the wages as at present agreed upon and those wages are not susceptible of increase. In short, therefore, our view is that there is so much advantage attached to the system under which an employee receives pay *at the time of holiday period* that the most desirable method should be adopted for promoting this system throughout industry. The problem as we see it is that, if wage readjustments and the possibility of unrest are to be avoided, a lapse of time may be necessary before it may be possible to change to this arrangement where holiday payment is already included in the weekly wage content, and no payment is made at the actual holiday period. To which industries this applies we do not intend to discuss, for this appears to us to involve a closer investigation of the circumstances of individual industries than we are capable of, and to be a matter which should be left to be decided in each industry. It has been contended before us that there are not any industries in regard to which this is a true interpretation of past determinations of wages. We are, however, not inclined to accept this view as a general proposition. It seems clear to us that holidays have in the past been considered as a condition of employment. Wages determinations, except in regard to the most casual types of employment, seem to us inevitably to take into account that the employee has to earn enough to carry him over Sundays and obligatory or customary holidays without working. While, therefore, we consider that it is necessary to promote the provision of holiday payments, we feel there should be arrangements for delaying the enforcement of the system of remuneration which we are recommending to meet any possible cases where harm would result to the trade, industry or service from its immediate enforcement. There is one class of case which will require special consideration and exemption—the case of the employer (other than in domestic service) employing only one person. In such cases hardship may easily result.

137. Our proposals in effect are aimed at securing with the minimum of dislocation a change in the system of remuneration in respect of at least one week in the year. We recognise that legislation consequential upon our proposals would be a new departure in this country; but we see no reason why under the arrangements we suggest there should be any serious difficulty in bringing about this change largely by voluntary arrangement in the first place, since issues in regard to the amount of the remuneration of workpeople relating to all the weeks of the year are settled every day in the course of the ordinary wages bargain. It may be asked, why if this is the case is it necessary to adopt the arrangements we propose? Our answer is that it is because of this very connection which the problem has with the whole question of wages determinations that it is necessary to proceed with care in the matter, and that effective arrangements are necessary in order to prevent a small but pivotal issue disturbing industrial relations in a manner likely to be prejudicial to both parties concerned.

138. Our first view was that the arrangement best calculated to take account of the problem, in the form we have displayed it, would be to set up a tribunal in connection with the imposition of any general measures of compulsion—such a tribunal to have the power of allowing a suspension of compulsion in cases where it was necessary. When, however, we came to frame our proposals we were faced with the practical difficulties which would attend the work of the tribunal, such as the problem of fixing the scope of its decisions, the wide ramifications of the matters which would come before it for decision, and the possibility of numerous applications being made, all involving expense, complexity and delay. At the same time we came to the view that the purpose which the tribunal was meant to serve would be sufficiently met by the establishment of a probationary period prior to the introduction of general legislation. A Holiday Tribunal still appears to us to be necessary in general legislation, but its functions under our suggestion will be limited to those of a body to whom reference can be made for the settlement of differences in regard to points of detail of administration.

139. We have referred earlier in the Report to the notion of a probationary period to be given to industry before holidays with pay are made compulsory, in order to allow time for the required arrangements to be made. We think that a period of at least the length we propose in the recommendations is required if harm is not to be done to the working life of industry. We have referred above to the danger of hasty legislation.

140. There are two further considerations which make, in our view, the probationary period necessary, and necessarily

one of the length we propose. The first relates to the problem of drafting and administering a general law which has the purpose of securing holidays with pay for all. In general, it is our suggestion that as many of the details as possible should be left under the legislation to the parties concerned to settle, with reference to a tribunal when necessary. This arises from the consideration that the utmost flexibility should be permissible under the law. It is no easy matter, however, to deal with the case of the large number of workpeople who habitually change their employment during the course of the year. There arises in their case the question on which of their employers, during a particular year, should fall the obligation of providing (a) the holiday money, (b) the actual period of absence from work. In regard to (a) our suggestion is that it may be necessary to deal with the problem by making use of a system of stamping cards for which the State should bear the expense; though we recognise on the other hand, that it may be possible for schemes similar to that adopted in the engineering industry to be set up generally in industry, under which Holiday Trust Funds separate from the firm's accounts are organised in individual establishments. On changing his employer the worker may have the amount standing to his account in the Holiday Trust Fund transferred from that at his old establishment to that at the one to which he transfers. The latter type of scheme will no doubt be closely considered in connection with the development of collective agreements on holidays with pay, but a somewhat wider system seems necessary to embrace workpeople who change their employment from one industry to another. Proper provision should, in our view, be made for such persons in regard to holidays; for the mobility of labour between industries and the adaptability of the country's labour supply is an important factor in reducing unemployment and is a national asset.

141. In regard to (b) of the preceding paragraph, the provision of the actual period of absence from work, the problem is a comparatively simple one in an industry where a general holiday period is established; but is a difficult one in those industries where it is not. It would be regrettable if the opportunity were taken to discharge employees shortly before the period at which there is the obligation to set them free from work for their holiday, or, on the other hand, to refrain from engaging employees who have a holiday due to them. This is a matter of great difficulty and one to which special attention will have to be given in the drafting of any legislation. It will no doubt engage the attention of the Branch of the Ministry of Labour which we recommend should be set up to deal with the question of the better spreading of the holiday period; for the further development of the system by which towns and districts have a recognised holiday week will no doubt aid

the solution of this difficulty. It may moreover be found that the practice will develop in the case of persons who change their employment frequently during the year that they will use a period between employment as their holiday time; for the persons with whom we are dealing here would be likely to experience at least a week of unemployment in a year during which they may prefer to take the holiday. We have, however, refrained from making specific suggestions in regard to these matters, for they will no doubt come to the fore in industry during the probationary period; useful experience will be obtained in regard to them, and new facts become available which will aid the drafting of a practicable measure when the time arrives.

142. The final consideration which makes it, in our view, necessary to have a probationary period of the length we proposed is that it will allow the industries and services which will need to cater for the increased number of holiday makers resulting from the development of holidays with pay to make the necessary arrangements to cope with the great increase of holiday activity which will no doubt result. It will also allow the authorities concerned to take steps to endeavour to "stagger" the holiday period and to arrange for the better organisation of holiday accommodation. We regard progress in these matters as necessary to the proper enjoyment of holidays with pay. It is of the utmost importance that there should not be such a rise in the price of holiday accommodation as seriously to affect the value of the holiday as a social and recreative measure, the advantage of which for the community as a whole we have closely in mind in putting forward the recommendations which follow.

III.—RECOMMENDATIONS.

143. We strongly recommend that an annual holiday with pay should be established, without undue delay, as part of the terms of the contract of employment of all employees as defined in paragraph 153. This holiday should consist of at least as many days as are in the working week, and these days should as far as practicable be taken consecutively. The period of holiday should be arranged to take place between the beginning of Summer Time and the beginning of October in each year. Where, however, it is not practicable to do so, the holiday should take place at such other period of the year as may be decided.

144. In many industries in which employers and employees are organised collective agreements have already been reached making provision for at least one week's holiday with pay in the year. In any such industries where no such agreement has been reached we recommend that every possible effort

should be made to deal with the matter at the earliest opportunity through the medium of the collective bargaining machinery. We feel that wherever that method can be adopted it is greatly to be preferred, and in order to give parties time for consideration and negotiation we recommend that there should be an interim or probationary period before any legislation is introduced requiring the general provision of a holiday with pay as hereinafter mentioned. A copy of any agreement arrived at providing holidays with pay should be sent by the negotiating parties to the Minister of Labour together with a statement as to the approximate number of employees covered by the agreement. Similarly, where an agreement has been reached in any individual establishment providing for holidays with pay, a copy of the agreement should be sent to the Minister of Labour with a like statement.

145. In industries with intermittent employment, such as the building industry and port transport where the employment may be of a casual nature and with many employers in the course of the year, it may be necessary to introduce some such system as the stamping of employees' cards by the employers, so that the holiday payment may be made proportionately by the various employers who employed the employee during the year preceding the taking of the holiday. The expense of administering this part of such a scheme should be borne by the State, and to enable collective agreements of this sort to operate in these industries the Government should introduce such legislation as may be necessary at an early date.

146. In regard to industries where statutory bodies for the enforcement of minimum rates of wages exist we recommend that legislation should be introduced in the following sense:—

(i) *Trade Boards*.—In every industry under a Trade Board, the Trade Board should be given authority* to consider and determine whether in the circumstances of each industry the provision of a holiday of at least one week with pay is one that for the time being should be granted, and whether the holiday should be for a consecutive working week, or otherwise. Any such decision providing holidays with pay should become binding on confirmation by the Minister of Labour.

(ii) *Agriculture*.—Many Agricultural Wages Committees appointed under the Agricultural Wages (Regulation) Acts, 1924-37, have arranged† for payment for public holidays in

* At present Trade Boards have only power to determine wages for time worked and in certain circumstances for "waiting time".

† They have done so by the expedient of reducing, in weeks containing public holidays, the number of hours on which a worker can ordinarily be required to work for the weekly minimum wage; to the extent of the time which would otherwise have been worked on the public holiday. The effect of this arrangement is that the worker receives a holiday on full pay without having to make up the time, and should he be required to work on the holiday he is entitled to overtime employment for all employment on that day.

their respective areas. The Committees should be given authority to consider and determine whether in the circumstances of each area the provision of a holiday of at least seven days with pay is one that, for the time being, should be granted. In the period preceding the general legislation, referred to in paragraph 150, the Committees should not have the authority of enforcing that seven days shall be taken consecutively, but should have the authority of enforcing that three days shall be taken consecutively. Each Committee should be required to send a copy of its decision to the Minister of Labour and the Minister of Agriculture.

(iii) Any new legislation setting up further statutory bodies for the regulation of minimum rates of wages should provide them with the same authority as that which we recommend should be given to the Trade Boards.

147. Employment in domestic service differs from employment in industry and requires separate treatment. We recommend that each member of the domestic staff in full-time employment shall be entitled to two weeks' annual holiday with pay where the service in one household has been for one year or more, but such weeks need not be consecutive.

148. We considered including two further types of employment for special treatment (i) employees "living in" in hotels and apartment houses whose conditions of employment are somewhat similar to those of the staff in private houses, and (ii) employees in the catering and entertainment industries who do not have the advantage of taking public holidays. It might be desirable to lay down two weeks' holidays with pay for these employees. We decided, however, to leave this for the parties concerned to settle under the general law proposed, with reference to the Tribunal mentioned hereafter, if necessary.

149. Legislation in respect of the matters dealt with in the paragraphs 146 and 147 should be introduced at an early date.

150. During the Parliamentary Session of 1940-1 legislation should be passed making provision for holidays with pay in industry generally. The precise nature of the legislation will largely depend upon how far the principle of holidays with pay has been adopted and is being carried out in practice. In any such legislation the terms and conditions of the provision of holidays with pay should be left to the parties concerned to arrange and settle. Where, however, the parties are unable to reach agreement it will probably be found convenient to make provision for the matter being submitted to some person or body of persons mutually chosen who after hearing the parties and considering all relevant circumstances shall settle such terms and conditions. In the event of the parties failing to agree on such person or body of persons, the Minister of

Labour, on the matter being reported to him, shall refer the same to a tribunal nominated by him to settle the terms and conditions as if it were the person or body of persons referred to above.

151. In regard to the general legislation proposed in paragraph 150 we think that where in any industry or occupation (apart from domestic service) there is any employer employing only one person it should not be obligatory on the employer to grant a week's holiday.

152. Nothing in any scheme or arrangement for holidays with pay made binding under the provisions contained in these recommendations shall adversely affect any existing more favourable provisions for holidays with pay.

153. The employees to whom these recommendations relate are those covered by the compulsory State insurance schemes; any extension of the income limit of non-manual employees covered by these schemes should also be applicable to holidays with pay.

154. With the development of holidays with pay, there is likely to be a very large increase in the number of persons going from their homes for holidays. Every encouragement should be given by the Minister of Labour to spread over the holiday as much as possible between the beginning of Summer Time and the beginning of October, and Education Authorities should endeavour to arrange school holidays (elementary and secondary) so as to fit in with the industrial holidays in the area.

155. It would greatly facilitate the carrying out of schemes for holidays if a Branch of the Ministry of Labour were set up with a view to supervising the application and observance of the provision of holidays with pay, promoting the adoption of voluntary agreement for paid holidays and the spread over of holidays, stimulating those responsible to make the school holidays to fit in with industrial holidays, and encouraging Local Authorities in holiday resorts to supervise the provision of accommodation for visitors and various kindred matters.

156. It would also add to the spreading out of the holiday months if the present Easter Bank Holiday were to take place on a fixed and certain date in the Spring instead of Easter Monday. This has assumed more importance since the introduction of Summer Time. If this holiday were to be taken on the first or second Monday after the beginning of Summer Time it would greatly tend to meet the difficulty of the movable holiday, or alternatively if the Easter Act, 1928, which sought to fix Easter as the first Sunday after the second Saturday in April, were to become operative. The Whitsun.

Bank Holiday should take place at the usual interval after Easter Bank Holiday. Under the present law when Good Friday and Easter Bank Holiday take place before the beginning of Summer Time the value of the holiday is greatly diminished.

We desire to acknowledge our indebtedness to our secretary, Mr. H. M. Phillips, of the Ministry of Labour. His thorough and intimate knowledge of the subject matter of our Inquiry has been of especial assistance to us. Not only has he helped us wholeheartedly in the collection of evidence and material for our consideration and in the preparation of our Report, but his willingness and good judgment have been of great value in our investigation.

AMULREE (*Chairman*).

ERNEST BEVIN.

GEORGE DEAKIN.

CHAS. DUKES.

HERBERT H. ELVIN.

HARRIET J. FINDLAY.

JOSEPH HALLSWORTH.

GEORGE HICKS.

A. LYNDON LAWRENCE.

ANNE LOUGHLIN.

R. M. MONTGOMERY.

DAVID J. OWEN.

FREDERICK RICHMOND.

W. D. ROSS.

W. M. WIGGINS.

EVAN WILLIAMS.

H. M. PHILLIPS (*Secretary*).

6th April, 1938.

APPENDIX I.

NOTE ON THE EXTENT TO WHICH HOLIDAYS WITH PAY ARE PROVIDED FOR EMPLOYED WORKPEOPLE.

1. The first point to which we found it necessary to give attention on this matter is the definition of "employed workpeople" which should be taken for the purpose of any calculation of the extent of the provision of paid holidays. The word "workpeople" would in its widest possible interpretation embrace all persons who work for payment not on their own account. The Census of Population is the only guide to the number of "workpeople" in this sense. In a narrower sense it would include only manual workers, and non-manual workers not in receipt of more than £250 a year. About 85 per cent. of the gainfully occupied population of Great Britain fall within the latter description, which is the primary condition for compulsory insurance under the Unemployment Insurance Acts and the Widows', Orphans' and Old Age Contributory Pensions Scheme, though the total of the persons insured under these schemes is not the same as the total number of persons of the description owing to certain classes of them being excluded from the schemes. These excluded classes are discussed in the succeeding paragraphs; there are roughly $3\frac{1}{2}$ millions excluded from the Unemployment Insurance Scheme but less than a quarter of a million are excluded from the Contributory Pensions Scheme. The number of persons insured under the latter scheme with the necessary small addition for excluded persons, therefore, furnishes the best guide to the number of "workpeople" in the second of the senses mentioned above. A further question arising is what should be meant by "employed" in the phrase "employed workpeople." This phrase might be interpreted as referring to the number of workpeople in employment at present or at any given moment, excluding the unemployed, or alternatively, to the number of workpeople coming within the employment field. The latter conception would include the unemployed, for the greater proportion of them pass in and out of employment frequently, e.g., out of the total of 1,549,000 applicants for unemployment benefit or allowances in December, 1937, only 279,000 had been out of employment for 12 months or more.

2. It should therefore be borne in mind in what follows that "employed workpeople" may be interpreted as meaning either:—

- (i) those persons who are gainfully occupied not on their own account, or
 - (ii) those who are manual workers, or non-manual workers not in receipt of more than £250 a year:
- and that persons under either category (i) or (ii) may be taken as either:—
- (a) persons in employment at the present time or any given time, or
 - (b) persons in the employment field.

In paragraphs 23 and 24 estimates are given on the basis of these different conceptions.

3. Information as to the number of persons in the employment field can be derived from three main sources, the first two of which also provide information as to the number in employment at particular times.

- (a) The Population Census.
- (b) The Ministry of Labour's figure of persons insured under the Unemployment Insurance Acts.
- (c) The Ministry of Health's and the Department of Health for Scotland's figure of persons insured under the Widows', Orphans' and Old Age Contributory Pensions Scheme.

The information from each of these sources is dealt with seriatim below. The figures relate to Great Britain.

4. The Population Census takes place every 10 years and the latest available figures are those for 1931. They showed a total of just over 21 million persons gainfully occupied. The increase in the population of working age which has taken place since 1931, and the possibility of additional persons having been attracted into gainful occupation or industry owing to the improvement in trade conditions, makes it probable that the comparable figure for the end of 1937 approaches 22 millions. This figure includes professional persons and people engaged in business on their own account. The comparable figures for employed persons (including all operatives, clerks, etc., not employed on their own account) are about 18½ for 1931 and about 19½ for the end of 1937. The figures given in this paragraph relate to persons of 14 years of age and upwards. Those for 1931 include about 2½ million persons normally gainfully occupied not on their own account who were out of work at the time of the Census; while those for the end of 1937 include about 1½ million such persons (see paragraph 5). This paragraph therefore gives us the estimated number of employed workpeople in senses (1) (a) and (1) (b) as explained in paragraph 2 above. The figures are:—

Sense (1) (a) 17½ millions.

„ (1) (b) 19½ millions.

5. The Ministry of Labour figures, which are divided into employed and unemployed persons, do not cover the whole of the working population but only those aged 14 to 64 insured under the Unemployment Insurance Acts. At July, 1937, the number of insured persons aged 14-64, including those insured under the Agricultural Scheme amounted to 14,990,000; while the corresponding number aged 16 to 64 amounted to 14,063,000. At 13th December, 1937, the number of persons of 14 years of age and over registered at Employment Exchanges as unemployed was 1,665,000 (including those temporarily suspended from work in addition to those wholly unemployed). There was, however, little difference in 1931 between the total of all unemployed workpeople contained in the Population Census and the comparable total for persons registered as unemployed at the Employment Exchanges. It seems to us, therefore, that any addition which has to be made to the number of persons registered as unemployed with the Employment Exchanges to make the total an estimate of the total number of workpeople unemployed cannot be one of great magnitude, and in the circumstances we assume a total of about 1½ million workpeople unemployed at the end of 1937 for the purpose of this note.

6. The figures referred to in paragraph 3 (c) are those of persons aged 16-64, insured for contributory pensions, other than special voluntary contributors under the Act of 1937. The latest estimate relates to December, 1936, and is 17½ millions. Like the Population Census figure, it includes unemployed persons, who are retained almost indefinitely in pensions insurance, provided they have had a few years of insurable employment and continue to be available for work. The items making up the difference between the estimated number of persons aged 16-64 covered by unemployment insurance at July, 1937, namely, 14·1 millions, and the figure of 17½ millions, are broadly as follows:—(i) The unemployment insurance figure relates to a date six months later than the contributory pensions figure. (ii) Certain classes of manual workers, and non-manual workers not in receipt of more than £250 a year are insurable for pensions purposes but are not covered by unemployment insurance, e.g., indoor private domestic workers, established civil servants, local authority employees, railway staffs, etc., covered by certificates of exception from unemployment insurance, men in the armed forces, etc. (iii) There are a number of voluntary contributors, permanent invalids and

persons who have left insurable employment but are temporarily entitled to pensions benefit, all of whom are included in the contributory pensions figures, but not in the corresponding unemployment insurance figures.

7. It is now possible by making the necessary adjustments to the figure of $17\frac{1}{2}$ millions analysed in the preceding paragraph to obtain an estimate of the number of workpeople who are manual workers, and non-manual workers not in receipt of more than £250 a year, i.e. sense (ii) of paragraph 2 above. The necessary adjustments are as follows:—

The figure of $17\frac{1}{2}$ millions should be reduced by about 1 million to exclude voluntary contributors, men in the Armed Forces abroad, Mercantile Marine, etc., and persons in their free insurance period. On the other hand, it should be increased by about 1 million in respect of employed juveniles aged 14-16, and by a further $\frac{1}{2}$ million to allow for employed persons over 65 and for persons excluded from the scheme, mainly police and teachers. This gives a total of about $18\frac{1}{2}$ millions at December, 1936, or with the growth in the insured population, of about $18\frac{1}{2}$ millions at December, 1937. If $1\frac{1}{2}$ millions of the persons described in this paragraph are taken to be unemployed at the end of 1937 this sub-paragraph gives us the estimated number of employed workpeople in senses (ii) (a) and (ii) (b), as explained in paragraph 2 above, with the following result:—

Sense (ii) (a) $16\frac{1}{2}$ millions.

Sense (ii) (b) $18\frac{1}{2}$ millions.

8. A further issue needs clarification before the estimate of employed workpeople provided with holidays with pay can be proceeded with, viz., the meaning of the phrase "holidays with pay". The nature of the holiday payment received by workpeople varies from industry to industry and according to individual arrangement. In the overwhelming majority of instances it consists of an amount equal to the weekly time rate of wages which the employee would normally receive for a period of the length of the holiday period. In the case of persons whose weekly remuneration does not consist entirely of the wage paid (e.g. domestic staff, and persons habitually receiving gratuities) the holiday pay is usually simply the wage which would have been paid for the holiday period though this is exceeded in certain cases. Again, in some arrangements the payment is simply the provision of wages, in others it is an *ex gratia* payment by the employer. In two or three arrangements it is the payment of an amount which has been made up of joint contributions paid over a period by both employment and employee. Most collective agreements and individual arrangements in respect of industrial workers provide a week's consecutive holiday; but many manual workers in the public utility services and public administration, receive up to two weeks, and a number of workers in the distributive trades receive longer than a week and in some cases as much as three weeks. Salaried employees are generally provided with a fortnight's or three weeks' holiday with pay. It should be noted that most collective agreements providing the week's annual consecutive holiday also make provision for payment for the public holidays during the year on which work is not performed.

9. There is one further point which we should make plain, namely that in this estimate we have made no deduction in respect of persons, belonging to a class of workpeople provided with holidays with pay by agreement or by custom, who fail to qualify in actual fact for the holiday with pay for the reason, e.g., that they change their employment before serving any requisite period which has been adopted by any individual employer or industry as a condition to the receipt of the holiday with pay. Our estimate, in short, relates to classes of workpeople for whom provision has

been made for holidays with pay and not to individual workpeople who actually enjoy a paid holiday during any particular period, the number of the latter being clearly not susceptible of calculation without an enquiry of every individual employer.

10. Having regard to the above considerations and the statistics given earlier it is possible to make an estimate of the proportion of employed workpeople for whom provision has been made for holidays with pay. In what follows holidays with pay means consecutive days of holiday, and until paragraph 24 is reached the calculations relate to workpeople in sense (ii) of paragraph 2, i.e., manual workers, and non-manual workers not in receipt of more than £250 a year.

11. The information of the extent of the provision of holidays with pay to employed workpeople, existing at the time the Committee held its first sitting, was summed up in the evidence given by a witness from the Ministry of Labour as follows:—

(a) "It is estimated that between $1\frac{1}{2}$ and $1\frac{3}{4}$ millions of manual wage earners are at present covered by general or district collective agreements providing payment of wages for annual holidays.

(b) In addition large numbers of salaried clerks and shop assistants, and other salaried employees, are regularly granted holidays with pay, as well as many workers on 'standing' wages, and wage earners employed by numerous individual firms who are not parties to collective agreements arranged by employers' associations and trade unions."

12. In regard to (a) of the preceding paragraph the number of wage earners covered by collective agreements providing holidays with pay has increased while the Committee has been sitting, and is now (the end of March, 1938) estimated at about 3 millions. This total includes some shop assistants, clerks, etc., who are covered by collective agreements.

13. In regard to (b) we find it reasonable to suppose from the evidence which we have received that the first three classes mentioned, viz.,

(1) clerks, (2) shop assistants, (3) other salaried employees, and workers on "standing wages,"

almost without exception, are provided with holidays with pay. We estimate below the numbers of persons who are either manual workers, or non-manual workers not in receipt of more than £250 a year, constituting the three classes.

14. Taking first the class of clerks, it is observed that the 1931 Census showed that there were 1,522,000 clerks, draughtsmen and typists. This figure, however, includes those with incomes of more than £250 a year, and a small proportion who are covered by collective agreements and included in the total of 3 millions (paragraph 12). Making a reduction on this account, on the one hand, and allowing, on the other hand, for the increase in the population of working age since 1931, we put our estimate for this class at about $1\frac{1}{4}$ million workpeople provided with holidays with pay, though not covered by collective agreements.

15. The second class is shop assistants. The number of persons, aged 14-64, in the distributive trades insured under the Unemployment Acts in Great Britain as at July, 1937, is about $2\frac{1}{4}$ millions. This figure, however, includes ancillary labour such as craftsmen, vanmen, window-cleaners, etc., who are employed directly by the shop or store. Some of this latter class are provided with holidays with pay under collective agreements and overlap the figure in paragraph 12; according to the evidence received most would not be so provided, but some proportion are so provided by private arrangement. There would also be included in the $2\frac{1}{4}$ millions clerks, typists, etc., having less than £250 a year in respect of whom there would be an overlap with the figures given in

other paragraphs. For these reasons the Industries Tabulation in the 1931 Census of Population provides a better source of information; there the number of salesmen and shop assistants in retail and wholesale businesses is shown separately and appears as about 0.9 million. Allowing on the one hand for the increase in trade since 1931 and for minor classes to be added to a small extent, and, on the other hand, for the numbers who are included in the 3 million wage earners covered by collective agreements (paragraph 12), we estimate that an addition of about 1 million is required, under this heading, to the numbers of workpeople shown above as provided with holidays with pay.

16. The third class is other salaried employees and workers on standing wages; this latter class would be made up of foremen, and similar grades. There is no information available as to the number of such persons, and any estimate must be largely arbitrary, but it seems to us that altogether there may be some half a million workpeople of these grades provided with holidays with pay.

17. The final class mentioned in the extract from the evidence submitted by the Ministry of Labour given above is those manual wage-earners who receive holidays with pay by particular arrangements with individual firms and not by collective agreement. The evidence given by the Trades Union Congress General Council estimated 275,000 persons in this respect derived from information obtained from affiliated unions, press cuttings, etc. There are probably a number of small schemes which are not given publicity. We shall not therefore be over-estimating the number under this heading if we put it at about $\frac{1}{4}$ million.

18. In addition to the classes mentioned in the extract from the evidence given by the Ministry of Labour which we have discussed above, there are a few further categories of workpeople provided with holidays with pay with which we should deal. The first category is that shown in the Census returns under Public Administration and Defence as totalling 1,630,000 persons in 1931. Allowing for the growing complexity of administration, the development of the social services since that date and the increase in the Defence Forces, this total is by now probably about $1\frac{1}{2}$ millions. This figure includes within public administration both central and local government employees. A deduction must be made in respect of the employees of Local Authorities, and of Government industrial staff, who are provided with holidays with pay under collective agreements, and a further deduction of those who have been included in the class of clerks dealt with in paragraph 14 above. The number to be deducted on this account, we think may be put at about $\frac{1}{4}$ million. This leaves a figure of about $1\frac{1}{4}$ million persons in this category to be investigated further. Of these we estimate that probably some $\frac{1}{4}$ million are persons in temporary employment who would not be provided with holidays with pay or are non-manual workers earning more than £250 a year. The balance of 1 million we estimate to be workpeople provided with holidays with pay who should be added to our general total.

19. A further category in which evidence has shown that holidays with pay are provided to some extent is that of domestic staff. The Population Census of 1931 showed that at that time there were 1,550,000 indoor domestic staff. The figure includes, however, many daily workers who are probably not provided with holidays with pay in any form. In regard to resident domestic staff it was submitted to us in evidence that it was the practice of employers to provide holidays with pay in some form (usually without board wages) to staff with service of a year's duration. As we pointed out above in paragraph 9, in making the estimates in this Appendix we have dealt with the number of persons of various classes "provided with" holidays with pay, and not to those actually receiving them. We have not, therefore, so far, made deductions in respect of those who failed to qualify

under the conditions on which the holiday with pay is granted. In the case of domestic service, however, the turnover of employment is so great, accentuated no doubt by the shortage of domestic labour, that it seems necessary in estimating the number of domestic staff provided with holidays with pay, to pay regard to the number of domestic staff who habitually fail to be provided with a holiday with pay by reason of changing their employers frequently.

20. There are in addition various miscellaneous classes of persons shown in the Population Census, a number of whom are undoubtedly provided with holidays with pay and are not covered by collective agreement and do not fall within any of the categories shown above. Examples of these are certain workpeople employed in hotels, clubs and restaurants, hairdressers, manicurists, etc., professional men engaged not on their own account earning not more than £250 a year, gamekeepers, etc.

21. We estimate that an addition of some $\frac{1}{4}$ million workpeople should be made to our general total in respect of the classes dealt with in the two preceding paragraphs.

22. The grand total of workpeople estimated to be provided with holidays with pay can now be made up as follows:—

Manual wage earners covered by collective agreements at the beginning of March, 1938: (Paragraph 12) about 3 millions.

Clerks, draughtsmen and typists: (Paragraph 14) about $1\frac{1}{4}$ millions.

Shop assistants: (Paragraph 15) about 1 million.

Other salaried employees and workers on standing wages: (Paragraph 16) about $\frac{1}{2}$ million.

Manual wage earners covered by arrangements other than collective agreements: (Paragraph 17) about $\frac{1}{4}$ million.

Public administration and defence: (Paragraph 18) about 1 million.

Domestic staff and Miscellaneous: (Paragraphs 19, 20, 21) about $\frac{1}{4}$ million.

Grand Total about $7\frac{1}{4}$ millions.

23. It should be observed that the persons included in the above grand total are all manual employees, or non-manual employees in receipt of not more than £250 per year. Reverting to the interpretations of "employed workpeople" set out in paragraph 2, the following conclusion emerges:—

That between $7\frac{1}{4}$ and 8 million workpeople in sense (ii) (b) of paragraph 2 are provided with holidays with pay in some form. When allowance is made for unemployment among these classes, we estimate that the number actually at work in sense (ii) (a) is between 7 and $7\frac{1}{4}$ millions. The total number employed in sense (ii) (b) has been estimated in paragraph 7 to be $18\frac{1}{2}$ millions. Of these, about $1\frac{1}{4}$ millions were unemployed at the end of 1937 (paragraph 5), giving the total numbers actually at work in sense (ii) (a) as $16\frac{1}{4}$ millions.

The proportions provided with holidays with pay on the basis of the second conception of workpeople described in paragraph 2 above may, therefore, be set out as follows:—

Sense (ii) (b) i.e. manual workers, and non-manual workers in receipt of less than £250 a year who are in the employment field:

about $\frac{7\frac{1}{4}}{18\frac{1}{2}}$ millions, or about 42 per cent.

Sense (ii) (a) i.e. manual workers, and non-manual workers in receipt of less than £250 a year who are in employment at a given time (December, 1937):

say $\frac{7\frac{1}{4}}{16\frac{1}{4}}$ millions or about 43 per cent.

24. The number of non-manual workers in receipt of more than £250 a year may be taken as the difference between the total of about 19½ millions shown in paragraph 4 above and the figure of about 18½ millions in paragraph 7, viz. about ½ million. It seems to us that the great majority of such persons are probably provided with holidays with pay. We have no information as to the rate of unemployment suffered by these persons, but it must be relatively small. Accordingly, we estimate that in order to arrive at the proportions of employed workpeople in sense (i) of paragraph 2 who are provided with holidays with pay, each of the figures in paragraph 23 should be increased by about ½ million. The resulting proportions are:—

Sense (i) (b) i.e. persons gainfully occupied not on their own account who are in the employment field:

about $\frac{8\frac{1}{2}}{19\frac{1}{2}}$ millions or about 44 per cent.

Sense (i) (a) i.e. persons gainfully occupied not on their own account who are in employment at a given time (December, 1937):

about $\frac{8}{17\frac{1}{2}}$ millions or about 46 per cent.

25. It will be observed that whatever interpretation of "employed workpeople" is adopted the conclusion emerges in broad terms that a little over two-fifths of employed workpeople are at present provided with holidays with pay in one form or another. The estimate of persons provided with paid holidays given above, presents what we consider to be a reasonable picture of the position. The estimate appears somewhat higher than is usually supposed, but this may well be because the public in thinking of this question does not pay regard to those classes excluded from the provisions of the Unemployment Insurance Acts, the majority of whom are provided with holidays with pay, but pays attention rather to the proportion of persons in the industries insured under the Unemployment Insurance scheme, particularly the heavy industries, who do not have paid holidays.

APPENDIX II.

LIST OF ORGANISATIONS AND PERSONS FROM WHOM ORAL EVIDENCE WAS HEARD.

(With references to relevant pages of Minutes of Evidence.)

	Pages of Minutes of Evidence.
Allied Association of Bleachers, Dyers, Printers and Finishers (Mr. W. Scholes, Sir Thomas Robinson and Mr. J. L. Edmondson)	139-144
Association of Ciné-Technicians (Mr. G. H. Elvin and Mr. Cave-Chinn)	110-115
Association of Jute Spinners and Manufacturers (Mr. D. A. Anderson)	385-393
Association of London Master Tailors (Mr. H. Rogers, J.P.) ...	197-203
Associated Slate Quarries (Capt. A. Percival and Mr. H. B. Gould)	236-240
Board of Education (Mr. E. G. Howarth, C.B., C.B.E.)... ..	277-280
British Felt Hat Manufacturers' Federation (Mr. J. J. Battersby, Mr. G. Christie-Miller and Mr. W. E. Moss)	145-148
British Federation of Master Printers (Mr. F. H. Bisset) ...	203-207
British Furniture Trades Joint Committee (Mr. A. E. Barnes, Mr. S. D. Bianco and Mr. W. Kyle)	207-212

	Pages of Minutes of Evidence.
British Paper Bag Federation (Mr. Foster G. Robinson and Mr. C. Thorne)	187-189
British Paper Box Manufacturers' Federation (Mr. J. L. Milligan, F.C.A., Mr. D. Hunt and Mr. C. Thorne)	186-187
Canal Association (Lt.-Col. F. Rayner, D.S.O., T.D.)	79-84
Mr. A. S. Comyns Carr, K.C.	48-59
Co-operative Movement (Ald. Sir Fred Hayward, J.P., Mr. Ratcliffe, Mr. W. Gallacher, J.P., Mr. F. Jones and Rt. Hon. A. V. Alexander, M.P.)	63-72
Lt.-Col. C. Waley Cohen, C.M.G.	315-320
Cotton Spinners' and Manufacturers' Association (Sir John Grey and Mr. T. Ashurst)	129-135
Committee on Wage Earning Children (Miss N. Adler, C.B.E., J.P., Mrs. T. R. Bridgwater and Miss Penley)	96-104
Drapers' Chamber of Trade of Great Britain and Ireland (Mr. A. H. Mathias)	249
Dundee and District Union of Jute and Flax Workers (Mr. R. Doyle, Mr. T. Cathro and Mr. J. F. Sime)	377-380
Dunlop Rubber Company, Limited (Mr. C. Tennyson and Mr. D. B. Collett)	375-377
Employers' Federation of Papermakers (Mr. A. Baker)	299-302
Entertainments Protection Association (Mr. W. Payne, O.B.E.)	74-77
Federation of Civil Engineering Contractors (Mr. H. F. Brand and Mr. G. Bryan)	171-179
Federation of Gas Employers (Col. Ogilvie, Mr. Plowman and Mr. Brown)	164-167
Federation of Master Cotton Spinners' Associations, Limited (Mr. Fred Mills, Mr. H. S. Butterworth, Mr. W. H. Catterall, Mr. W. A. Greenhalgh, Mr. T. B. Boothman and Mr. J. Pogson)	123-129
General Federation of Colliery Firemens' Examiners' and Deputies' Associations of Great Britain (Mr. W. T. Miller and Mr. W. Frowen, O.B.E., J.P.)	297-299
General Post Office (Mr. F. Hardwick, Mr. W. H. Symons and Mr. C. J. Newman)	167-171
Glasgow and West of Scotland Licensed Grocers' Association (Mr. E. Rowley Orr)	255-258
International Labour Office (Mr. G. A. Johnston)	347-368
India Rubber Manufacturers' Association (Mr. A. Johnston, J.P.)	241-246
Mining Association of Great Britain (Mr. W. A. Lee, C.B.E.)	285-294
Ministry of Labour (Mr. F. W. Leggett, C.B.)	1-19
Ministry of Labour, in regard to unemployment insurance and holidays (Mr. J. S. Nicholson, C.B.E.)	381-385
Ministry of Labour, in regard to its Branch Managers (Mr. L. Glover)	88-92
National Association of Canal Carriers (Mr. J. Ironmonger)	80-84
National Association of Outfitters (Mr. J. M. Godefroy)	250
National Association of Theatrical and Kiné Employees (Mr. F. Kelly, Mr. H. R. Wright, Mr. J. Rogers and Mr. T. O'Brien)	148-152
National Amalgamated Union of Life Assurance Workers (Mr. A. A. Best)	324-327
National Council of Girls' Clubs (Miss A. A. Snelson)	104-107
National Chamber of Trade (Mr. P. Howling)	247-248

National Federation of Branch Managers of the Ministry of Labour (Mr. W. Bardens, J.P., and Mr. A. H. Sharpe) ...	84-88
National Federation of Building Trade Employers (Sir Jonah Walker-Smith, M.P.) ...	179-186
National Federation of Colliery Enginemmen, Boilermen and Mechanics (Mr. R. Shirkie, O.B.E.) ...	294-296
National Federation of Grocers' and Provision Dealers' Associations (Mr. W. Herman Kent) ...	249-250
National Federation of Hosiery Manufacturers' Associations (Mr. A. J. Palfreyman and Mr. F. Stockall) ...	221-226
National Federation of Master Painters and Decorators of England and Wales (Mr. F. Robinson and Mr. W. Mellor) ...	232-236
National Federation of Master Painters in Scotland (Mr. J. A. Christie) ...	327-330
National Federation of Merchant Tailors, Incorporated (Mr. J. E. Pullen, Mr. T. R. Hewitt and Mr. A. R. Almond) ...	191-197
National Federation of Meat Traders' Associations Incorporated (Mr. C. A. Coggan and Mr. W. G. T. Blois, O.B.E.) ...	72-74
National Federation of Sub-Postmasters (Mr. W. N. Buckingham, Major H. C. Gould, Mr. J. Fielding and Mr. W. W. Hay) ...	92-96
National Farmers' Union (Mr. G. Gibbard, Mr. M. T. Davies and Miss G. C. Gatey) ...	153-164
National Farmers' Union of Scotland (Mr. J. Picken, Mr. A. Manson and Miss A. Maclaren) ...	153-164
National Joint Industrial Council for the Flour Milling Industry (Capt. L. H. Green) ...	212-215
National Joint Industrial Council for Local Authorities Non-Trading Services (Manual Workers) (Mr. A. Moyle, Mr. A. Dalglish and Mr. E. Bishop) ...	108-110
Newspaper Society (Mr. H. G. Clarke) ...	203-207
Railway Companies' Association (Mr. Kenelm Kerr, O.B.E., and Mr. C. J. Selway, C.B.E.) ...	331-347
Retail Distributors' Association, Incorporated (Mr. D. Barber) ...	258-262
Mr. Foster G. Robinson (E. S. & A. Robinson, Limited) by arrangement with the National Industrial Alliance ...	189-190
Scottish Council of Textile Trade Unions (Mr. J. Dougherty and Mr. J. C. Hendry, J.P.) ...	302-308
Scottish Federation of Merchant Tailors (Mr. J. M. Crosthwaite) ...	262-267
Scottish Retail Drapers', Outfitters' Garment Makers' and Milliners' Federation (Mr. J. M. Crosthwaite) ...	253-254
Stationers' Association of Great Britain and Ireland (Mr. H. W. Holt) ...	250-253
Mr. Louis Smith, M.P. ...	368-375
Sir Louis Sterling (Electric and Musical Industries, Limited) ...	217-221
Mr. Wm. G. Stevens ...	280-283
Sir Malcolm Stewart, Bt., O.B.E., J.P. (Associated Portland Cement Manufacturers, Limited, and the London Brick Company, Limited), by arrangement with the National Industrial Alliance ...	226-232
Society of West End Theatre Managers (Mr. Walter Payne, O.B.E.) ...	74-77
South Wales Miners' Federation (Alderman W. J. Saddler, J.P., and Mr. O. Harris) ...	309-315
Theatrical Managers' Association (Mr. W. Payne, O.B.E.)....	74-77

Trades Union Congress (Sir Walter Citrine, K.B.E., accompanied by Mr. J. Bell, Mr. H. Berry, Mr. E. Edwards, Mr. W. Holmes, Mr. W. Lawther, Mr. F. Rollinson, Mr. W. Wood and Mr. G. Woodcock)	21-47, 394-409
Baron von Veitschberger	116-121
Sir Norman Vernon, Bt. (Spillers, Limited), by arrangement with the National Industrial Alliance	212-215
Mr. J. Whittaker	268-276
Wing-Commander J. A. Cecil Wright, A.F.C., T.D., D.L., M.P. (Warne, Wright and Rowland, Limited)	320-324
Wool (and Allied) Textile Employers' Council (Mr. Orlando R. Holton, J.P.)	135-139

Evidence was heard in private from the following:—

Cotton Spinners' and Manufacturers' Association (Sir John Grey and Mr. T. Ashurst).

Employers' Association of the Port of Liverpool (Mr. A. B. Cauty, Mr. W. Awstun Jones and Mr. J. S. Spencer).

Federation of Master Cotton Spinners' Associations, Limited (Mr. F. Mills, Mr. H. S. Butterworth, Mr. W. H. Catterall, Mr. W. A. Greenhalgh, Mr. T. B. Boothman and Mr. J. Pogson).

Federation of Master Packers (Mr. A. H. Kelly).

Malleable Ironfounders' Association (Mr. A. E. Hurst).

National Council of Port Labour Employers (Mr. J. S. Spencer, Mr. A. Howell, Mr. E. C. Parsons, Mr. G. Grinling Harris and Mr. C. Cullen).

National Light Castings Ironfounders' Federation (Mr. G. Scotland, Mr. K. N. Davis, Mr. W. Rennie and Mr. W. R. Blair).

Shipping Federation (Mr. B. Sanderson and Mr. R. Snedden).

Wool (and Allied) Textile Employers' Council (Mr. Orlando R. Holton, J.P.).

Mr. H. S. Abrahamson.

Mr. E. Graham Guest, M.A., B.Sc., J.P.

APPENDIX III.

LIST OF ORGANISATIONS AND PERSONS NOT HEARD ORALLY, FROM WHOM WRITTEN STATEMENTS WERE RECEIVED.

(Where indicated copies of the written statements have been published.)

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Angus Trades Council	466
Armstrong Britain Limited (Monarch Laundry)	463
Associated Booksellers of Great Britain and Ireland	440
Association of British Chambers of Commerce	432
Association of Joint Industrial Councils	448
British Actors Equity Association	444
British Brush Manufacturers' Association	439
British Federation of Hotel and Apartment Associations	437
Commercial Motor Users' Association (Incorporated)	465
Cresta Silks Limited	464
District Industrial Council for the West of Scotland Textile Industry	466
Dixon Corbitt Limited	463
Edinburgh, Leith and District Ironmongers' Association	441
M. Edmunds and Sons	464

Engineering and Allied Employers' National Federation ...	431
Engineering and Allied Employers' National Federation and Engineering Joint Trades Movement Agreement ...	431
Erith Employment Committee...	466
Food Manufacturers' Federation, Incorporated ...	433
Glasgow and District Retail Fish Traders' Association ...	442
Glasgow Pawnbrokers' Association ...	444
Glasgow and West of Scotland Drysalters' Association ...	442
Glasgow and West of Scotland Ironmongers' and Allied Trades Association ...	442
Glasgow and West of Scotland Retail Confectioners' Association	443
Glasgow and West of Scotland Retail Hatters' and Hosiers' Association ...	443
Hotels and Restaurants Association of Great Britain ...	439
Hovey, R. B. (Director of Zan Limited) ...	463
Industrial Welfare Society ...	453
Ironmongers' Federated Association ...	441
Iron and Steel Trades Employers' Association ...	432
Joint Industrial Council for the Furniture, Warehousing and Removing Industry ...	447
Joint Tuberculosis Council ...	466
K.-H. News-Letter Service ...	465
Manchester University Settlement ...	458
Ministry of Labour Supplementary Memoranda ...	411
Mr. G. W. Mullins, M.B.E. ...	460
National Association of Biscuit Manufacturers ...	438
National Confederation of Employers' Organisations ...	430
National Federation of Fishmongers ...	442
National Federation of Retail Newsagents, Booksellers and Stationers ...	441
National Joint Industrial Council for the Boot and Shoe Manu- facturing Trade and National Conference ...	447
National Union of Foundry Workers of Great Britain and Ireland	446, 466
National Union of Mineral Water Manufacturers' Association Limited...	438
National Union of Retail Tobacconists ...	441
Nelson and District Employment Committee ...	466
Nottingham and District Trades Council ...	466
Omnibus Owners' Association, Incorporated ...	439
Councillor David Pritchard, J.P. ...	462
Railway Committee of Crafts Unions, Eastleigh ...	446
Retail Fruit Trade Federation Limited ...	442
Scottish Association of Master Bakers ...	440
Scottish Distributive Traders Co-ordinated Committee ...	441
Scottish Farm Servants' Section of the Transport and General Workers' Union ...	444
Scottish Federation of Meat Traders' Associations ...	443
Scottish Music Merchants' Association ...	444
Scottish Pharmaceutical Federation ...	444
Scottish Radio Retailers' Associations ...	443
Scottish Tobacco Trade Federation ...	441
Shipbuilding Employers' Federation ...	431
Skegness Advancement Association ...	465
Stationers Association of Great Britain and Ireland ...	440
Shrewsbury and District Employment Committee ...	466

	Page of Appendix to Minutes of Evidence.
Venesta Limited	465
Wates Limited	463
Wholesale Textile Association	440
Wireless Retailers' Association of Great Britain and Northern Ireland	442
Workers' Educational Association	452, 466
Yorkshire Blanket Raisers' Association	446
Youth Hostels Association (England and Wales)	460
Mr. Bish.	
Mr. S. Courtauld, LL.D.	
Mr. Fletcher.	
Mr. Gibb.	
Mr. Harwood.	
Mr. Martin Lindsay.	
Mr. Pearson.	
Mr. Roddam.	
Mr. Tong.	

APPENDIX IV.

LIST OF COLLECTIVE AGREEMENTS BETWEEN ORGANISATIONS OF EMPLOYERS
AND WORKPEOPLE PROVIDING FOR HOLIDAYS WITH PAY, REPORTED TO
THE MINISTRY OF LABOUR BETWEEN APRIL, 1937, AND 21ST MARCH,
1938.

A. General Agreements.

Engineering and Allied Industries.
Railway Shopmen.
Electrical Cable Making.
Sugar Beet Manufacture—Engineers.
Furniture Removing and Warehousing (Warehousemen, Packers, Porters,
Stowers, Foremen, Horse Carmen, Stablemen, and Gatekeepers).
Wallpaper Manufacture.
Heavy Steel Manufacture.
Shipbuilding and Ship Repairing.
Pig Iron Manufacture.
Lock, Latch and Key Making.

B. District Agreements.

Coal Mining (North Wales).
Coal Mining (North Staffordshire).
Coal Mining (Lancashire and Cheshire).
Coal Mining (Cannock Chase).
Coal Mining (Derbyshire, except South Derbyshire).
Coal Mining Examiners (Forest of Dean).
Coal Mining Winding Enginemmen (Kent).
Ironstone Mining (Cleveland).
Limestone Quarrying (Weardale).
Ship-repairing-Engineers (Mersey, Thames, Southampton, Cowes, Falmouth
and Bristol districts).
Steel Manufacture (Sheffield).
Iron-founding (Cardiff and Barry districts).
File Manufacture (Sheffield).
Laminated Spring Manufacture (Sheffield).
Machine Knife Making and Jobbing and Slacks Machine Grinding (Sheffield).
Needle, Fish Hook and Fishing Tackle Manufacture (Redditch district).

Sawmaking and Grinding (Sheffield).

Scythe, Sickle and Hook Manufacture (Sheffield).

Tinplate Manufacture (South Wales and Monmouthshire).

Felt Manufacture (Rossendale—certain firms).

Boot and Shoe Repairers employed by Co-operative Societies (Midlands and Mid-Wales).

Retail Bespoke Tailoring (West End of London).

Baking (Sheffield, Rotherham and district)—Transport Workers—Private Traders.

Baking (Birmingham and district)—Private Traders.

Baking (Leicester)—Private Traders.

Baking (Belfast)—Private Traders.

Baking (London)—Small Private Traders.

Baking (Hampshire)—Co-operative Societies.

Baking (Exeter)—Private Traders.

Baking (South Wales and Monmouthshire)—Co-operative Societies.

Baking (Ayrshire)—Co-operative Societies.

Omnibus Drivers and Conductors (Certain companies operating in Cumberland, Westmorland, Lancashire, Lincolnshire, Suffolk, Cambridgeshire, Huntingdonshire, Bedfordshire, Buckinghamshire, Hertfordshire, Essex, Hampshire, Somersetshire, Wiltshire, Herefordshire, Gloucestershire, Dorsetshire, Devonshire, Cornwall, Monmouthshire and South Wales).

Horse Carters (London).

Horse Carters (Liverpool and district).

Horse Carters (Macclesfield and district).

Horse Carters (Bristol).

Motor Drivers, Horse Carters and Labourers (Isle of Man).

Glass Bottle Manufacture (Yorkshire).

Pressed Glass Manufacture (Gateshead, Sunderland and Knottingley).

Sawmilling (Nottingham, Derby, Burton-on-Trent).

Warehousemen employed by Wholesale Grocers (Huddersfield and various towns in Cumberland and Lancashire, excluding Liverpool).

Warehousemen, etc., employed in Wholesale Shoe and Leather Trade (Belfast).

Warehousemen, etc., employed in Wholesale Drapery Trade (Belfast).

Theatrical Employees (Blackpool—certain theatres).

Cinema Musicians (London).

Cinema Employees (Aberdeen).

Cinema Employees (Dundee and Perth).

Cinema Employees (Nottinghamshire and Derbyshire).

Cinema Employees (Leicester).

Funeral Furnishers (Northern Ireland).

Cement Importers—Transport Workers (Belfast):

Optical Trade (Manchester).

Butchers (Newry).

Tugboatmen (Gravesend).

Tugboatmen (Southampton).

Slaughtermen (Leeds).

Dairy workers employed by Co-operative Societies (North-Eastern Area).

Employees of Retail Distributive Co-operative Societies:—

Bolton and District—Transport Workers excluding Dairy Workers.

Bedfordshire, Buckinghamshire and Hertfordshire—Dairy Workers.

Essex and Suffolk—Dairy Workers.

Greater London Area—Transport and Outside Sales Workers (excluding Passenger Coach Drivers).

Bristol, Somerset and Wiltshire—Dairy Workers.

North Lancashire—Transport Workers excluding Dairy Workers.

Devon—Retail Distributive Workers.

APPENDIX V.

BARON VON VEITSCHBERGER'S SCHEME.

The scheme put forward by Baron von Veitschberger* aims, in brief, at spreading unemployment and under-employment over the whole of the working population in the form of compulsory holidays with pay, the length of which would be determined by the proportion of the population unemployed at the time of the adoption of the scheme. Thus, if X per cent. were unemployed, each person would have $\frac{52X}{100}$ weeks holiday a year.

1. The first point which strikes attention about the plan is that although it claims to abolish unemployment, it would not in itself increase the total income of labour or total production. These would only be increased indirectly in so far as the increased security of employment brought about by the scheme led to the greater exploitation of credit facilities by the working classes and so to increased purchasing power. Any increase of purchasing power of this character would only be of an initial and not a recurrent character, however, and it is not clear that it would necessarily be substantial in amount. The author of the scheme is, however, content with even a small initial increase of employment because he places great reliance on the fact that an increase in employment is generally cumulative in character. But the same reasoning applies to an increase in unemployment. If the effect of the scheme were to dislocate production initially owing to certain inherent difficulties, the process of accumulation might relate to unemployment rather than employment.

2. Some of these inherent difficulties which might cause this effect are:—

(a) Any resultant decline in productivity from taking on workpeople less efficient than those at present in employment.

(b) The cost of the large-scale training and transference of labour involved. This is dealt with in 5 below.

(c) The difficulty of making the necessary forecasts as to future labour demand. This is also dealt with in 5 below.

(d) The financial insufficiency of the scheme. This is dealt with in 6 below.

(e) The fact that the scheme would involve workpeople in employment when the scheme was initiated suffering a reduction in wages. This is dealt with in the following paragraph.

3. The author claims that the employers, workpeople and the State would each be better off under his scheme, but if, as is claimed, the total amount paid out by employers would remain unaltered (the additional wages coming out of the Unemployment Fund), it is clear that there would have to be a reduction in average money wages per head, although the total of labour (including the unemployed) might remain unchanged; because the average payment to unemployed workpeople is less than average wages. Unless average money wages per head are to be reduced there is, therefore, a deficit to be made up of the difference between the average wages and average unemployment pay in respect of the number of unemployed when the scheme begins. This the author hopes to make up by:—

(a) the amount paid out yearly in respect of existing holidays with pay;

(b) increased employment resulting from the initiation of the scheme.

* For a full account see Minutes of Evidence, p. 116 *et seq.*

4. ... we think, difficult to sustain. (b) has already been dealt with in paragraph 1. In regard to (a), it should be observed that it would not be unnatural for employers if and when they had to comply with a scheme which utilised unemployment benefit to provide holidays with pay, to take the view that it would not be right for them to subsidise a scheme which other employers enjoyed free of cost to themselves. Accordingly there would be an influence on employers to terminate the existing holiday-with-pay agreements.

5. The author proposes that the scheme should be operated by the method of taking the unemployment percentage for the whole of industry and applying it uniformly to each industry. This would mean that in industries where the unemployment obtaining was below that for industry as a whole, there would be a resultant shortage of labour, and a surplus in industries where the rate was above the average. The plan is to remedy this by a universal transference of workpeople and the training of the surplus labour. In order to avoid dislocation between supply and demand (i.e., unemployment which the scheme sets out to cure), it would be necessary to know exactly what proportion of workers it would be necessary to train in advance for the various industries. The ebb and flow of trade activity scarcely permits of this exact possibility.

6. In regard to the figures given in the memorandum Baron von Veitschberger submitted to us. (a) The calculation is based on the number of workers employed at December, 1936. This figure is rather more than the average employed throughout the year, and the total sum available for the scheme is therefore somewhat less than is assumed. (b) The author utilises practically the whole of the sum paid in unemployment assistance and benefit in order to give employment and holidays with pay to 12,245,200 workers only, leaving out of account the remaining 642,000 temporarily stopped or casual workers for whom financial provision would have to be made. The balance left, placed at £2,500,000, would be inadequate to provide unemployment benefit for these workers throughout the year as well as pay for the incidental training and other administrative costs of the scheme.

7. Again, if the whole of the money at present used for unemployment payment is absorbed under the scheme, what provision would be left for the contingencies of unemployment which would still prevail, e.g., firms going out of business?

8. We are of opinion that the scheme does not account for itself on the financial basis proposed and that the difficulties in the way of applying it would be so great as to make it scarcely practicable and liable to cause increased unemployment owing to dislocation of production.

9. The author has suggested that the idea be tried out experimentally in certain firms and industries. The difficulty in regard to this suggestion is that the scheme involves the use of unemployment monies for purposes other than those for which they were intended. In regard to any legislation proposed for ensuring this the point would undoubtedly arise whether there was equity in drawing on funds contributed by the whole of industry for certain specific purposes to aid a holidays-with-pay scheme applied to only a section of industry.