

Fabian Tract No. 83.

STATE ARBITRATION AND THE LIVING WAGE.

WITH AN ACCOUNT OF THE NEW ZEALAND AND VICTORIAN LAWS
AND THEIR RESULTS.

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State Arbitration and the Living Wage.

THE disastrous effects of a great labor dispute which has paralyzed an industry for months are obvious to all, and the consequences of smaller disturbances, though less apparent, are in the aggregate scarcely less important. In the five years, 1898-1902, there have been, on an annual average, 632 strikes and lock-outs, involving 211,775 persons a year, and costing an annual loss of 5,716,026 working days. For thirty years everyone has been "ingeminating peace," and we propose, in the first place, to examine the machinery that exists to-day for preventing industrial war; and secondly, to consider in what way lasting peace can be secured.

Disputes may arise either out of the interpretation of an existing contract, or out of the framing of new terms of labor. To decide the former class is a judicial act, to determine the latter is a legislative function. Interpretation cases are on the Continent settled by special courts, but in England they are in no way distinguished from other cases, and, from the comparative rarity with which they come under the public eye, are scarcely included within the popular meaning of the term industrial dispute. In this Tract we shall deal mainly with the second class.

Method of Collective Bargaining.

For the proper consideration of disputes arising out of the framing of new labor contracts it is important to bear in mind that they are only the exceptional failures which occur in a complex system of negotiation between employers and employed. Where the men are disorganized the terms of labor are fixed at the will of the masters, but the trade unions practise a method of collective bargaining which ensures peace throughout a great part of the industrial world. Beginning with the negotiations of shop committees, or single branches, with individual employers, the process has developed into regular conferences between the organized masters on the one side and the union of all the workmen in the trade on the other, and the drawing up of collective agreements embodying common rules for the whole industry, fixing both wages and the other conditions of labor. Similarly with disputes affecting individuals only—from the intervention of the trade union secretary on behalf of a victimized workman we proceed to the regular examination of all complaints in the textile industry by the paid secretaries of the employers' and workmen's organizations, and the reference of the few cases in which they cannot agree to joint committees, first of the local, and finally of the central associations. In the higher grades of industry we have thus a private legislative system and a private judicial system established by mutual

agreement, and enforcing decisions by appeal to the law-abiding spirit of the people. The Board of Trade Bluebook on Standard Piece-work Lists,* will give some idea of the work of the unions. In 1902 only 1·4 per cent. of the workmen whose wages were altered in the course of the year were engaged in disputes on this account. Even when conferences and negotiations fail, and a strike or lock-out ensues, the unions are pre-eminent in effecting peace, and in 1897-1901 settled by direct negotiation 73·2 per cent. of the total strikes.

Temporary joint committees naturally develop into trade boards of a more permanent character, representative of employers and employed in equal proportions. In 1902 there were 67 such boards actually at work, which dealt with 1,462 cases, and settled 678. The Durham Joint Committee for the coal trade owes its success to the fact that while general wage-movements are determined on the basis of the old sliding scale, now abolished, it settles what alterations shall be made in the county average wage to meet the peculiarities of working in particular collieries, and arranges colliery as apart from county disputes. Provision is made for the reference to arbitration of cases which the committee cannot settle. The local boards in the boot trade, on the other hand, have "full power to settle all questions submitted to them concerning wages, hours of labor, and the conditions of employment of all classes of workpeople represented thereon within their districts." Their exercise of this jurisdiction is, however, governed by the clauses in the Agreement of 1895, referring to minimum wage, output, machinery, etc. Trade Boards, in fact, only seem to be successful where they work under carefully defined preliminary agreements.

The full power of collective bargaining through trade unions and trade boards is only attained in the few well-organized trades. For some time after 1890, District Boards of Conciliation were warmly advocated as a means of bringing the disputants together and inducing them to settle their differences amicably, that is by collective bargaining. Though they were welcomed by the weaker trades, their period of favor was brief, and in 1901 there were only nine such boards registered under the Conciliation Act, of which the London board is the chief. Finally, the reference of disputes to private persons is the oldest form of private intervention. With the disappearance of sliding scales, and the growing activity of the Board of Trade, it has become less prominent than formerly, but it is frequently provided for in collective agreements. Some notable modern instances, like the Coal War in 1893 and the Boot Trade Dispute of 1895, were really official Governmental interventions, not to arbitrate but to further the negotiations between the parties.

Government Mediation.

The report of the Royal Commission on Labor in 1894 recognized the failure of private attempts at mediation, and recommended (1) that Town and County Councils should be enabled to create special tribunals for defined districts or trades, more or less after the pattern

*Report on Wages and Hours of Labor, Part II. C.—7567 I. of 1894.

of the French *Conseils de Prud'hommes* ; (2) that a central department should promote by advice and assistance the formation of trade and district boards of conciliation and arbitration ; (3) that the Board of Trade should have power to enquire into and report on any trade dispute ; and (4) that the Board of Trade should have power to appoint an arbitrator, when requested by both parties. In 1896 the Conciliation (Trade Disputes) Act was passed, empowering the Board of Trade, where a dispute had arisen or was apprehended, (*a*) to enquire into the causes of the dispute ; (*b*) to induce the parties to meet together with a view to an amicable settlement ; (*c*) to appoint a person to act as conciliator when requested by either party ; (*d*) to appoint an arbitrator on the application of both parties. Private boards of conciliation and arbitration might be registered under the Act, and where no Board existed the Board of Trade might endeavor to get one formed.

This measure is thoroughly permissive, for neither can one party to a dispute compel the other to submit the difference to arbitration, nor is either bound by the award. In both these respects it is inferior to the Durham Joint Committee and the Boot Trade Boards, and it has been thoroughly discredited by its powerlessness to overcome the obstinacy of Lord Penrhyn, and by the tardiness and inefficacy of Mr. Ritchie's intervention in the engineering dispute. To the end of June, 1901,* 113 cases had been dealt with under the Act, nine on the initiative of the Board ; 32 disputes were settled by conciliation, 38 by arbitration, and 10 out of court ; in 33 cases a settlement was not effected, or the application was refused by the Board of Trade.

Compulsion in New Zealand.

New Zealand is the classical land of compulsory arbitration, the only land where it has had a fair trial, and the only land where industrial peace prevails. Since the Hon. W. P. Reeves, then Minister for Labor, carried in 1894 his Industrial Conciliation and Arbitration Act, "all matters or things affecting or relating to work done or to be done, or the privileges, rights, or duties of employers or workmen in any industry" are withdrawn from the domain of private warfare and placed under the regulation of law. In the first place that Act defined the bodies with which it had to deal by providing for the registration of any number of persons, not less than five employers or seven workmen, as industrial unions, which thereby become corporate bodies with power to sue and be sued. They alone could take proceedings under the Act, for the law took no cognizance of disputes between individual workmen and their masters, but yet unregistered employers or men were not exempt from the control of the law. These industrial unions might enter into industrial agreements with each other—or industrial unions of workmen with individual employers—dealing with any industrial matter or for the prevention or settlement of industrial disputes. These agreements—which resembled the "collective agreements" with which we are familiar—

* Third Report of the Board of Trade of Proceedings under the Conciliation (Trade Disputes) Act, 1896. C.—296.

must run for not more than three years, and were enforceable by law if they provided penalties for breach. The colony was divided into six districts, in each of which a Board of Conciliation has been established consisting of four persons, two chosen by the industrial unions of employers and two by the industrial unions of workmen, and of a chairman chosen by the Board from outside at its first meeting. In case the unions refused to take part in an election the Governor might nominate members to complete the Board, and he could also appoint a chairman if the Board could not agree on one. Special Boards might be appointed to meet special cases, to be elected in the same way. The Board was to hold office for three years. Industrial disputes could be referred to a Board for settlement either pursuant to an industrial agreement, or on the application of any party to a dispute, *i.e.*, an individual employer, or several employers, or an industrial union of employers or workmen. The parties might appear by their representatives or, if all sides agreed, by counsel or solicitors. After investigation the Board was to attempt to arrange an amicable settlement, failing which it "shall decide the question according to the merits and substantial justice of the case," and issue a report accordingly.

Any party to the case might thereupon require it to be submitted to the Court of Arbitration. This Court acts for the whole colony, and consists of a president, who must be a Judge of the Supreme Court, and two members recommended by the industrial unions of employers and workmen respectively. The Court holds office for three years, and, like the Boards, has power to inspect factories, administer oaths, and compel the production of documents or the attendance of witnesses. It may award costs and dismiss frivolous cases. All questions must be decided "in such manner as they find to stand with equity and good conscience." Every award must specify the parties upon whom, and the period, not exceeding two years, for which it is to be binding, and it must be given within one month after the Court has begun to sit for the hearing of any reference. On the application of any of the parties the Court may order the award to be filed in the Supreme Court office, and it is then enforceable in the same way as a judgment of the Supreme Court, the maximum fine being £500 for any union or person, and £10 for any individual on account of his membership in a union. No strike or lock-out must be declared after a case has been referred to a Board or to a Court, and proceedings are not to be nullified by mere want of formality.

The amending and consolidating Act of 1900 strengthened the Boards by giving their recommendations automatically the force of an industrial agreement unless an appeal was taken within a month. The term of agreements and awards was extended to three years, and even after the lapse of that period they were to continue in force until superseded by a new agreement or award. In giving their decisions the Boards or the Court may deal with industries other than the one actually affected if they are branches of the same trade or "so connected that industrial matters affecting the one may affect the other." The Court may also make an award covering the whole

colony "where the award relates to a trade or manufacture the products of which enter into competition in any market with those manufactured in another industrial district." An industrial union of workers may refer a dispute to a Board even if none of its members are directly concerned. Production of business-books may now be demanded only by the Court, not by the Boards. The Boards are reduced to three or five members. Expert assessors may be appointed either by a Board or the Court. Two employers may form an industrial union, and the Court may refuse to register an industrial union if there is already one in the neighborhood convenient for the applicants. A further amending Act of 1901 enabled trade unions to act as industrial unions without special registration, and defined the term "worker" as any person "employed to do any skilled or unskilled manual or clerical work for hire or award." To avoid the delay caused by the rush of applicants to the Boards and the frequency of appeals, this Act also allows any party to a dispute to take the case straight to the Court of Arbitration.

The Working of the Act.

Since the passing of the Act all trade disputes have been or are being dealt with on the application of the workmen. A few have been settled by Boards of Conciliation, but the majority were decided by the Court. The awards have been frankly accepted by the losing parties and not till February, 1898, was it necessary to appeal for a penalty. There have only been seven strikes involving altogether some 300 persons, and these occurred among unorganized workmen or government employees who did not come under the Acts. Although special care was taken, both by the creation of new bodies, industrial unions, with separate funds, etc., for the purposes of the Act, and by giving the Court power to award costs, in order to obviate the expected fear of the trade unions that their funds would be dissipated by vexatious litigation, the workmen have shown such confidence in the measure that most of the industrial unions of workmen registered under the Act are trade unions. On the other hand, employers have been very slow to avail themselves of the right of registration. In December, 1901, there were 241 industrial unions of workers and 12 industrial associations, but only 71 industrial unions of employers and one industrial association.

The Boards and the Court have had to deal with almost every possible kind of dispute. Minimum rates of wage have been established both for trades and for grades of workmen, and piecework lists have been drawn up. A standard working week has been fixed in several trades—forty-four hours in the case of the Christchurch builders; overtime has been defined, and work on Sundays and holidays limited. Codes of rules relating to piecework, apprentices, travelling allowances, the position of trade union officials, etc., have been framed. On several points of special difficulty important principles have been laid down. For example, on the "unemployed question" the Court decided in the case of the Westport Coal Co., 1896: "If work is slack, and the men wish, the company is recommended to distribute the work among the men rather than discharge

employees"—and again: "So long as there are sufficient capable men at Dennistoun out of work, the company shall employ these, either by contract or day-labor, provided they are willing to contract or work at reasonable rates, before the company calls for tenders from outsiders, or employs outsiders." In the awards establishing a standard wage an important condition is introduced dealing with a class of men whose employment is a frequent source of disturbance in this country: "Any workman who considers himself not capable of earning the minimum wage may be paid such less wage as may from time to time be agreed upon in writing between any employer and the secretary or president of the union." In default of agreement the chairman of the Conciliation Board for the district may fix the rate of wage to continue for six months, after which time it must come up again for revision.

Another regular clause deals with non-unionists as follows: "So long as the rules of the union permit any person of good character and sober habits, and a competent tradesman, to become a member on payment of an entrance fee not exceeding 5s., upon his written application, without ballot or other election, and so to continue upon contributing subscriptions not exceeding 6d. per week, the employers shall employ members of the union in preference to non-members, provided that there are members of the union equally qualified with non-members to perform the particular work; but this shall not compel an employer to refuse employment to any person now employed by him. When union and non-union men are employed together they shall work in harmony, and shall receive equal pay." The union, as a condition of this preference, must also keep, for the information of the employers, an "employment book," in which are recorded the names, addresses, qualifications, and particulars of previous service of all unemployed members. If an employer discharges all his union hands and replaces them by non-unionists the Court has decided that it still has jurisdiction.

In machinery questions the safeguards of a maximum working week and a standard rate of pay have been set up, and then (as in the Bootmaking Case, 1896) masters have been permitted to introduce machinery and to sub-divide machine-labor as they pleased. In the Furniture Trade Dispute, 1896, reductions on account of machinery were limited to 20 per cent. off the standard "log" prices.

Wage Boards in Victoria.

The Factories and Shops Act, 1896, established wage boards in the clothing, furniture and baking industries, and the Consolidating Act of 1900 extended the legal regulation of wages to any trade after the passing of a resolution by either House of Parliament. Under the former Act six Special Boards were appointed and under the latter thirty-two, so that altogether 35,000 persons out of 57,000 employed in factories or workshops in 1902 came under the law. The members of the boards are paid and are elected for two years, half by the employers half by the workers; an independent chairman is chosen by the elected members. The Board may fix either time or piece wages, but for outworkers in the boot and clothing trades only piece

rates may be fixed ; time rates may be fixed and the employer allowed to pay piece rates based thereon. The Board must also fix the working hours, rates of overtime, and number of apprentices and improvers. Old or infirm persons unable to earn the minimum wage may be licensed by the Chief Inspector of Factories to work at a specified lower wage. A "determination" or award made by a Board continues in force until altered, and can only be challenged for "illegality" before the Supreme Court. The Governor may, however, suspend a "determination" for six months, within which time the Board must hear evidence and then decide finally.

Under these Boards sweating was abolished and wages were considerably raised. Thus the average weekly wage for all males in the baking trade rose from 32s. 5d. in 1896 to 42s. 6d. in 1901 ; in the clothing trade from 35s. 3d. to 40s. 5d. ; and in bootmaking from 26s. 10d. to 34s. 5d. For all females the average weekly wage in the clothing trade rose from 15s. 5d. to 18s. 3d. ; in the boot trade from 13s. 4d. to 15s. 3d. ; and in the underclothing trade from 11s. 3d. (in 1898) to 12s. 7d. The wages for adults only are much higher, and the fixed minimum wage is never the actual wages paid. Thus, in 1901 the minimum wage fixed by the Clothing Board was 45s. for adult males and 20s. for adult females, but the average wages earned were 53s. 6d. and 22s. 3d. Under the Shirt Board the minimum wage for adult females was 16s. and the average wage 20s. 8d.

Nevertheless there have been serious difficulties in the working of the Acts. The Boards were too large, and had no power to call evidence, examine books, or decide the cases on anything but the written statements put forward by their members. The members thus regarded themselves not as judges but as the advocates of the side by which they were elected. To avoid giving either side an advantage the chairman was always chosen from outside the trade, and while he always worked for a compromise each side sought to weary or cajole him into the greatest possible preference for its views. Only the suspensory power of the Governor, by enabling evidence to be heard, made the law workable in many cases. Indeed the wonder is there has not been more friction than there actually was. The provisions for dealing with old and slow workers were clumsy, and further complications were added by the opposition to the regulation of apprenticeship in the sweated trades offered by employers greedy for cheap labor. In a noticeable number of cases, too, through complicity of the workpeople the minimum wage was not in practice observed. A Royal Commission was appointed in 1900 to investigate the working of the Factories and Shops Act, and in the spring of 1903 it reported against the continuance of the wage-board system, but, recognizing "that there cannot be any return to the old conditions of freedom of contract in factory labor," recommended the adoption of a scheme substantially based on the New Zealand Act which the commissioners described as "the fairest, the most complete, and the most useful labor law on the statute-books of the Australasian States." Meanwhile the Act of 1900 came to an end in 1902 and was renewed for a year ; all determinations made after July, 1902, were suspended while the earlier ones were continued in force.

Arbitration in New South Wales.

The Industrial Arbitration Act of 1901 is closely modelled on the New Zealand law in its provisions for industrial unions and agreements. There are no Boards of Conciliation, but only one Court of Arbitration for the whole colony, consisting of a Judge of the Supreme Court and two members recommended by the industrial unions of workers and employers respectively. Other special points are that the Registrar of the Court may bring an industrial dispute before the Court; an employer who locks out his men while proceedings are pending may be fined £1,000 or imprisoned for two months; and most important of all—in any case before it the Court may “declare that any practice, regulation, rule, custom, term of agreement, condition of employment, or dealing whatsoever in relation to an industrial matter, shall be a common rule of the industry.” It is still too soon to say how this Act will work. Finally it may be noted that West Australia adopted in 1900 the New Zealand law, and about the same time South Australia set up a system of wage boards.

Failure of Voluntary Intervention.

State intervention in labor disputes when one of the parties cannot be compelled to arbitrate, and the award is not enforceable at law, can be summed up as a universal failure, and the contrast with the compulsory Act of New Zealand is striking. The causes are on the surface. Naturally the party in an industrial dispute which feels itself the stronger is unwilling to surrender the strategic advantage of position for the chance of winning less in arbitration, and when both are strongly organized the result may be disastrous. Secondly, intervention usually takes place too late, when angry passions have been roused and neither side is willing to believe in the other's good faith. Distrust of well-meaning but unskilled arbitrators counts for much, and the fact that arbitrators are usually drawn from the middle or upper classes has been a standing cause of objection by working men. This feeling is, however, changing. “Things are very different now,” said Mr. Mawdsley to an interviewer (*Sunday Chronicle*, 7th November, 1897), “the Board of Trade takes the matter up, and appoints a thoroughly able investigator.” Above all, the absence of a penalty for breach of the award nullifies the best intentions of the legislators. Actual breach of agreements formally entered into have fortunately been of comparatively rare occurrence in this country, but the statistics show that refusal to accept an unfavorable award is by no means uncommon everywhere. Or if the award is accepted the quarrel is renewed in a short time and arbitration refused.

The Right of the State.

The great difficulty in the way of arbitration is the refusal of the disputants to admit that anyone is concerned in their quarrel but themselves. When the Board of Trade at last intervened in the Engineering War its conduct was denounced by Sir Henry Howorth, F.R.S., M.P., as an “impertinence,” and the *Times*, October 7, 1897, declared that: “The right of interference by a Government depart-

ment can only be exercised to any good purpose when the conflict is practically over, and when one side or the other wishes to have an opportunity for honorable retreat." Against this belated theory of the right of private warfare we oppose the only theory under which social peace is possible—the right and duty of the State both to safeguard the national welfare and industry, and to secure the well-being of each of its members. This theory is particularly applicable to strikes and lock-outs where large numbers of people, not concerned in the dispute, are often seriously injured by the stoppage of work. For the sake of the public peace the State interferes in the purely private quarrels of a couple of litigants, for the sake of the public health it interferes at every turn with the rights of private property, for the sake of safety to life and limb it interferes with the internal arrangements of factories and mines and the right of an employer to do what he likes with his own, for the sake of common honesty it regulates the payment of wages by means of Truck Acts, "Particulars Clauses," and Checkweighmen. To extend this general principle of the regulation of industry by common rules to the determination of wages, hours, and the other conditions of labor is a natural sequence. It is not proposed, as is often objected, to compel employers to run their works at a loss, but it is proposed that if employers enter into an industry at all they shall conduct it on terms satisfactory to the public conscience. A man is not compelled to run a factory if he cannot afford it; but if he does open one it must have sufficient fire-escapes and satisfactory appliances against accidents. When the small boot and shoe manufacturers complained that they were being driven out of the trade by the agreements which the large factory-owners were making with the trade union, the editor of the *Shoe and Leather Record* replied: "If small manufacturers cannot continue to exist except by paying less than a proper standard of wages for work done, that is the clearest possible proof that they have no right to exist as such."* In return for this State interference employers are offered the opportunity of conducting their business under the rules of peace instead of war, of freedom from cessation of industry, and of having the terms and conditions of labor fixed for periods of sufficient duration to enable them to enter advantageously into future contracts. The workmen are given the great boon of steady rate of wages, and instead of having to maintain their standard of life in an unequal struggle against the present-day huge amalgamations of capital, they are offered an impartial umpire and a judicial enquiry.

The Principles of Arbitration.

When it is admitted that all labor disputes ought to be submitted to Boards of Arbitration whose awards should be enforceable at law, we are still left face to face with the problem of the principles upon which arbitration ought to be based. For practical purposes this means the principle on which wage questions must be arranged, for more than half the strikes and lock-outs originate in wage disputes.

* Vol. X., p. 254, 10th April, 1891; quoted in *Industrial Democracy*, by S. and B. Webb, Vol., pp. 549-550.

Before we can hope to abolish the appeal to force we must determine what is to be the controlling factor in fixing wages. There can be little expectation that either side in a dispute will be satisfied with an award of which they do not know the basis. The public view is that the decision must leave the national interests unimpaired. In New Zealand the settlement of disputes on the basis of the demands of "equity and good conscience" has led to progressively rising wages and progressively decreasing hours of labor. Such expressions are, however, too vague to suit the requirements of a highly organized industry. As a matter of fact, wage questions are debated upon one of two assumptions: that wages are dependent on profits or independent of them. The former assumption is naturally prevalent among employers, the latter among workmen, though not universally. The belief that capital should be assured of a certain minimum profit is one that arbitrators have often been credited with holding, and accounts for much of the dislike of the working classes to private arbitration. As Mr. Mawdsley told the Labor Commission (Group C., Q. 774): "Arbitrators generally go in for a certain standard of profit for capital—generally speaking, it has been 10 per cent. Mr. Chamberlain has always said that capital ought to have 10 per cent. If the arbitrator went in for 10 per cent. in the cotton trade we should have a very big reduction of wages; and we are not going to have it." Under the form that wages must follow prices, this same assumption was once very widely held among working men and still subsists among the miners of Northumberland and Durham and the ironworkers of the North of England. It was the governing idea of great arbitrators like Mr. (now Sir) David Dale and Dr. Spence Watson, and is strongly supported by Dr. Schultze-Gaevernitz, who says that the function of the arbitrator is "simply to find out what the price (of labor) would naturally have tended to become if he had not been called in . . . and discover the state of the balance of power between the two parties by scientific methods."* In the course of the last ten years, however, this assumption has been gradually replaced among the working classes by another, that wages must conform to a certain standard of life for each industrial grade. The Dock Strike of 1889 won over the general public to the belief that wages should not depend merely on the balancing of the supply of and demand for labor; and the Coal War of 1893 went far towards establishing the further principle that labor should be guaranteed a certain minimum wage not dependent on the price of the product. In the Boot Trade Dispute of 1895 it was agreed that the employers should not take advantage of the numbers thrown out of employment by machinery in order to reduce wages. The growth of this assumption has also been aided by the proved efficiency of high wages, and in fact it is rapidly replacing the other both among economists and in the general mind.

Legal Standards.

To give the support of the law-courts to the decisions of courts of arbitration means, frankly, the regulation of wages by law. Under

* *Social Peace*, p. 192.

such a system the remuneration of labor would no longer depend on the higgling of the market, whether between individuals or between associations of employers and employed, but would have to conform to some principle which the State had elected to support. The determination of this principle—or, rather, the choice between the two principles already set forth—is therefore all the more important. So far as has been tried in this country, the most successful method of determining wages is where a strong trade union negotiates directly with the employers. Such success, however, has been largely due to the fact that the organization of the workmen has been superior to that of the employers, and that consequently their strategic position has been stronger. Not agreement upon economic principle, but defective combination among factory-owners, has enabled the cotton operatives to maintain their wages against falling profits. The growing process of trustification in the cotton industry is removing this obstacle, and where the masters are solidly combined even organized labor is powerless, as the Engineering Dispute of 1897 has shown. The slow growth of trade unionism and its abject weakness in a large, and that the lowest and worst-off, section of the labor world are additional arguments for not leaving the Standard of Life to the sole protection of the unions. The general public of consumers have also this special responsibility in the matter, that to them is due the economic pressure under which the workmen is crushed; for it is their insistence upon cheapness which, traced from the retail dealer through the middleman to the manufacturer, leads to the continual attacks on wages. The limitation of competition, by preventing the underselling of good employers by men who find their profit in low wages, is another object desirable both to the general public and to the best section of the capitalist class. And, failing other modes of settling wages, there is the danger, which realized itself for a time in the Birmingham staple trades and in the textile dyeing trade, that employers and employed should unite into "alliances" to put down competition and keep up prices and wages to the detriment of the general consumer. Finally, there is the transcendent interest of everyone in the freeing of industry from the serious losses caused by strikes and lock-outs.

We therefore conclude that the State should in its legislative capacity adopt the same principle which the Government departments and municipalities follow, and declare that wages fixed under its sanction must be an effective Living Wage.

If a Standard Living Wage were once established for a trade and fixed for a period of time, the fluctuations required by the exigencies of the market would be easier of determination. The standard ought to be not simply a minimum healthy subsistence wage, but a higher sum calculated to secure the average standard of comfort which the custom of the trade demands, to leave room for progressive improvement, and to fit the recipient for the life of an efficient citizen. It should also take into account the cost of training and the raising of a fresh generation of workers. Such a wage should be fixed for a somewhat long period, say five years, after which it should be revised to meet the new demands of progressive society.

It should be an absolute minimum upon which the conduct of industry should be based, just as there is a minimum of sanitary requirements. The increases which market fluctuations might permit should be granted for a lesser period, say not exceeding two years. The determination of wages would thus involve: first, the fixing of the Standard Living Wage for a trade; second, ascertaining the additions allowed by movements in the market; and, third, the application of these general rates to particular cases. The Standard Wage would not be as high as Mr. Pickard's ideal of 16s. a day for coalminers, but it would not fall as low as the 6s. per week which the sweated seamstress receives. It might be even somewhat under the wage now current in the given trade. These principles, therefore, should be set forth in the Act of Parliament to guide the Arbitration Boards in the determination of wages, and, in fact, in addition to their ordinary function of settling disputes referred to them, they should have the special duty of ascertaining and fixing Standard Rates of Wage. The terms of the Act would necessarily, to a certain degree, be lacking in precision, but they would still act as an effective guidance. The Admiralty finds no difficulty in obtaining through its own officials, or the Labor Department, the information on which to base a living wage for its employees.

The battle for a standard limit to the hours of labor is at present being fought out before Parliament; but there is no reason why the Arbitration Boards should not be utilized as legislative bodies on the lines already laid down in "Eight Hours by Law."* Both in this question and in that of wages it should be a legal rule that regard should be had to uniformity of conditions throughout the trade. It is adhesion to this principle which forms the strength of the Joint Committees in the cotton trade.

Constitution and Powers of the Boards.

Generally speaking wherever Arbitration Boards have been created the District and not the Trade has been the unit. Despite the success with which this system has worked in New Zealand it is doubtful whether it is applicable to this country. The failure of voluntary District Boards and the comparative success of Trade Boards is certainly significant. In a country where industry is much localized, a District Board would inevitably in its composition be confined to the dominant industry, and would be unsuited to determine questions dealing with the unrepresented trades. It is essential, in order to ensure confidence in its decisions, that the members of a Board should be fully qualified to deal with all practical details, and the trade is therefore the best administrative unit for this country.

Again, bearing in mind the experience of the coal and cotton industries, it would be expedient to distinguish between "local" and "trade" questions. Local Boards should be established in the different centres of the trade, and a Trade Board should be established for the whole trade. To the Local Boards should be assigned full power to settle all questions arising out of the interpretation of a contract,

* Fabian Tract No. 48.

or the application of a general rule to particular cases. In the settlement of new contracts Local Boards would first act as conciliators to facilitate collective bargaining between the two sides. If conciliation failed, the Board would give a decision, from which an appeal would lie to the Trade Board. In cases where the Board was unanimous it would probably be well to follow the precedent of the New Zealand Act of 1900 and allow no appeal. Besides dealing with appeals the Trade Boards would consider questions affecting the whole trade, such as an identical demand from several centres, Standard Living Wage, etc. It would on the whole be better to confine the Local Boards to interpretative cases, and the Trade Boards to the framing of trade rules; but while experience shows this to be possible in industries like the coal and cotton trades covering a number of competing centres, it would not be applicable to the building trades where the various localities are non-competing. In any case the Local Boards would only have to deal with market fluctuations above the Standard.

The Boards should be small in size, and each side should separately elect its own members. The suffrage might be given to all employers, but in the case of workmen only organized bodies of men should be dealt with. Trade Unions should be the labor electoral bodies, as they are responsible organizations which can be made to suffer for the default of their members. They should be corporate bodies for the purposes of this Act only, otherwise every petty-fogging solicitor would be encouraging men expelled from a society for blacklegging, etc., to bring actions for reinstatement or compensation for loss of friendly benefits. Members of Local Boards should reside continuously in their district during their term of office. The Trade Board might be elected by the members of the Local Boards, the two sides voting separately. At the first meeting of every Board a chairman should be chosen from outside. The Board of Trade should have power to settle all questions as to electoral areas, to nominate representatives where either side refused to take part in an election, and to nominate chairmen in cases of deadlock. The Boards should have full powers to conduct the necessary enquiries, inspect factories, appoint investigators, compel the attendance of witnesses, award costs, etc. The examination of complaints by experts, as in the cotton industry, should be in every way encouraged by the Board of Trade. The expenses of the Boards, including compensation to members for loss of time, should be borne by public funds.

Disputes should be referred to the Boards on the initiative either of an employer, or of an association of employers, or of a trade union, and no strike or lock-out after the reference should be permitted under pain of severe penalties. Parties could appear by their agents, but only by legal representatives with the consent of all concerned. Want of formality should not invalidate proceedings. Final awards should specify the persons upon whom, and the period, not exceeding two years, for which they are binding, and breach of an award should be made punishable by fine on the union or person concerned, as in New Zealand. Collective agreements made between parties volun-

tarily could be registered before a Board, and thereby become enforceable in the same manner as awards, provided they contained no worse terms for the workmen than those already contained in an award relating to the whole trade.

Finally, it may be pointed out that local authorities can anticipate the action of Parliament by specifying schedules of wages to be paid by the contractors to whom they give out work, and by making it a condition of the contract that all disputes between employer and workmen shall be referred to arbitration.

The Position of Trade Unions.

Under such a law the position of trade unions would be much altered from what it is at present. The drain on their funds to resist strikes and lock-outs, and to fight the masters in their attempts to put down picketing and restrict the right of combination, would cease, and it would consequently be in their power to increase their out-of-work and other benefits. While a trade union which occupied a strong strategic position in the labor market would have to resign its power to exact the full remuneration which the law of supply and demand might give it, a weak union would not be crushed by the mere money-power of capital. Their status would be greatly raised by the conferring of powers to take their share in the legal determination of the wages and other conditions of labor. In fact this would be their chief function in the future. For the right to strike would be substituted the power to legislate. A strong attraction would thus be exerted on the eight millions of workers who are at present outside the unions, while the raising of the wage-standard among the lowest ranks would enable many hundreds of thousands to join their organizations who are at present prevented by their poverty. Finally the wage-depressing competition of non-unionists would be stopped by decisions, on the New Zealand model, that unionists should be preferred to non-unionists when equally qualified for employment.

CONSULT:

- State Experiments in Australia and New Zealand*, by the Hon. W. P. REEVES.
(Grant Richards; 1902.)
- Industrial Democracy*, by S. and B. WEBB. (Longmans; 1902.) Preface to 1902 Edition.
- "State Arbitration and the Minimum Wage in Australasia," by H. W. MACROSTY.
(*Political Science Quarterly*, March, 1903.)

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