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[Memorandum by the President of the Board of Trade.]

NATURE OF THE CLAIMS.

The claims are:

(a) that the price of domestic coal should be reduced by 14/2 a ton

(b) that an increase should be granted (as from the 14th July) in the wages of men employed in and about the mines of 2/- per shift to all persons of 18 years of age and over, 1/- per shift to persons between the ages of 16 and 18, and 9d per shift to persons under 16.

The question was asked of Mr. Smillie, when he met the Controller of Coal Mines on the 17th instant:

"Does the claim with regard to wages stand by itself in any event? Do the two claims stand or fall together?"

Mr. Smillie replied:

"The two claims stand or fall together. It is one claim."

Mr. Smillie informed the Controller that he had the less compunction in putting forward what he recognised to be "a very large claim" in that he "knew that the Government were already either in possession of the amount necessary to meet the claim or that they would be at the end of the year, so that the Government would not require to make up any part of it". His estimate is as follows:
Annual Cost of reduction of price £26,000,000
Annual Cost of wages increase £27,000,000

Total cost £63,000,000

Estimated surplus in Controller's a/c at the end of 12 months £66,000,000

The last figure assumes, of course, that
(a) the export quantities (b) the export price, and (c) the home price will be maintained.

CLAIM FOR REDUCTION IN THE PRICE OF COAL.

A memorandum on coal prices (C.P.1158) was submitted to the Cabinet on the 26th April and the Cabinet approved the increase in the price of coal by 14/2 and 4/2 on domestic and industrial coal respectively. Cabinet 25 (20)

The estimate that 14/2 and 4/2 were the amounts required to place inland coal (on the average) on an economic footing were based on the returns of the industry for the last quarter of 1919. The accuracy of the estimate has since been confirmed by the returns for the first quarter of 1920.

RECOMMENDATION.

I am of opinion that the Government, having accepted the principle that home coal must be placed on an economic footing, cannot possibly recede from it and return to the policy of subsidy.

Any surplus derived from high export prices ought to go to the Exchequer in lieu of excess profits duty. In this way the general community will get the benefit of the whole of it instead of only about half of it, as the Miners' Federation propose.
In short, the result of the last wages claim was that the Cabinet approved an increase of 20% on gross earnings (exclusive of war wage and Sankey wage) with a guaranteed minimum of 2/- a shift for adults, and lesser minima for youths and boys.

The cost of this increase (2/10 to a ton) was included in the respective increases in price of 14/2 and 4/2 per ton.

The present claim is based on the contentions:
(a) that wages have not kept pace with the increased cost of living;
(b) that the coal trade as a whole is able to afford the increase asked for.

The second contention may be ruled out, for it, like the proposed reduction of price, involves subsidising inland coal out of export profits.

The first contention is examined in detail in a separate note (See Appendix).

The only ground on which a claim to an advance could be substantiated is the rise from 130% to 150% in the cost of living figure since the 20% advance was given. To give an increase on these grounds would be counter to the recent award (attached hereto) of the Court of Arbitration on the claim of the Engineering and Allied Trades. The Court, in refusing to grant another advance, in spite of the increase of the cost of living, said:

"The advances of 6/- a week on time rates and 15% on piece prices, which were granted by the last decision, were given on grounds other than the increase in the cost of living, and the Court desire to reiterate an opinion then
expressed that an alteration in the cost of living, although of great importance, does not in itself, and apart from other considerations, necessarily warrant any corresponding alteration in wages."

The advance of 6/- to the engineers referred to in the above extract was taken into consideration when the decision was taken to grant the miners the recent 20/- advance.

CONCLUSION.

I am of opinion that no increase in wages should be granted. If it were to be allowed, it would be necessary to add it to the price of coal if we are to continue our policy of gradually releasing the Coal Trade from State Control.

(Signed) R. S. [Name].

19th July, 1920.
WAGES ADVANCES IN THE COAL INDUSTRY.

The last advance of 20%, given from 12th March 1920, raised:

The average earnings per shift of
ALL CLASSES of Colliery Workers:

June 1914 (average) to 16/6 i.e. 10/- or 154%
and the average earnings per shift of
ADULT MALE Colliery Workers:

June 1914 (average) to 18/3 i.e. 11/2 or 157%

M.B. This calculation takes no account of district or local improvements in rates since November 1918 (which have been numerous). An up-to-date return of actual earnings at the present time would probably show a larger increase over pre-war earnings than appears above. This is borne out by an examination of wages figures taken from statistics of costs etc., which show the annual earnings of all classes have risen from:

£88 per annum to £233 per annum i.e. £145 per annum or 160%

WAGES ADVANCES IN THE ENGINEERING & ALLIED TRades

(a) over the whole war period.

The general advances in weekly wages in the Engineering Trades have been as follows:

<table>
<thead>
<tr>
<th>Year</th>
<th>Average</th>
<th>Increase</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>1914</td>
<td>30/6</td>
<td>78/2</td>
<td>47/8</td>
</tr>
</tbody>
</table>

(b) since date of the Coal Industry Commission.

The "Sankey" advance to colliery workers may be regarded as having levelled up colliery workers to other trades as at that date (March 1919). The general advances given in the engineering trades since that time have totalled 12/4 per week, and the recent 20% advance to colliery workers is estimated to be of the same value.

INCREASE IN THE COST OF LIVING.

Although the index figure of the increase in the cost of living has advanced from 130 to 150 since the 20% increase was given it should be noted that (a) the engineering claim recently before the Court of Arbitration was advanced on the same ground but was rejected by the Court and (b) the advances that the miners have had (including Sankey wage) are more than equal in percentage to the increase in the cost of living since 1914, particularly if it is borne in mind that free or cheap coal reduces the cost of living index figure in relation to miners to 145 or less, as against 150 for other classes.
THE INDUSTRIAL COURT.

(395.) ENGINEERING AND FOUNDRY TRADES.

(General Wages Application.)

Parties:

Trade Unions signatory to agreement of February, 1917, and

Engineering Employers' Federation (now incorporated in the Engineering and the National Employers' Federations).

Terms of Reference.—Periodic consideration of wages under agreement of February, 1917, between the parties, the following claims being put forward:—


For an advance in wages to all journeymen employed in the engineering trade throughout the United Kingdom of 6d. per hour on existing rates.

2) By the Federation of Engineering and Shipbuilding Trades, and the General Ironfitters' Association.

For an advance of 6d. per hour to all journeymen time-workers with an equivalent percentage advance in piecework prices, and 3d. per hour to apprentices and boys at the trade.

3) By the United Machine Workers' Association:

For all male workers, 18 years or over, to be granted an advance of 6d. per hour with an equivalent advance on piecework or other systems of payment by result prices, and for those under 18 years to be granted an advance of 50 per cent. of the above-mentioned amounts.
(4) By the United Kingdom Society of Amalgamated Smiths and Strikers:—
For an advance of 6d. per hour on time rates
with an equivalent advance on piecework
prices so as to enable a pieceworker
to earn the advance granted on time rates
without extra exertion; in other words,
whatever advance is given on time rates
an advance on piecework prices to be given
so as to cover the amount granted on time
rates.

(5) By the Amalgamated Machine, Engine and Iron
Grinders and Glaziers Society:—
For an advance of 6d. per hour or 23s. 6d.
per week on the present wages of all
grinders and glaziers throughout Great
Britain and Ireland.

(6) By the Amalgamated Moulders and Kindred
Industries Association:—
For an advance of 6d. per hour for adults
and 3d. per hour for apprentices, to apply
on time rates with the equivalent for piece­
workers.

(7) By the London Amalgamated Society of Brass
Workers:—
For an advance of 6d. per hour to all jour­
men, 3d. per hour to apprentices and im­
provers, and equivalent advances to all
pieceworkers.

(8) By the National Federation of General Workers:—
For an advance of 20s. per week to adults
(21 years of age and over); 10s. per week
to juniors (under 21 years of age); an
equivalent percentage increase on piece
prices; and workers 18 years of age and
under 21 years, who are doing adult work
to receive adult pay.

1. The claims under consideration came before the Court under
the general wages agreement of February, 1917, a copy of which
is appended, and representatives of the parties were heard in
London on 29th June, 1920. That agreement provides that
the then existing agreements or practices under which applica­
tions for general alterations of wages were dealt with should be
suspended for the period of the war and for such further period
as might be agreed upon by the parties, and that during this
period of suspension the Committee on Production should, in
the months of February, June and October, after hearing parties,
consider what general alteration in wages, if any, might be warranted by the abnormal conditions then existing and due to the war.

2. After the armistice the Interim Court of Arbitration, established under the Wages (Temporary Regulation) Act, 1918, took the place of the Committee on Production under the agreement by the consent of the parties. The period of office of the Interim Court of Arbitration expired in November, 1919, and the Industrial Court have been asked to act on this, as on the last occasion, as the authority for the purpose of the agreement.

3. The general advances (other than local or district advances) over pre-war rates given under awards of the Committee on Production, the Interim Court of Arbitration, the Industrial Court, or otherwise, amount to 39s. 6d. a week plus 12½ per cent. on total earnings in the case of time workers, the last advance being 6s. a week on basis rates given under award 180, of 10th March, 1920, by the Industrial Court. Thus, the general advances on a pre-war rate of 20s. a week amount to not less than 46s. 11d. Similarly the general advances on a pre-war rate of 30s. a week would be not less than 48s. 2d. and on a rate of 40s. a week not less than 49s. 5d. The general advances to pieceworkers cannot be summarised so definitely. They have received 26s. 6d. a week plus 7½ per cent. on total earnings; in addition, pre-war prices have been increased by 10 per cent., and the basis rate upon which new piece prices are calculated has been increased by 7s. a week. Further, in an agreement between the Federations and certain of the Unions made last year, it is provided that piecework prices shall be such as will enable a workman of average ability to earn not less than 33½ per cent. over his time-rate. That agreement, it is understood, involved an increase in piece prices in many districts. Under the last decision (No. 180) of the Industrial Court, net or list piece prices were increased by 15 per cent. The advances to piece workers may be regarded as approximately equal to those granted to time workers.

It should also be observed that in many districts increases have been given under that provision of the agreement of February, 1917, which permits the bringing forward of cases where it is claimed by the Unions that the rates of wages are unduly low, or that the war advances are not adequate.

4. The claims of the workpeople were supported principally on the grounds that the cost of living had increased since the date of the last general advance; that in other trades advances in wages had taken place which were greater than those given in the engineering and foundry trades; and that the condition of the trade would justify a further increase in wages.

5. On behalf of the employers it was submitted that the total advances given were adequate to meet the increase in the cost of living which had occurred since the outbreak of war; and that the commercial position was such that a further advance in wages would be accompanied by grave risks of injury to the trade.
6. When the last award was given the officially published index number showing the percentage increase in the cost of living was 180. The figure given in the June issue of the "Labour Gazette" is 150. It should be observed, however, that in November, 1919, when the last published index number was 120, an award (No. 870) of the Interim Court of Arbitration, gave an increase of 5s. a week in respect of an increase in the cost of living which had not, in fact, taken place but which was anticipated.

The advances of 6s. a week on time-rates and 15 per cent. on piece prices, which were granted by the last decision (No. 180), were given on grounds other than the increase in the cost of living, and the Court desire to reiterate an opinion then expressed that an alteration in the cost of living, although of great importance, does not in itself, and apart from other considerations, necessarily warrant any corresponding alteration in wages.

7. In the course of the hearing the Court were furnished with information respecting the increases in wages which had taken place in other trades, and the argument was developed with ability on behalf of the workpeople that an advance was due in order that the relative level of wages in the engineering trade should be maintained. Although it is proper to have regard to the wages movements or earnings in other trades the Court doubt whether the restrictive terms of the agreement of February, 1917, permit a comparison with them as a governing factor; in any case, it would appear that at the present time when industrial conditions are still disturbed and when the effects of the war apply with unequal force in different industries, such a comparison would not afford a satisfactory ground for their decision. In this connection the Court note that the negotiations between the Employers' Federation and certain of the Unions with a view to the consolidation of war advances and the establishment of permanent post-war rates are in progress, in the course of which, no doubt, the question of earnings in other trades will be the subject of consideration.

8. In their last decision (No. 180) the Court expressed the view that in ordinary circumstances the most important consideration which arises in deciding whether an alteration of the rate of wages shall take place is the value of the work done in its relation to the state of trade. At the time when the award was given the position in the industry was such, in view of the Court, as to justify an increase in rates, and an increase was accordingly granted. The published returns show that the state of employment in the trade is still good; but from the evidence submitted on behalf of the employers it would appear that there are already indications in some branches of the industry of a falling off in demand.

The point to which the Court have particularly directed their attention is whether, since their last decision was given, there has