

# The Minimum Wage in Great Britain

THE tactics of war have several lessons for social reformers, and one of them is that an attack has not succeeded till it has defeated the counter-attack. In Great Britain there have been counter-attacks during the past two years all along the line. Naturally the principle of the legal minimum wage, which, introduced as long ago as 1909, received a wide extension during and after the war did not escape them. The result was the appointment by the government of a committee to inquire into the wording and effect of the Trade Boards acts. Its report, which has just appeared, is a somewhat amateurish document, replete with general statements unsupported by the all-important facts on which they purport to be based, and one must wait for enlightenment on the economic issues till the evidence is published. But as a landmark in the history of British social policy it is of considerable importance. The depression, both economic and moral, gave critics of the trade board system an unequalled opportunity. It was exposed during 1920 to the severest possible strain—a period when wholesale prices were falling, and the cost of living was still rising. A section of the press conducted something like a campaign against it. The government, presumably of set purpose, did not include in the committee any person who had practical experience of the procedure of the trade boards. All that could be said against them was said, and the majority of the tribunal certainly had no initial bias in their favor. The outcome of it all is a report which is, on the whole, a vindication. The changes which it proposes to introduce into the system are important, and some of them (were they ever to be carried out) would be regrettable. But the more violent of the attacks on it are rebutted, and the legal minimum wage is to stand. "Trade Boards have succeeded in abolishing the grosser forms of underpayment and in regularizing wage conditions in trades brought under the Acts;" they have "contributed on the whole to the improvement of industrial relations;" they have "afforded protection to the good employer from unscrupulous competitors . . ." "It is only fair to say that the employers represented before us were wholly opposed to the 'sweating' of labor, and were desirous that it should be prevented by legislative action." If the legal minimum wage could weather the economic hurricane which has blown since the end of 1919, it can weather anything. Henceforth, it may be predicted, it is in one form or another, secure.

A legal minimum wage is not a very sensational reform, and to say this is not, it may be thought, to say much. But it must be remembered that not much more than ten years ago it was regarded in Great Britain as embodying the combination of economic folly with moral perversity for which the American name is, I understand, Radicalism, and there are said to be countries where that point of view is still not wholly without influence. The conversion of opinion is shown by the comparatively rapid extension of the system. When the first Trade Boards act was passed in 1909, boards were to be established in only four industries, of which two were, judged by the numbers employed in them, insignificant. At the end of 1921, they had increased to (if Ireland be included) sixty-three, covering some 3,000,000 workers, and their powers had been considerably extended by an amending act passed in 1918. On the whole the extension of the trade boards to new trades had taken place by consent on the part not only of the workers, but of the majority of employers, and, though of course there are exceptions, the proceedings of the boards are generally marked by goodwill. The complaints which led to the appointment of the recent committee were vociferous only in certain trades, and were directed mainly against the policy ascribed to particular boards. They should not be mistaken for an attack upon the system.

In view of the allegations which used at one time to be made as to the impracticability of a legal minimum wage this result is highly satisfactory. The cause to which it is primarily due is, in my judgment, the nature of the machinery by which rates are fixed. When an employer or an economist who has no practical experience of the working of the system is confronted by the suggestion that "the State" should fix a minimum wage, the image which floats before his horrified eyes is of a well-meaning but technically ignorant official thrusting an iron rod into the complicated mechanism of industry. Needless to say, nothing like this has occurred, or indeed, so far as I am aware, has been proposed. What happens in fact under the British system is that each trade virtually, though not quite wholly, regulates itself. The boards are composed of an equal number of employers and workers, *plus* a small minority of "appointed members," who have no direct connection with the industry. At the last stage in the negotiations, the latter, by throwing their weight on one

side or the other, may produce a decision. But, apart from that power, which naturally is used with discretion, the settlement of the minimum rates is in the hands of persons engaged in the industry, or of advisers whom they appoint to represent them, such as the secretary of an employers' association or of a trade union, who have an intimate knowledge of its technicalities and the more direct interest in regulating it in such a way as not to impair its efficiency. The boards therefore serve, as far as the questions of wages which are within their purview are concerned, as an organ of industrial self-government. The procedure has other advantages besides that of bringing expert knowledge to bear upon industrial problems. It helps to create, in badly organized industries, a rudimentary industrial conscience and morale. It confronts the employer who says he will be ruined if he pays a penny an hour more, with the experience of his more efficient competitor who is underselling him while paying higher wages and compels him to ask himself whether, by better machinery and management, he cannot produce the same results. It promotes organization among both employers and workers. "The State," therefore plays an important, but a comparatively unobtrusive part in the proceedings. It brings the boards into existence, confirms the minimum rates when they have been fixed, and enforces them by inspection and, when necessary, by prosecution. But the details of the regulation to which each trade shall submit are fixed mainly by members of that trade itself.

These advantages were recognized by the committee and its criticisms, such as they were, were directed not against the machinery of the trade board system (which, indeed, they commended) but mainly against the use said to have been made of their powers by certain boards. It appears to have been met on the threshold of its inquiries by a complaint as to the interpretation sometimes alleged to be given to the phrase, minimum rates. The point was an instructive one. Under the original Trade Boards act of 1909, a trade board could be established by the Board of Trade (now by the Ministry of Labor) whenever it was satisfied "that the rate of wages prevailing in any branch of the trade was exceptionally low as compared with that in other employments;" once established, it must fix minimum time-rates, and might fix minimum piece-rates. The Act of 1918 somewhat modified the procedure through which boards must go before a minimum rate becomes legally operative, extended their powers by authorizing them to fix over-time rates, guaranteed time-rates and piece-work basis time-rates, and, most important, widened the whole scope of the existing

legislation by empowering the Minister of Labor to establish a trade board, not merely, as before, when wages are "exceptionally low," but whenever he is "of opinion that no adequate machinery exists for the effective regulation of wages throughout the trade."

The change of wording was deliberate. The Act of 1918 was passed at the time when the government was coquetting with "Social Reconstruction." Joint industrial councils were to be established in organized, trade boards in unorganized, or badly organized, industries: between them, it was argued, they would cover the whole field. But it led, according to the report of the recent committee, to a change in the practice of some boards which it regards as highly unfortunate, and to the reversal of which the larger part of its recommendations is directed. Its main criticism of the system is that, whereas it was originally established to prevent "sweating," boards had in fact pushed up minimum rates till, in some cases, they had become indistinguishable from the standard rates fixed by trade unions and employers' associations, and that "to compel the payment" of such rates "by the threat of criminal prosecution appears to us to be an oppressive use of the power of the State." The committee recommends, therefore (1) that trade boards shall be established only in those cases where *both* "the rate of wages prevailing . . . is unduly low," and "no adequate machinery exists for the effective regulation of wages," (2) that the only rates to be fixed by the board as a whole and to be enforced by criminal proceedings shall be "the lowest wage which should be paid to the ordinary worker of the lowest grade of skill engaged in the trade," rates higher than this to be left to be fixed by agreement between the employers and workers on the boards and to be enforceable only by civil proceedings (as is at present the case with regard to the minimum rates fixed for miners under the Act of 1912).

It is satisfactory that a committee the majority of which certainly had no bias in favor of legislative interference in industry should have unanimously upheld the principle of the legal minimum. It is perhaps not wholly unsatisfactory that they should have dragged to light the varying interpretations given to it. What they were evidently trying to do is what has been attempted in the past by more than one writer on the question. They wish to draw a sharp distinction between a minimum which should be based on the cost of living and be a subsistence wage and all rates above that. This sounds plausible enough in theory: if I remember rightly Mr. Seeböhm Rowntree suggested much the same basis for a minimum in his book on

The Human Needs of Labor, though his subsistence minimum worked out at a figure which would have horrified the committee. In practice matters are not so simple. For one thing, there is the familiar vagueness of the word "subsistence:" no one has ever been able to say what it ought to include, and it is not probable that anyone ever will. The conception is so vague as to be almost worthless as a guide to action. For another thing, that vague conception is impossible often to apply in practice. In the first trade in which a board was established—the making of light chains—many women were getting before the board was set up five to seven shillings a week. A very moderate estimate of "subsistence" would have trebled their wages. If that standard had been applied at once, instead of being approached (as was done in fact) by stages reached over a period of years, the effect would have been wide-spread unemployment. If, finally, the minimum wage which a trade can afford is in excess of the "subsistence" level, why on earth should not the workers be protected by the state in the enjoyment of it? It is no more hardship to an employer in a thriving industry to be under a legal obligation to pay a minimum of three pounds than it is for an employer in a trade which just struggles on to be obliged to pay not less than thirty shillings, and an industrial policy based on the idea that there is a difference is illogical. The statement that to compel the former to toe the line "is an oppressive use of the power of the

State" is metaphysics such as practical men are fond of introducing to help them out of a difficulty, and bad metaphysics at that.

The fact is, it may be suggested, that the whole attempt to confine the legal minimum wage to supposedly "sweated" trades and workers is based on an illusion. Social reform in England and perhaps everywhere, being more sentimental than logical, always begins by protesting that it will deal only with the crying abuses and the notorious scandals, and protesting that nothing will induce it to go beyond that. The factory acts—applied first to pauper children in cotton mills, then to all children in the textile trades, then to women and children in the textile trades, then to women and children in all factories and workshops—began in precisely the same way. But once launched, they acquired a momentum which carried them over the greater part of the field of industry. Minimum wage legislation has already run precisely the same course in Australia. It will run it in England, whatever hedges Committees of Enquiry may try to erect. What will be remembered ten years hence, it may be prophesied, will be, not the amendments which this latest committee has proposed, but the general endorsement of the system. In the meantime, its report, and still more the evidence which it collected, are on record, and may be of some small service to inquirers and reformers in other countries.

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## Desert's Edge

IT is an old story that East is East and West is West, that the twain shall never meet, and that the difference is more fundamental than subway versus camel, sky-scraper and harem, factories, universities and battle-cruisers on our side, and mosques and temple dancers on the other. East and West, we say, approach life from different angles. In the East, for instance, people actually overthrow their rulers if trade is dull or a long drought kills the crops; they hold their rulers accountable for the play of economic forces and the beneficence of nature. We should call it voting on the issue of the full dinner pail. Then these strange people of the East persist in overcrowding; with all outdoors to spare, two million of them pack themselves into a plot of ground not large enough for a tenth that many. That is because of the traditional short-sightedness of the East. Its people haven't the instinct for order-

liness that would enable them to plan ahead—or, having misplanned, the intellectual courage to grapple with the slum and tenement. And how do they celebrate their precious holidays, these singular Asiatic people? They watch priests beating kettle-drums or flying dragon-kites. They don't seem able to create their own recreations, or participate in those that are created for them. They would be left stranded, without the priests to think up games for them. A handful of actors stage the sport. They never flock in forty thousands to watch a baseball game.

Syria and Palestine are only on the fringe of Asia; but I have begun to doubt that byword East is East. There is a gulf, no doubt, between the East and West. Is it a gulf as wide as we create sometimes, to reassure ourselves that here is a quaint continent in need of half-mystical inter-