

BP 161511
(281)

Fabian Society

A POLICY
FOR
WAGES

ALLAN FLANDERS



FABIAN TRACT 281

1/3

ALLAN FLANDERS is Lecturer in Industrial Relations at Oxford University; he was formerly Research Assistant to the Trades Union Congress and Chief of the German Political Branch in Control Commission for Germany.

Author of "British Trade Unionism"

**A POLICY
FOR
WAGES**

ALLAN FLANDERS

*By kind permission of the Inland Revenue Staff
Federation, this pamphlet is a revised version
of five articles written for the Federation's
Journal*

FABIAN TRACT No. 281

London:
FABIAN PUBLICATIONS LTD.
11 DARTMOUTH ST., S.W.1

•
VICTOR GOLLANCZ LTD.
14 HENRIETTA ST., W.C.2

CONTENTS

1. THE LESSONS OF EXPERIENCE 3
2. THE CONSEQUENCES OF FULL EMPLOYMENT ... 10
3. THE NEED FOR A NATIONAL WAGES BOARD ... 15
4. THE CONTENT OF A NATIONAL WAGES POLICY 22
5. POLITICAL POSTSCRIPT 30



R(P)

BP 161511 (281)

6.2.1978.

NOTE: This pamphlet, like all publications of the Fabian Society, represents not the collective view of the Society, but only the view of the individual who prepared it. The responsibility of the Society is limited to approving the publications which it issues as worthy of consideration within the Labour Movement.

JULY, 1950

THE LESSONS OF EXPERIENCE

Significance of the White Paper

The publication by the Government of its *Statement on Personal Incomes, Costs and Prices* in February 1948 was a bold move, a radical departure from tradition. Previously state intervention in the field of industrial relations had been limited mainly to two purposes: that of helping to bring about a peaceful settlement of disputes; and that of supporting the voluntary system of collective wage determination, which rests upon free bargaining between trade unions and employers' associations. Statutory wage regulation, for example, has only served to fill in the inevitable gaps left by the voluntary system and it has been carefully applied in a way that would strengthen and not supplant collective bargaining. The concept of "fair wages," which government contractors or employers in industries receiving financial assistance from the Government are compelled to respect, has been interpreted as meaning the recognised or prevailing rates for the work in question. Similarly, in determining the pay of civil servants, the Government has based its policy on the principle of "fair relativity," that is to say on a comparison with the rates established for comparable work in private employment. The tacit assumption behind the whole of this policy has been that there was no definable public interest in the actual outcome of wage negotiations, or, at least, if there was, that the attempt to enforce or even to state it would do more harm than good.

The historical importance of the White Paper lay in the fact that for the first time since the Industrial Revolution the Government of the day was having something to say about the principles which should be observed by both sides of industry in making and settling wage claims. It was—however tentatively and ambiguously—an approach to a national wages policy.

Not that the White Paper initiated the policy somewhat misleadingly described as "wage stabilisation." This goes back to 1940 and depended for its success mainly on two factors: the pegging of a very imperfect wage-earner's cost-of-living index by food subsidies, rationing and price control; and the acceptance by the trade unions of compulsory arbitration. By the latter half of 1947, however, the wartime policy was breaking down. The new interim index of retail prices adopted in June of that year was providing a truer reflection of the changes in the cost of living; actually it rose from 101 to 108 points in the six-month

period, October 1947 to April 1948. Wage increases which were essential in the undermanned industries were stimulating fresh claims elsewhere. Most trade unions were acting upon the assumption that now the war was over restraint was no longer necessary, and in the full employment conditions, some employers were quite willing to increase wages in order to attract labour to their industries.

In this situation the Government had to act if the whole of its post-war economic policy was not to be placed in jeopardy. It had previously asked the T.U.C. General Council to consider the subject of wages policy without obtaining any constructive response. To meet the problem of the undermanned industries the T.U.C. had preferred to accept the re-introduction of the Control of Engagements Order supported by limited powers of direction, but this measure was not likely to curb the rising level of wages. There was no alternative for the Government but to take the plunge and confront the Trade Union Movement with an accomplished fact in the form of a statement of public policy.

Despite the headline with which the White Paper was greeted by the *Daily Worker*—"Attlee Declares War on Wages"—it did not prohibit wage increases, but clearly recognised that there might "well be cases in which increases in wages and salaries would be justified from a national point of view," instancing the case of the undermanned industries. It also conceded that "if at some future time there should be a marked rise in the cost of living the level of those personal incomes which as a result became inadequate would need reconsideration." In dealing with wages policy the White Paper was specific and categorical only in declaring that "each claim for an increase in wages and salaries must be considered on its national merits, not on the basis of maintaining a former relativity between different occupations and industries."

Apart from those critics who insisted on describing the new policy as a "wage freeze," there were others who claimed that it was bound to be ineffective since it relied largely upon exhortation. Neither of these views has been substantiated by subsequent experience. Both average wage rates and average weekly earnings (which include overtime, piecework and bonus payments, etc.) have continued to rise, but only at about half the rate at which they were rising before the White Paper. The Ministry of Labour's index of rates of wages for all workers, which had moved up 5 points in the *nine* months preceding March 1948, gained another 4 points in the following *eighteen* months. Similarly the Ministry's returns for average weekly earnings showed an increase of 5 *per cent.* between April 1948 and April 1949, as compared with an

increase of 10 *per cent.* between April 1947 and April 1948. Taking the change in the cost of living into account—for an average working-class household this rose by about 6 per cent. between March 1948 and September 1949—average *real* wages (i.e. wages measured in terms of what they could buy) remained fairly stable in the period between the White Paper and devaluation. More exactly, there was a slight fall in real wage rates, but a slight rise in real weekly earnings.

The White Paper succeeded in slowing down the rise in wage rates because of the remarkable support which the Government's plea for restraint secured from the greater part of the Trade Union Movement. As a contribution to averting inflation whilst avoiding large-scale industrial disputes this has been no mean achievement.

Can we therefore conclude that it provided an adequate solution to Britain's post-war wages policy problem?

Wages, Prices and Profits

The main criticism of the White Paper policy voiced by its opponents in the trade union world—and it would be a great mistake to assume that they are all followers of the Communist Party—has been that it demanded unnecessary sacrifices from the workers. They point to the fact that profits, which were already substantial, have continued to rise and suggest that wages could be increased at the employers' expense without any increase in prices.

The White Paper was quite explicit on the subject of unearned incomes. It stated that "there was no justification at the present time for any rise in incomes from profits, rent or other like sources." When the Conference of Trade Union Executives met in March 1948 and endorsed the policy of restraint it did so on the condition—to quote the General Council's statement—"that the Government pursues vigorously and firmly a policy designed not only to stabilise but to reduce profits and prices." This followed upon Sir Stafford Cripps's more careful assurance in the House of Commons on February 12th that: "Our objective is to reduce prices wherever possible and so to reduce profits."

On the whole the Chancellor of the Exchequer has succeeded in inducing the employers also to practice a policy of voluntary restraint in regard to the payment of dividends. Though there have been a few increases, they have probably been more than cancelled out by dividend reductions. But the efforts of the Government to reduce prices and profits have not been great or notably successful.

A large proportion of profits, it is true, find their way into the Public Exchequer, and the increase in undistributed profits which has been the consequence of the policy of dividend restraint has had an important economic function to fulfil as part of the total of "private savings" required to finance new investment. To be fair to the Government we must recognise its dilemma. To avoid inflation it had to keep down expendable incomes of all kinds. If it had been possible to turn undistributed profits into wages, the effect would only have been to build up the inflationary pressure. There is no escaping the unpleasant fact—only fully recognised by the T.U.C. after the shock of devaluation—that an improvement in real wages depends upon productivity being stepped up sufficiently to provide a material basis for it.

Wages policy cannot be considered, however, only within these limited, economic terms of reference. It should also be related to the demands of social justice. Although the current incomes of dividend-drawers may not have increased, collectively the owners of property have benefited by substantial capital gains through the rise in undistributed profits, which may well be a source of increased income in the future. Furthermore, their current expenditure and standard of living is not determined solely by current income. They can also spend from "savings;" for example, by selling a few shares. Trade Unionists may therefore have strong grounds for complaint against the inadequacy of the measures adopted by the Government to deal with the grossly unequal distribution of wealth, which also has its bearing on the current expenditure of different classes of the population. But it is this problem, far more than that presented by current net incomes derived from profits, which demands attention.

This does not mean that socialists can feel satisfied with the Government's price policy. Clearly the Labour Party has still to work out a satisfactory programme for dealing with monopoly in the private sector of industry and for reducing distributive margins. But this is a large subject which cannot be examined here. What is important in our context is that, though the trade unions are entitled to insist on appropriate Government action to curtail unearned incomes as condition for their own acceptance of restrictions in regard to wages, the need for a wages policy cannot be sidetracked by reference to profits. Whatever our views on the comparative merits of a capital levy, increased death duties, taxation of profits, price control or strengthened anti-monopoly legislation, there is no reason to believe that unrestrained collective bargaining will assist the workers to improve their standards at the expense of the more privileged sections of the community. On the

contrary, all the available evidence suggests that collective bargaining alone—in different countries and over a long period of years—has not altered the distribution of income appreciably. A general upsurge of wages in post-war Britain would only have succeeded in raising prices and profits at least proportionately; the main beneficiaries of the inflationary spiral are always the owners of property. The question remains whether the White Paper provided the right or an adequate approach to a wages policy.

Limits of Voluntary Restraint

The White Paper was extremely vague on the reasons which would justify wage increases at the present time. Each claim for an increase in wages and salaries was "to be considered on its national merits," but only the case of the undermanned industries was specifically mentioned. The T.U.C. General Council had more to say on this point. Their statement to the Conference of Trade Union Executives said that:

... the principles of the White Paper relating to wage movements are acceptable to the Trade Union Movement to the extent that they:

- (a) recognise the necessity of retaining unimpaired the system of collective bargaining and free negotiation;*
- (b) admit the justification for claims for increased wages where those claims are based upon the fact of increased output;*
- (c) admit the necessity of adjusting the wages of workers whose incomes are below a reasonable standard of subsistence;*
- (d) affirm that it is in the national interest to establish standards of wages and conditions in undermanned essential industries in order to attract sufficient manpower; and*
- (e) recognise the need to safeguard those wage differentials which are an essential element in the wages structure of many important industries and are required to sustain those standards of craftsmanship, training and experience that contribute directly to industrial efficiency and higher productivity."*

What the Government thought of this interpretation of the principles of the White Paper we have never been told. Taken severally, and without further definition, it was obvious that the last four clauses would provide grounds enough for most trade unions to argue that the satisfaction of their wage claims was in the national interest. But what happened in practice is that having left the gate wide open the T.U.C. used its influence to persuade its affiliated unions not to walk through it at all.

It is rather difficult to define the nature of the policy of voluntary restraint subsequently adopted. Theoretically the Trade Union Movement had only pledged itself to restrict its wage claims to those which were compatible with the terms of its own declaration, but actually it went a good deal further. The attempt was made—and for a time successfully—to hold back, as far as possible, all wage claims on the grounds of Britain's difficult economic situation. By their own choice, the burden of restraint fell largely upon the trade unions, or more exactly upon their leadership. The original approach to defining the terms of a national wages policy was not followed up either by the Government or by the T.U.C. From time to time there have been references by Government spokesmen and trade union leaders to the justification of wage increases for lower-paid workers, but even this one objective has been left undefined. Of course, voluntary restraint on the part of the trade unions has been reinforced by their continued voluntary acceptance of compulsory arbitration. But how the arbitrators, who have had to adjudicate in wage disputes, have decided upon their awards must remain a matter for conjecture.

The consequences and dangers to the trade unions themselves of relying on this ill-defined and largely self-imposed policy of restraint do not appear to have been adequately considered. Traditionally, wage claims have been the main objective which mobilised the interest and energy of the active membership and thus supplied the dynamic in trade union development. Restraint alone was bound to drive a wedge between the leadership and the rank-and-file or else to encourage that apathy which is the deadliest enemy of any democratic movement. More might have been done by the unions to educate their members to an understanding of the reasons for this drastic change in union policy and to develop alternative objectives in relation to joint consultation and productivity, with the necessary drive and conviction. But whatever changes in union function are demanded by the changes which have taken place in the economic and social order, collective bargaining is bound to remain one of their primary functions and some kind of positive wage policy has to be pursued. It was inevitable that the negative policy of mere restraint would appear to most trade unionists as something forced upon them by some kind of logic extraneous to the needs and nature of their own movement. For a time their strong loyalty to the Labour Government inclined them to accept this situation, although with a good deal of uneasiness and reluctance. But sooner or later, in default of a satisfactory alternative, the pressure was bound to build up

for the return to aggressive wage demands—and hang the consequences.

That this was happening was already evident in 1949. I will not instance the claim of the National Union of Railwaymen and the very dangerous situation which nearly developed on the British railways, since exceptional factors, and not least the personality of Mr. Figgins, played an important part in this dispute. But a clear indication was given in the debate at the Bridlington Trades Union Congress on the resolution supporting the General Council's Report on *Trade Union Policy and the Economic Situation*. There was a decided irony in the contrast between the overwhelmingly large vote which the General Council secured in favour of the continued acceptance of the policy of restraint and the way in which the time was mainly taken up by the representative of one union after another—including several members of the General Council—establishing an *alibi* for the wage increases claimed by their own organisation.

Post-Devaluation Proposals

The policy of voluntary restraint was already breaking down on account of its own inherent weaknesses prior to devaluation. This drastic step certainly administered a shock to the Trade Union Movement, with the result that the General Council produced their recommendation in favour of what amounted to a wages standstill until the end of 1950, providing the Interim Index of Retail Prices remained between the upper and lower limits of 118 and 106. This was restraint with a vengeance which avoided the problem of distinguishing between justified and unjustified wage increases by having none at all.

What happened to this declaration of willingness to accept a temporary cut of some 5 per cent. in real wages is well known. The Conference of Trade Union Executives called to consider it in January approved it by so narrow a majority that it could not be put into operation. Judged only as a short-term expedient to help the country on to its feet, and as an alternative to a policy of deflation and unemployment, this recommendation of the General Council probably deserved all the praise which was lavished upon it at the time. Given the dollar gap and Britain's general balance-of-payments problem, powerful arguments could be cited in its support, but economic policy cannot be determined by economic considerations alone, least of all when it impinges on industrial relations.

Many of the existing wage claims reflect a genuine and strong sense of grievance on the part of at least a section of the union membership concerned. The difficulty of the lower-paid workers in making ends meet is an obvious illustration. One of the great merits of the voluntary system has been that it permits fairly rapid adjustments to take place in wages so as to ease pressure where it is greatest. It was surely unrealistic to assume that this flexibility could be sacrificed without stirring up industrial unrest on a scale that would threaten the economic stability which Britain has achieved.

There is little point, however, in holding an inquest on the T.U.C. General Council's post-devaluation proposals. It should now be obvious that if there is not to be a complete breakdown of wage stabilisation and a return to unrestrained collective bargaining, some further steps must be taken to clarify and apply a national wages policy. But such a policy cannot be designed merely as a temporary expedient to meet the country's immediate economic needs. There are long-term considerations involved which must now be examined.

THE CONSEQUENCES OF FULL EMPLOYMENT

The great weakness in the Government's and in the General Council's approach to wages policy during the past five years has been their apparent reluctance to get to grips with the long-term problems involved. Even the policy of voluntary restraint has been justified only by reference to Britain's immediate balance-of-payments difficulties and the danger of inflation which exists on this account. Yet if through some miracle our exports had been more than adequate to pay for all that we needed to import, the fact that there was full employment in itself would have compelled the unions to reconsider their traditional approach to wages.

As long as there were a substantial number of unemployed workers and idle resources it could be fairly argued that if one section of the workers were able to obtain an advance in money wages—as a result of the economics of their industry or the strength of their own organisation—they were benefiting both their fellow-workers and the whole community. They could be regarded as the pioneers in the constant struggle to improve the conditions

of labour, since their industrial action subsequently improved the lot of those workers whose trade union organisation was bound to be weak, through the normal working of the statutory wage regulating machinery. Moreover, the resultant increase in mass purchasing power was likely to raise the level of employment; it increased production rather than prices. In a fully employed economy the class and social justification for guerilla warfare on the wages front disappears.

The implications of full employment in regard to wage determination were pointed out in Sir William Beveridge's "Full Employment in a Free Society," and subsequent experience has not invalidated his analysis.

"Particular wage demands," he suggested, "which exceed what employers are able to pay with their existing prices and which force a raising of prices, may bring gains to the workers of the industry concerned, but they will do so at the expense of all other workers, whose real wages fall owing to the rise in prices. The other workers will naturally try to restore the position by putting forward demands of their own. There is a real danger that sectional wage bargaining, pursued without regard to its effects upon prices, may lead to a vicious spiral of inflation, with money wages chasing prices and without any real gain in wages for the working class as a whole."

Such inflationary developments, he continued, would not only "spell expropriation for the old-age pensioner and the small rentier," but would also "endanger the very policy of full employment whose maintenance is a vital common interest of all wage-earners."

A Silent Revolution

But this statement does not reveal the full measure of the problem. One of the inevitable consequences of full employment in a free society is a silent revolution in the national wages structure. We all know that in the past, when the fear of unemployment compelled most workers to keep to whatever jobs they could find, the more arduous or less pleasant occupations were usually among the worst paid. The greater freedom which full employment gives to the workers in their choice of a job—although hampered during the war years, and to a limited extent after, by the various labour controls—was bound to change this state of affairs and establish a juster relationship between the remuneration attached to a particular occupation and the sum total of the satisfactions and

dissatisfactions which it involved. The following table, based on Professor Bowley's index of wage rates, shows the wide variation in the increases in weekly wages which have in fact taken place in the period August 1939 to October 1949.

	<i>Percentage Increase Over 1939</i>				
Agriculture	170
Coal	134
Cotton	109
Tailoring	108
Boots	105
Wool	88
Shipbuilders	80
Bricklayers	73
Railwaymen	70
Printers' Compositors	63
Trams	63
Engineers' Fitters	58
Lorry Drivers	55½
Dock Labourers	45
Tobacco	37

Not that wages rates alone give a true indication of the change in the relative fortunes of the workers in different industries and occupations. The average earnings of dockers, for example, are today roughly the same as those of coal miners, their piece rates having increased a good deal more than their basic wage rates. But the fact remains that there has been a great change in the pre-war wages structure on account of full employment. Despite this change there are still undermanned industries.

The particular danger involved in the continuation of competitive sectional wage bargaining is that it is likely to obstruct this necessary change in wage relationships. The natural tendency on the part of the trade unions is to try to maintain the wage differentials which existed in the past, since their members are inclined to judge the union's success by comparing their own wage advances with those gained by other workers. This after all was the point of the warning contained in the White Paper:—

'The last hundred years have seen the growth of certain traditional or customary relationships between personal incomes—including wages and salaries—in different occupations. These have no necessary relevance to modern conditions. The relation which different personal incomes bear to another must no longer be deter-

mined by this historical development of the past, but by the urgent needs of the present."

Insistence on maintaining traditional differentials is likely to have two consequences. It discourages the movement of workers into those industries or occupations where they are most needed, and at the same time intensifies the danger of the vicious spiral.

To point out this danger is not the same thing as to suggest that we only need a wages policy in order to eliminate the problem of undermanned industries and to plan the distribution of labour according to national requirements. This is a very naive conclusion, which ignores the effect of other working conditions and, even more important, local living conditions such as housing, as well as the natural inertia which has to be overcome before a worker will change his job. It is most unlikely, for example, that any increase in the wages of coal miners that is within the bounds of practical possibility would by itself step up recruitment to this industry sufficiently to prevent the present dwindling of the total labour force. All the same, we at least need a wages policy which does not run contrary to our manpower budget requirements.

There is a further problem relative to wages policy which is presented with particular force to the trade unions under full employment conditions—that is the influence which wage structures and in particular systems of wage payment may have on labour productivity. Whilst there is mass unemployment it is not to be expected that the trade unions will display much enthusiasm for measures which will increase output per man hour. In those circumstances, despite the economists' plea for greater efficiency and reduced costs, the average worker's experience suggests that the immediate effect of new machines is to replace men, and he says to himself that as likely as not an improvement in industrial organisation will put him out of a job. He naturally turns to protective measures, even if they are restrictive in their effect. Given full employment, however, and a reasonable confidence that it will be maintained, the situation is a very different one. Admittedly, for many workers, whose attitudes have been conditioned by their past experience, the process of mental adjustment to a changed industrial environment is gradual. But in the long run there is no escaping the conclusion that a collective improvement in the workers' standard of living now depends greatly upon their own productive effort and labour-saving improvements in industrial organisation. Naturally, they want to see some tangible results in their own pay packets, and to be protected against a speeding-up process which would make intolerable demands upon their health and happiness, but the trade unions in this country are strong

enough to take care of that. All this has been formally recognised in official trade union policy. Higher productivity has been accepted as an objective. It means, however, that wage policy has to be designed also with this objective in mind.

The Crucial Question

Having so far related the long-term problems of wages policy mainly to full employment, the crucial question, which rank-and-file trade unionists so frequently pose when this subject is under discussion, must now be answered. What *guarantees* have we that full employment will be maintained? The brief answer to this question is, of course, "None!"

One of the prices we pay for the undoubted advantages of living in a political democracy is that a change in Government is an inherent possibility, and with it, a change in public policy. But it should be remembered that all political decisions, indeed every decision we face in the difficult business of living, involves a balancing of risks. Frequently we have to balance the risks of inaction against the risks involved in striking out on a new and relatively uncharted course. There is a strong temptation to prefer the former to the latter, but the result is social stagnation, or, if you like, social conservatism. British trade unionism now faces the decision, which cannot be postponed much longer, whether to risk jeopardising the great extension in the workers' industrial freedom which results from full employment by clinging obstinately to traditional attitudes and practices, or to risk revising some of them for the sake of making full employment work. Admittedly it is a decision which has to be given careful thought, but the stakes are high and they cannot be won without hazarding something on the game.

There is a further consideration. Even with a Government in office during the coming years which is trying its level best to maintain the present high level of employment, developments outside its control may lead at least to some temporary unemployment. A slump in British exports would have that effect, both directly and as a result of the compulsion it might impose on the Government further to curtail our imports. In this situation it will be imperative to arrest the snowball effect of such unemployment, which means, among other things, preventing wages from being cut in the affected industries and avoiding industrial stoppages which would undoubtedly result from an attempt on the part of the employers to reduce their costs in this way. In short, there

would still remain a strong public interest in the outcome of collective bargaining, only it would be in arresting a fall in wages instead, as at present, a too rapid rise.

Thus the fundamental problem of wage policy in the Britain of today can be expressed in a single sentence. How can the public interest in the outcome of collective bargaining be made effective without destroying the voluntary system or weakening the trade unions? I have tried to show how the attempt to maintain full employment greatly increases the Government's responsibility for wage movements and wage structures. But other aspects of economic planning and the widening of the sector of public enterprise tell the same story. The contents of a collective agreement can no longer be regarded as being only of concern to its signatories. *Laissez-faire* cannot be abandoned in other vital sectors of our economic life and retained on the wages front. Least of all can the trade unions, whose very nature has compelled them to seek an increasing measure of public regulation over the free-for-all scramble of each for himself which characterised economic activity in the last century, now claim that their own preserves should be exempted from the application of those principles which they have urged upon the nation.

Britain's political maturity and enduring social progress, which have gained so much admiration and respect in other countries, have been the result of the happy marriage and progressive application of two principles of social organisation: Self Government and Public Control. They were at the bottom of the Webbs' approach to industrial democracy. What they imply today in the field of wages policy, how such a policy might be developed and applied without seriously distorting the existing framework of industrial relations in this country has now to be considered.

THE NEED FOR A NATIONAL WAGES BOARD

If it is agreed that some form of control of wage movements and some deliberate planning of the national wages structure is required as the only permanent alternative to a return to unrestrained collective bargaining, the big question arises whether such control and planning should be undertaken collectively by the trade unions themselves or by a public authority.

This choice was referred to by Mr. Tom Williamson, the general

secretary of the National Union of General and Municipal Workers, in an article contributed to the February issue of his union journal. "We cannot hope to retain a free independent industrial movement," he writes, "unless we are prepared to exercise our own co-ordinated wages policy and control." For him the only alternative to the latter course is "a wages policy imposed by the State" which he suggests would conflict "with the long established principle 'that the existing machinery of voluntary negotiation must be preserved'" and lead to the Trade Union Movement sacrificing its independence and "depleting its vitality."

Unfortunately, Mr. Williamson does not give us any idea of how the trade unions might exercise their own co-ordinated wages policy and control, and, therefore, does not consider the dangers involved in this course of action. The group of Labour M.P.s who recently published their views on current policy in "Keeping Left" were more specific if somewhat rash in their proposals. They suggested that the Government should be able to determine a global figure for that part of the national wages bill "which is fixed, directly or indirectly, by trade union negotiation. . . . It would then be the function of the unions, acting in concert under the direction of the General Council, to allocate the total, and any increases in it, among the various categories of workers."

Leaving aside the question whether it is possible for the Government to settle with anything like reasonable accuracy the total amount which can safely be spent on wages, at least it is clear that unless the majority—and a large majority—of the trade unions affiliated to the T.U.C. are prepared to give the present General Council or some reconstituted central authority the power to control their separate wage claims, then neither control nor planning can be undertaken solely from the trade union side. But what would be the consequences of this step for British trade unionism? Surely one result would be to weaken rather than strengthen the unity of the movement, since every wage claim would then become an inter-union conflict. The class struggle, which is not entirely a thing of the past, would shift its location and be imported into the trade union movement itself.

If this danger were partially overcome by turning the T.U.C. into a fully fledged British Trade Union Federation, with the federal authority having the power to negotiate on behalf of all the workers it represented, then another and perhaps more serious danger would arise on account of the resultant centralisation of power. In recent years the Labour movement has become increasingly aware of the way in which large-scale and centralised organisation imperils active, as distinct from formal, democracy. In the trade

union world the change in the patterns of collective bargaining, the inevitable shift from local to national negotiations, has had dangerous consequences for the internal democratic life of some of the unions and has tended, in particular, to deplete their vitality. Are we to make the negotiations which settle his wages and working conditions still more remote from the active trade unionist and expect him to take a lively interest in his union?

I believe that if the Trades Union Congress were to assume the responsibility of adjudicating on the merits of competing union wage claims it would be courting disaster. I further believe that the necessary increase in its powers over affiliated unions would neither be acceptable to most of them nor healthy in its consequences for the active democratic life of the movement. But there is a further objection of a different order.

A Government Responsibility

The need for a national wages policy has arisen because there is a *public* interest in the outcome of negotiation and arbitration. It is no criticism of the trade unions to recognise that their majority view on wages policy—which may incidentally be largely the view of a few of the most powerful unions—may be at variance with the public interest, which only the Government can interpret in accordance with the mandate which it seeks and receives from the electorate. It would be wrong on the part of any Government to attempt to transfer this responsibility to the trade union movement, and it would be foolish of the trade unions—more especially if they wish to remain free and independent—to accept it. The trade unions exist to represent the interests of their members, not those of the community as a whole. Naturally they would be adopting a very narrow and short-sighted interpretation of their own members' interests—since they are after all citizens as well as trade unionists—if they completely disregarded the interests of other sections of the community or the social consequences of their own actions. But it is one thing for the unions to exercise their functions with a sense of responsibility and another for them to take over a part of the Government's job. This seems to me to be the basic issue involved in the present dilemma on wages policy. If the British Trade unions seek to avoid further State intervention in industrial relations by themselves becoming formally or informally instruments of the State, they will indeed imperil their freedom and independence, and lose the confidence of their members in the process.

Is it correct to assume, on the other hand, that the acceptance

on the part of the Government of a responsibility for formulating and applying a national wages policy would destroy the voluntary system, with all its undoubted advantages? Of course the application of a wages policy would be relatively easy if all wages were fixed by statutory bodies like the Wages Councils, but no one, apart from a few cranks here or there who believe that it is possible to determine wages "scientifically" by job evaluation and point rating, seriously proposes such a course, which would reduce the trade unions to impotence. The essential problem is that of bringing national policy to bear on individual wage settlements without weakening the trade unions or sacrificing that flexibility which is the great merit of the British system of organised industrial relations. This is but one, although possibly the most important, facet of the general task of combining freedom with planning, which is the very essence of the social experiment of Britain's Labour Government.

Although the responsibility for deciding upon a national wages policy lies in the first instance with the Government, the co-operation of the trade unions and of the employers' organisations is required both in its formulation and application. The development of tripartite machinery is characteristic of the present British approach to those other aspects of economic policy where the need for planning and control has been established; it follows from our conception of industrial democracy. One question which immediately arises, however, is whether the application of a wages policy should be made conditional upon its acceptance by all three parties; whether, in other words, it should be an *agreed* policy. Probably this is a safeguard which the trade unions themselves would regard as indispensable, not only on account of possible changes in the political complexion of the Government, but also as a general precaution in the early stages of a new experiment. In any case, since our whole system of industrial relations rests primarily upon consent, there is a great deal to be said for proceeding in this way. The existing Joint Advisory Council to the Minister of Labour already provides the machinery for seeking agreement on the outlines of a wages policy, but in view of the size of the task and the way in which it is bound up with the rest of economic planning it might be advisable to establish a separate, though similarly constituted Council solely for this purpose.

How Could Policy Be Applied?

Assuming for the time being that agreement could be reached on a national wages policy, how could it be applied? The reten-

tion of compulsory arbitration might seem at first sight to provide the complete solution to the problem, providing the arbitrators were instructed to take national policy as their guide in making their awards. After all this system has been accepted in Australia for a good many years without injuring the trade unions or causing them to demand its abolition. It is doubtful whether it has led to a reduction in industrial disputes, but the attempt has been made to decide them as far as possible by principles of equity rather than by bargaining strength.

It has been the practice of the Industrial Court—although not of the National Arbitration Tribunal—to disclose the general grounds on which its decisions were based. Lord Amulree, its first Chairman, once expressed the hope that in doing so it had taken a tentative step towards the formation of industrial case law. This hope could not be fulfilled in the absence of a policy which would have brought some consistency into the Court's awards. But there was another reason why the Industrial Court could not act as a wage co-ordinating authority: its decisions influenced too small an area of the wage movements in different industries.

The settlement of industrial disputes in accordance with a national wages policy certainly implies that arbitrators publish the reasons for their awards, so that by precedent a consistent interpretation of the policy is established. But to rely on arbitration alone would leave wage settlements arrived at by direct negotiation outside the ambit of policy. In full employment conditions, when some employers may be ready to increase wages (and prices) in order to attract labour to their own firms, this would certainly prove to be a loophole. Compulsory arbitration would also mean the trade unions relinquishing the right to strike in all industries—except possibly in certain defined circumstances—a consequence which some trade unions would be unwilling to accept for the good reason that in the long run it would be likely to undermine their influence.

The Trades Union Congress has still to clarify its attitude towards the role of arbitration in the future and a decision cannot be postponed much longer merely by leaving the wartime Order 1305 in operation. One of the problems is the existence of a number of separate arbitration authorities, such as the Civil Service Arbitration Tribunal, the Railway Staff National Tribunal, or the National Reference Tribunal in the coalmining industry, which have been established to meet the needs of particular industries or services. If the attempt were made to apply a national wages policy, there would have to be one central authority, which by acting as the equivalent of a Court of Appeal would be empowered

to make the final decision in interpreting that policy. The existing Industrial Court could, of course, assume that responsibility, although it would be better attached to the body concerned with the other aspects of wage control.

If all wage movements are to come under some form of public control it will also be necessary to provide for the registration of collective agreements and their supervision by the authority responsible for the application of a national wages policy. It is hardly necessary to point out that this radical innovation is not likely to be regarded with favour by many British unions. Nevertheless, it has been accepted by the trade unions in Holland with no apparent loss of their vitality or independence, and without such a provision it is difficult to see how in the long run a wages policy can be universally applied. If we take an industry like printing, for example, which traditionally does not resort to arbitration, how could wage settlements there otherwise be brought into line with national policy?

Four Inseparable Tasks

What is required then is a National Wages Board, or, since the name is unimportant, let us say a public authority which would undertake four indispensable and inseparable tasks:

1. It would supervise the decisions of all statutory wage-fixing bodies.
2. It would supervise all voluntary collective agreements relating to terms of employment.
3. It would act as the final and supreme arbitration authority.
4. It would be empowered to initiate enquiries with a view to proposing necessary reforms of existing wage structures.

Admittedly the term "supervision" requires further definition. The question is whether such a body could rely upon the moral authority of its decisions, or whether it would need to be armed with powers of compulsion, for example, to veto a collective agreement which seriously conflicted with national policy or to prohibit employers from offering wages and conditions of work other than those which it had approved. The course of industrial relations in this country—the voluntary observance of the awards of the Industrial Court, for example—does suggest that its moral authority might well be adequate to achieve its purposes.

That authority could be reinforced by a provision—on the lines of Part III of the National Arbitration Order—that the collective agreements which it approved, and only such agreements, would be made binding upon all employers in the occupations or industries concerned, whether they were party to the agreements or not.

So far I have spoken, as is usual, of *wages* policy. But what about *salaries*? Where they are regulated by collective agreement, as they are to an increasing extent as a result of the spread of trade union organisation to non-manual workers and the extension of the field of public employment, they would clearly come under the same controls as wages. The old class distinction between a salary-earner and a wage-earner is becoming less and less important, in reality if not always in the minds of everyone concerned, and the movement of wages and salaries is now so closely related that any policy which is to make sense must embrace them both. In fact, the Government already has a considerable direct influence on the level of salaries if it cares to use it with some deliberate policy in mind. Civil servants, officials of public boards, doctors, university staffs and teachers alone comprise a large segment of salaried employees. The trouble has been that in setting up the National Health Service and appointing the members of the boards in the nationalised industries the Government seems not to have worried about the effect of the salaries it was fixing on the policy wage restraint. The fat salaries paid to high executives in private industry are another matter and essentially a by-product of big profits. The problem of controlling these incomes by other means than direct taxation is tied up with the Government's policy for countering monopoly and reducing prices, and can only be tackled from that side.

Finally, it may be objected that, having criticised the proposal for a co-ordinated trade union wages policy, I have assumed trade union agreement on a wages policy in advancing my own suggestions. That I have made such an assumption is true, but agreement on the broad issues of policy is a very different proposition from the T.U.C. having to make up its mind on the merits of a particular wage claim. Neither the Government nor the T.U.C. can afford to become involved in every industrial dispute. For this reason alone everything depends on separating the formulation of a national wages policy from its application. Both the Government and the T.U.C. must be associated with the formulation of policy, but its application can only be undertaken by an independent body, not subject to political influences, although working like the Industrial Court or any of the other arbitration authorities with the assistance of workers' and employers' panels.

THE CONTENT OF A NATIONAL WAGES POLICY

Since the development of a national wages policy will depend on the possibility of reaching agreement on its terms among the three main parties involved, the Government, the trade unions and the employers' organisations, is there any point at this stage in trying to define its content? The outcome of such negotiations cannot be anticipated in advance, but we have to consider whether the formulation of such a policy can at all be regarded as a feasible proposition; otherwise any attempt to give effect to the public interest in the outcome of collective bargaining must fall to the ground.

It is not so much the political aspects of the problem which I have in mind. Whether all the parties will be prepared to act reasonably enough to try to reach agreement is a question which experience alone can answer. The Government can but try! It seems likely, however, that a strong lead from the Government would meet with an adequate response on both sides of industry at the present time, if only because there is a widespread realisation that a great co-operative effort is required for Britain to triumph over her economic difficulties. The absence of a clearly defined national policy certainly encourages the pressing of sectional advantages.

In asking whether a national wages policy is practical politics, I am mainly concerned with what may be described as the theoretical aspects of the problem. It is possible to lay down some guiding principles and priorities which would be sufficiently explicit to enable the proposed National Wages Board to function in other than an arbitrary fashion? Or are the various considerations involved in the settlement of any particular wage claim too complex and, perhaps, too irrational for this attempt to draft a national policy to make sense?

When the Webbs wrote their "Industrial Democracy" some fifty years ago they concluded that:

"In so far as the issue is left to collective bargaining there is not even any question of principle involved. The workmen are frankly striving to get for themselves the best terms that can permanently be exacted from the employers. The employers, on the other hand, are endeavouring, in accordance with business principles, to buy their labour in the cheapest market. The issue is a trial of strength between the parties. Open warfare—the

stoppage of the industry—is costly and even disastrous to both sides. But though neither party desires war, there is always the alternative of fighting out the issue. The resources and tactical strength of each side must accordingly exercise a potent influence on the deliberations. The plenipotentiaries must higggle and cast about to find acceptable alternatives, seeking like ambassadors in international conference, not to ascertain what are the facts, nor yet what is the just decision according to some standard or view of social expediency, but to find a common basis which each side can bring itself to agree to, rather than go to war.”

Changes in Wage Determination

If that statement were still true—and I believe that it is when applied, let us say, to labour relations in the United States—there would be little chance of evolving a wages policy in this country. But in the past thirty years or so here have been many significant changes in the nature of collective bargaining and in its relationship to the whole system of wage determination in Britain. For one thing the strike has largely fallen into disuse as a method for securing wage advances. In its place there has been a growing reliance upon the method of arbitration for the settlement of disputes. This does not apply—as in the United States—merely to disputes arising out of the interpretation of collective agreements, but to those which determine their contents, or the recognised terms of employment. It also applies not only to the Civil Service, who have not the right to strike, and to the newly nationalised industries, in which a statutory obligation is imposed upon the Boards to provide for arbitration in their agreements with the unions. Over a great part of industry to-day voluntary collective agreements include a clause to the effect that where there is a failure to agree, both sides will abide by the verdict of a mutually acceptable arbitrator or arbitration court.

We have further to consider (1) the continued extension of the area of employment covered by some form of statutory wage-fixing machinery, which is to-day nearly a third of the whole; (2) the increased support which the Government has given to the voluntary system by such devices as the Fair Wages Clause in Government contracts and the obligation imposed on all employers by Part III of the National Arbitration Order to observe “recognised” terms and conditions of employment; and (3) the growing Government initiative in promoting the reform of out-moded wage systems, as illustrated by the work of the Cotton Manufacturing Commission.

This is not the occasion to discuss the full significance of these developments, but they are all variations on one main theme. The trade unions are as much a regulating as a bargaining agency to-day. As such, apart from protecting their members' interests, they fulfil an essential *public* function in the modern state—although they are not, and let us hope never will be, instruments of the Government. This explains the complex relationship which has grown up between the trade unions and the State in this country, expressed in two equally important and only apparently contradictory characteristics, independence and interdependence.

What, it may be asked, is the relevance of all this to the possibility of formulating a national wages policy? Briefly, it is that the ground has already been prepared. Such a policy is not some startlingly new innovation that might be conceived in the minds of visionaries ignorant of existing practice. Rather is it an acceptance of the logic of the established trends in the growth of the British system of wage regulation, which, as I will try to show, reveal some of the natural objectives of a national wages policy.

The Economic Limits

We must, however, distinguish between two different aspects of wages policy, the one relating to the wages structure, i.e. the inter-relationship of the various wage rates, and the other to the general movement of wages, as reflected in the index of average wage rates.

This second, or overall economic aspect is concerned primarily with the effect of the general wage movement on prices and employment and on the external balance of trade. The Government in its global economic planning has to take into account how the probable size of the national wages bill will affect the demand for consumers' goods in relation to what are likely to be available supplies, including those which have to be imported. This depends in part on the Government's own budgetary policy, how much it reduces personal incomes by taxation and how much it spends itself. It also depends on investment policy or the extent to which productive resources are taken up with the production of investment goods, buildings, machinery, etc., instead of consumption goods.

I have not the space to develop the familiar economic analysis which proves that we cannot have our cake and eat it, but the main consequences for our subject can be stated briefly. Although material limits are set to possible advances in real wages in a

fully employed economy, a national wages policy cannot be based on the assumption that there is a fixed national wages fund which is strictly determined by the total volume of production, the amount of investment and the balance of trade. To some extent the Government can, for example, adjust its fiscal policy to suit its wages policy. Admittedly increased taxes or reduced Government expenditure *may* be open to more serious objections than the alternative course of avoiding an increase in wages. But it is important to bear in mind that there are a number of variables to be adjusted—one of which is the national wages bill—so that the total effect is neither inflationary nor deflationary. In practice, therefore, regular consultation between the Government and the trade unions and employers' organisations is required on the permissible and desirable rate of increase in average wage rates in relation to the whole of the Government's economic policy. This would have to be a kind of two-way traffic in information and viewpoint, since some changes may be called for in other planning decisions to suit the actual or impending changes in the wages bill.

Planning the Wages Structure

Granted the determination in this manner of the rough economic limits within which the possibility of changing individual wage rates must be reviewed, the objectives which should be progressively applied to the shaping of the wages structure have then to be considered. Here, I have suggested, the existing trends in the development of collective bargaining offer important clues, for the reason that trade unionism as it grows in influence is bound to impose an ever-increasing measure of order and equity upon what was originally a wholly chaotic and arbitrary system of wage determination.

Thus the first and most obvious objective is the simplification of the wage structure, which means the elimination of unnecessary and fortuitous wage differentials. This I suggest is both desirable in itself and a necessary condition for the application of the other objectives of a national wages policy. In some industries, like the building trades, the objective has largely been accomplished by existing national negotiating machinery. In others, of which engineering is probably the most important example, there still exists no national wages structure, although the unions concerned have agreed upon their proposals and the need for reform was fully recognised by the Court of Inquiry which reported in August, 1948.

The second objective is the one which the Webbs believed would also be the natural result of the growth of trade unionism, that is the establishment of a national minimum—or a solid floor to the whole of the national wages structure. Although the trade union movement has on the whole been opposed to the fixing of such a minimum by legislation, there has been a noticeable trend towards its realisation in practice, more especially as a result of the spread of statutory wage-fixing machinery to the poorly organised industries. The two main arguments which the unions have raised against a legal minimum, that it might come to be regarded by the employers as a maximum and that it would undermine the voluntary system, clearly would not apply to the acceptance of this objective as a part of a national wages policy. In this case the attempt would not be made to bring all rates of pay up to a minimum figure in one go, but to do so progressively, by making this one among other criteria in considering wage claims. I would like to emphasise, however, that it is an extremely important objective at the present time when all-round wage increases are not a practical possibility. Social justice demands that an adequate standard of material welfare should be guaranteed to every citizen. The policy of fair shares cannot be implemented only by rationing and food subsidies; it also has its bearing on wages policy.

A third objective closely related to the second is that of bringing about a greater national standardisation of other conditions of employment, such as the length of the working week or of holidays with pay. Standardisation should not be taken to imply no variations from the general norms. The character of the work in some industries may justify more favourable conditions than elsewhere, but they would be the exceptions to the rule.

To the extent to which wage structures are simplified and basic national minimum standards are established—and related to the wage earners' cost of living—it becomes possible to examine the remaining wage differentials rationally, that is according to their economic and social justification.

Here it is convenient to distinguish between those wage differentials, usually within one industry or service, which are settled within the terms of a particular collective agreement, and those which are established by separate and at present largely unco-ordinated bargaining. I think it will be found that most of the former differentials are required to encourage the acquirement of special skills or the acceptance of an added measure of responsibility. In industries which have already built up a national

wages structure these factors has been taken into account, so that the National Wages Board is not likely to be faced with any new and difficult problems on this score.

It is when we come to consider the relationship of the salaries of teachers to the wages of coal miners, to take an extreme case, or the comparative remuneration and working conditions of engineering and building craftsmen, that the problem appears almost insoluble. But the difficulty is not so great as it appears at first sight if we keep in mind what has already been said in a previous article about the working of the labour market in full employment conditions. Judged by ethical standards it is right that a particularly unpleasant and dangerous job should be associated with a higher rate of pay than a more congenial occupation. Judged by economic standards, unless such a differential is provided, it is not likely in the long run that enough workers will be prepared to enter the former industry. We have seen how in practice the pre-war wage relationships have been transformed by the existence of full employment. The task of the National Wages Board in this respect would, therefore, be limited mainly to interpreting the relevance of wage rates (and other working conditions settled by negotiation) to the supply and demand for labour in various industries. The starting point would be the Government's manpower budget (short-term and long-term) and the objective, the determination of essential differentials in accordance with the requirements of this budget. This is bound to be a matter of trial and error; the only reasonable aim is to try and minimise the error.

A Fallacious Argument

It is unlikely that any of the objects which I have mentioned so far as the main criteria of policy in shaping the wages structure would be seriously challenged. Their significance will perhaps come into sharper focus if we look at some of the other reasons which have been advanced for increasing or decreasing wages in the past, but which in my opinion should not figure in a national wages policy. The most important of these is the one which may loosely be termed the "prosperity" of the industry. At the present time the Confederation of Shipbuilding and Engineering Unions have claimed a wage increase of £1 a week mainly on the grounds that it could be taken from the employers' profits without any increase in prices.

One fallacy in this argument is the assumption that profits will

in fact be reduced by wage increases. This might happen if the employers were selling most of their products in an intensely competitive market, and were therefore unwilling to risk raising their prices, but that is not the position to-day. In the main, where exorbitant profits are being gained they can only be reduced by taxation, price control, or other anti-monopoly measures: in short, by Government action of one kind or another. But even if collective bargaining were an effective method for reducing profits, there is no reason why the workers in one industry should enjoy a higher wage level than in other industries because their particular employers were able to charge high prices to the consumer. The justice in this argument is more obvious when the same principle is stated in its reverse application, namely, that the workers employed in a depressed industry, one, let us say, which is faced with a declining demand, should not suffer wage cuts on this account. As far as possible, prices should be adjusted to wages, rather than wages to prices, and high profits should be dealt with by appropriate Government action. The acceptance of this view would undoubtedly involve a change in attitude on the part of the trade unions, but surely this change is precisely the consequence of a shift from a sectional to a national and more equitable approach to wage determination.

Productivity and Wages

To some extent the same arguments apply to the proposal that wages should be related to changes in productivity within a particular industry. Naturally, as the general level of productivity rises there should be normally a corresponding increase in the general level of wages. But we are here concerned with the influence of productivity on the wages *structure*. The point can best be made with the help of an example. In the building trades there has been a serious decline in productivity as compared with pre-war. This is clear from the Working Party Report, although there has been a steady improvement from year to year with the acquirement of greater skill on the part of those workers who have entered the industry since 1945. No-one in their senses, however, would suggest that the wages of building workers should have been reduced on account of the original fall in productivity or that they should now be geared to any further increases which may be made, say, as the result of better planning or the elimination of material shortages. In some industries there have been spectacular rises in productivity, in others no more than a modest improvement.

These differences are due to many factors which may be unrelated to the workers' own efforts: the priority which the industry enjoys in the investment programme, the current technical possibilities of introducing better capital equipment, or the inefficiency of previous organisation.

As distinct from the influence on the general wage level which should result from rising productivity, it is mainly the incentive effect of wage changes or new systems of wage payment which has to be allowed for in the separate industries under a national wages policy. If a wage increase could be linked with trade union consent to a proposed re-organisation of an industry or service which would reduce its labour force—as in the civil service or on the railways—there may be a good case for granting it, but the retrospective approach has little justification. Clearly where increases in productivity are the direct result of an increased effort on the part of workers and their acceptance of a heavier work load there should be a compensating wage increase.

We are faced here with the exceptionally complex problem of the role of a National Wages Board in relation to systems of payment by result. Every encouragement has to be given at the present time to the workers to enlarge their earnings by raising their output. On the other hand in this period of restraint, some employers have found it expedient to introduce production bonuses mainly for the purpose of providing a veiled wage increase in order to attract labour. The degree of national control which can be exercised over incentive wage schemes is obviously extremely limited, not only because in many industries they must be worked out at the workshop level but also because there is a strong case for allowing plenty of freedom for new experiments. Probably the National Wages Board would have to confine itself to checking obvious breaches in the national wages policy and encouraging greater standardisation by the general acceptance of the successful systems.

No doubt there are other criteria than those which I have mentioned, which may have to be considered in formulating a wages policy. I have not, for example, referred to the demand for equal pay as between men and women. It was not my purpose, however, to anticipate the priority which would be assigned to the various objectives, all of which quite obviously cannot be accomplished to the same degree in the same time. I have tried to do more than show that it is possible to make a rational approach to wages policy by weighing up the importance and the urgency of the objectives which should influence the shaping of the wage structure within the economic limits of our time.

POLITICAL POSTSCRIPT

The above proposals may appear to ask too much of the Government and of the trade unions in the present political situation. The Labour Party's slender majority in the House of Commons hardly permits the introduction of such controversial legislation as the establishment of a National Wages Board would require. And the uncertainty as to the date and outcome of the next General Election is bound to add greatly to the natural reluctance of the trade unions to commit themselves to far-reaching changes in the system of wage determination.

On the other hand a new approach to wages policy is an immediate imperative. In the existing economic situation the need for wage restraint remains; it is still important to minimise wage increases as far as possible. But it is also true that some wage increases are now inevitable if serious industrial conflict is not to be provoked. What has to be avoided is the unleashing of a general competitive scramble for all-round wage increases. Stated positively, wage increases should be granted where the case for them is strongest, either on grounds of equity or on account of their economic effect in helping to raise production. This poses the problem, which so far has been dodged both by the Government and the T.U.C. General Council, of providing a clearer and more specific statement of the criteria justifying wage increases at the present time than was included in the White Paper on Personal Incomes.

In fact we need a new White Paper, formulated in consultation with the Trades Union Congress and the British Employers' Confederation, which would follow up the original, tentative approach to a national wages policy. In addition a stronger government initiative is required in bringing about a reform of the wages structure in the engineering industry. The question of changing the machinery of wage determination could be left in abeyance for the time being and the attempt made to secure respect for the wages policy by the same voluntary co-operation on which the Government has so far relied.

Given agreement on a national policy for wages it would at least be possible for the trade unions to function as trade unions again without returning to *laissez-faire* on the wages front. They would have some idea on what grounds wage claims might be made with some chance of success. Indeed, the discussion of the criteria would provide a suitable occasion for the unions to launch an educational campaign among their members to clear up some

of the mistaken ideas which prevail on the subject, for example, on the extent to which wages can be improved at the expense of profits. The arbitration tribunals would also have some policy to guide them in making their awards and could exercise their proper, independent judicial function by considering the merits of the claims according to the principles and priorities set out in the new White Paper.

Recent Fabian Publications

TRACTS

- 278 CONSULTATION OR JOINT MANAGEMENT?
J. M. CHALMERS, IAN MIKARDO & G. D. H. COLE 1/-
- 279 WHITHER LOCAL GOVERNMENT? PETER SELF 1/-
- 280 EUROPE'S FIRST PARLIAMENT. Reflections on
the 1949 Strasbourg Assembly by three Labour M.P.'s,
SEYMOUR COCKS, R. W. G. MACKAY & MAURICE EDELMAN 1/-

RESEARCH PAMPHLETS

- 137 SCOTTISH DEVOLUTION. W. H. MARWICK ... 1/-
- 138 FUTURE OF BROADCASTING. FABIAN RESEARCH
GROUP 1/-
- 139 NATIONALISATION AND THE CONSUMER
L. FREEDMAN & G. HEMINGWAY 1/-
140. FERMENT IN NIGERIA. M. NICHOLSON ... 1/3
141. LABOUR IN NATIONALISED INDUSTRY.
HUGH CLEGG 2/-

COLONIAL CONTROVERSY SERIES

6. TROUBLED UGANDA. E. M. K. MULIRA ... 1/3

BOOKS AND BOOKLETS

- THE DOLLAR CRISIS. T. BALOGH ... 16/-
- PRINCIPLES OF ECONOMIC PLANNING.
W. ARTHUR LEWIS 7/6
- BEHIND THE RATION BOOK. J. F. BLITZ ... 3/6

THE FABIAN SOCIETY

★ The aim of the Society, throughout its sixty-five years of history, has been the advancement of democratic socialism. Though it is affiliated to the Labour Party—and has been since the Party began—it puts down no policy resolutions at Party Conferences and drafts no socialist programmes that might run counter to the Programme of the Labour Party.

★ Instead, it encourages and initiates constructive thinking on the major problems that face the Labour movement. By pamphlets and books, unpublished reports or conferences, it throws out ideas and projects for the present and, more particularly, for the future. It has—and wants—no power to force its projects on anyone: the Labour movement is always free to take, or to reject, its advice. Its purpose is to set people thinking, and to work out means of doing things in readiness for the time when the main body of the Movement decides that they need to be done.

★ Many of those who now hold office served, until official cares absorbed them, as Executive members and took an active part in the Society's research work. But the Society by no means consists of "intellectuals" or suffers from a swollen-headed feeling that "intellectuals" are the right people to tell the rest of us what to do. What it has—and wants more of—is a good mixture of the key men and women who are doing the work of Socialism on the local councils, in Trade Unions and Co-operatives, and indeed in every sort of social and political activity.

★ Up and down the country over 100 local Fabian Societies are live centres of socialist discussion and education, while some are pioneering new fields of local research.

★ This can be but an inadequate outline of the Society. If what it is doing appears to you to need doing, please do not stop at feeling that its work is worth while, but come in and help.

For particulars of membership, write to

THE FABIAN SOCIETY

11 Dartmouth Street

London, S.W.1

