

The Guaranteed Weekly Wage in the British Metal Trades

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In the general report on wages which the International Labour Office prepared for the 31st Session of the International Labour Conference (San Francisco, 1948), considerable attention was devoted to the question of wage guarantees¹, owing to the increasing demand in recent years for one form or another of such guarantees, and the Conference also adopted a resolution on the subject. For the metal trades in particular, this demand is reflected in the fact that a resolution on the subject of minimum income security was adopted by the Metal Trades Committee of the International Labour Organisation at its second session (Stockholm, 1947).² In view of the interest attaching to this question, the Office welcomes the opportunity to publish the following account of the experience in the United Kingdom with the guaranteed weekly wage in these trades.³

¹ International Labour Conference, Thirty-first Session, San Francisco, 1948, Report VI (a): *Wages*. (a) *General Report*, (Geneva, 1948), Chapters IX-XI.

² Cf. *International Labour Review*, Vol. LVI, No. 4, October 1947: "Second Session of the I.L.O. Metal Trades Committee", pp. 445-446. See also the two reports entitled *Minimum Income Security. Annual and other Wage Systems designed to provide Assured Earnings* (Geneva, 1947) which were prepared by the Office for discussion at the second sessions of the Metal Trades Committee and the Iron and Steel Committee, both held at Stockholm in August 1947.

³ For a description of United States experience in this field, see the above mentioned reports and *International Labour Review*, Vol. LIII, Nos. 1-2, January-February 1946, pp. 49-58: "Annual Wage Plans in the United States".

ONE of the important developments since the war in the United Kingdom in the field of social security has been the voluntary agreement between employers' and workers' organisations for a guarantee of weekly wages and for a week's notice on either side of intention to leave or to dismiss. Such agreements now cover the bulk of the industrial workers in the United Kingdom. The wording, interpretation, and problems of operation of these agreements vary in some measure from industry to industry, depending partly on the date when the agreements were signed and on the character of the trade or industry concerned. The main agreement in the metal trades in the United Kingdom was one of the first of the voluntary agreements to be signed, and its terms and method of operation are of considerable interest to all concerned with the problems of increasing the job and income security of manual workers in industry.

THE INTRODUCTION OF THE GUARANTEED WEEKLY WAGE

The principle that the worker is entitled to some guarantee of wages if he presents himself for work did not exist in the metal trades in the United Kingdom until 1941. Then the needs of war production made it necessary to alter radically the character of the contract between the worker and his employer. Before the war, while most of the clerical, technical and administrative staffs were on weekly or monthly contracts, the manual workers could be instantly dismissed or stood off. If no work was available, wages were not paid. During a period of slackness or shortage of material and components some employers retained the skilled key workers of the factory on their payroll, and others, where circumstances allowed, arranged short-time working—two or three shifts a week—in order to assist the individual workers and to maintain their labour force. But no employer was under any obligation to start or pay any employee who might be on his books if work was not available. In practice the need to lay men off could

to some extent be foreseen, and instant dismissals and refusals to start were kept to a minimum. But a few hours, half a shift or a full shift without work and the closing of shops for a fortnight or so at holiday periods, or while a new contract was being sought, were frequent occurrences. Short-time working, whether in an organised form or not, the longer enforced "holidays" and the possibility of instant dismissal, coupled with unemployment in most branches of the metal trades before the war, emphasised to the individual worker the insecure nature of his employment, and the workers' organisations tentatively suggested that the employers should give a greater measure of security to their workpeople. But such suggestions never reached the stage of negotiation, the employers for their part making it clear that, while they would assist individual workers as far as possible, they regarded unemployment in whatever form it appeared as a problem to be treated nationally and not as a burden to be borne by any particular industry.

The need for the greatest economy in the use of manpower if the war production plans were to be fulfilled made a tightening up in the character of the contract between the worker and his employer imperative. An increased measure of control by the State over both employers and workers was also essential. The power to make such changes was provided by the Essential Work (General Provisions) Order¹ of 5 March 1941. This Order was a general one, applying to most munition industries, and in addition separate Orders were issued for particular trades. By the end of 1941 practically all metal-work establishments in the United Kingdom had been "scheduled" as essential undertakings, thus bringing them within the scope of the Order.

This Order imposed severe limitations on the freedom of the individual worker and of the employer, but at the same time gave a measure of security to the worker through the clause relating to the guaranteed weekly wage. The employers in scheduled undertakings were required to pay time workers a guaranteed weekly wage and piece workers a guaranteed daily wage, provided they were capable of and available for

¹ This Order (*Statutory Rules and Orders*, 1941, No. 302) was issued under Defence Regulation 58A.

and willing to perform alternative work within reason outside their usual occupation when work in that occupation was not available. Of the many other changes in the nature of the contract between the worker and the employer which were brought about by the Essential Work Order, the most relevant to the present discussion was the limitation of the right of employers to discharge and of employees to leave, each side being required to give notice of at least one week and to obtain the agreement of the National Service officer, an official of the Ministry of Labour. Whilst the primary object of the changes in the character of the contract between the worker and his employer introduced by the Order was to prevent unnecessary turnover of labour and thus to increase over-all output by economy in the use of manpower, it was necessary to introduce a compulsory guaranteed weekly wage to avoid the injustice of a worker's being unable to obtain his release from a factory, yet at the same time being unable to earn full wages owing to a shortage of materials, a technical breakdown or an uneven flow of supplies. The guaranteed weekly wage was similarly a necessary corollary to the powers granted to the Ministry of Labour to direct and transfer labour. If men and women were to be directed to work in particular establishments, often away from their homes, some undertaking had to be given that in cases where, for reasons beyond their control, work was not available, their earnings should not cease.

In most sections of the metal trades the guaranteed weekly wage was paid in respect of forty-seven hours a week, calculated at plain time rates (that is, the basic wage rate and national bonus), and did not make any allowance for extra payments, merit money, lieu rates, special bonuses or overtime payments. In the case of the time worker, payment was made in respect of a full week of forty-seven hours. In the case of the piece worker, each day stood by itself, and if he worked piece work for two shifts and was idle or on other work for the other four shifts in a week, he was paid at plain time rates for these four shifts irrespective of his earnings in the two shifts.

This section of the Essential Work Order operated very smoothly in the metal trades during the war. The only important issue of interpretation was the question what constituted

reasonable alternative employment. This issue was satisfactorily thrashed out by representatives of the employers and workers, with occasional advice from the National Service officer. In general the principle adopted was that where alternative work was offered, such work had to be both within the capacity of the particular individual and of a standard of skill equal or similar to his usual occupation. In other words, a skilled fitter was not expected to accept a job sweeping floors or watching an automatic machine, but he was expected to undertake, if capable, turning or inspection work.

NEGOTIATIONS FOR A VOLUNTARY AGREEMENT

At the end of the war the trade unions urged that the advantages of the guaranteed weekly wage conferred by the Essential Work Orders should be continued by an industrial agreement.¹ In December 1945 the Minister gave notice of his intention to withdraw certain industries from the scope of the Essential Work Orders, and in the case of a large section of the metal trades the withdrawal was to take place in May 1946. The Minister also suggested that, while the Orders were no longer necessary, certain features had proved themselves to be of mutual advantage to employers and workers, and that the two sides of industry would be well-advised to consider jointly any readjustments in their industrial agreements which might be needed to meet the changed circumstances when the Orders were withdrawn.² In the metal trades, the main discussion on a voluntary agreement for a guaranteed weekly wage between the Engineering Joint Trades Movement, representing over thirty trade unions, and the Engineering and Allied Employers' National Federation was begun in February 1946.

The unions argued for the continuation of the guaranteed weekly wage on two main counts. First, as an extension of security for the worker because "we believe it is an essential

¹ For example, resolutions to this effect were passed by the National Committee of the Amalgamated Engineering Union in June 1945, and by the quarterly meeting of the Confederation of Shipbuilding and Engineering Unions in November 1945.

² Mr. G. ISAACS, Minister of Labour, in the House of Commons (*Parliamentary Debates, House of Commons*, 13 December 1945, cols. 614-615).

measure for achieving that degree of security for our members which is part of the better life we are determined to achieve as a result of the war and which we hope the employers will also regard as necessary. This can be included . . . as one of the freedoms for which the war was fought—freedom from want and insecurity”. Secondly, it was argued that the guaranteed week would increase the efficiency of industry. “What we are asking for is for production to be planned in order to do away with mass lay-offs and industrial slackness . . . In certain highly skilled processes intermittent working means that men can lose the trend of their work and therefore continuity of work becomes of extreme importance . . . We cannot afford to lose the best types in our industry and it is essentially the best types of workers who require, in addition to reasonable standards, reasonable security”.¹ The employers, while accepting both the need, in their own interests as well as those of the workpeople, to plan production, and while also accepting a measure of responsibility in relation to the wish of their workers for greater security of employment, considered that the problem was not one of great urgency. It was pointed out that the engineering or metal trades were not, generally speaking, subject to the chances of the weather, that the nature of the product ensured a high degree of continuity of employment and that, in the foreseeable future, the problem of lay-offs would be overshadowed by a shortage of manpower and full employment. Nevertheless, as the unions pushed the matter, the employers were prepared to agree to the introduction of the principle of the guaranteed week.²

The main point of difference arose on the number of hours per week to be guaranteed. The unions pressed for a continuation of the guarantee of the full week as under the Essential Work Order. The employers considered that the exceptional conditions which necessitated the operation of this Order did not obtain in peacetime, and they could not accept the principle that a man who did no work, for whatever reason, should receive a full week's pay. They offered a guarantee of thirty-four hours or four days out of the five and a half days currently being worked in the trade. This

¹ Statement by J. TANNER of the Amalgamated Engineering Union, at joint conference, 6 February 1946.

² Statement by employers, 3 April 1946.

was accepted, and the subsequent reduction of working hours from forty-seven to forty-four in the week and the introduction of the five-day week did not affect the length of the guaranteed week.

The full text of the agreement, signed on behalf of the National Engineering Joint Trades Movement and the Engineering and Allied Employers' National Federation on 3 April 1946¹, which operated from the date that individual establishments were de-scheduled from the provisions of the Essential Work Order, is as follows :

It is hereby mutually agreed that the following provisions are applicable in respect of the introduction of a guaranteed week :

- (a) All hourly-rated manual workers who have been continuously employed by a federated firm for not less than four weeks are guaranteed wages equivalent to their inclusive hourly plain time rate for 34 hours in any pay week,

Provided that they are capable of, available for and willing to perform satisfactorily, during working hours, the work associated with their usual occupation, or reasonable alternative work where their usual work is not available.

For the purpose of this guarantee, premium payments for overtime worked on weekdays and premium payments for work done on Sundays and holidays shall be disregarded.

- (b) The guarantee does not apply in the following circumstances :

- (i) In the case of a holiday recognised by agreement, custom or practice, the guarantee shall be reduced in respect of the pay week in which the holiday takes place in the same proportion as the normal working hours for the time being have been reduced in that pay week.

- (ii) In the event of a dislocation of production as a result of strike action the guarantee shall be automatically suspended in respect of workpeople affected in the establishment where the strike is taking place.

- (c) Where the employment of an hourly rated manual worker who has been continuously employed by a federated firm for not less than four pay weeks is terminated for reasons other than misconduct (*e.g.*, redundancy or where the worker wishes to

¹ This forms part of a wider agreement covering "national wages" and "holidays with pay". With the affiliation of the Amalgamated Engineering Union to the Confederation of Shipbuilding and Engineering Unions in 1947, the agreement became a Confederation agreement, but it does not apply to the shipbuilding and shiprepairing industry, since the Shipbuilding Employers' Federation is not a member of the Engineering and Allied Employers' National Federation (for details of negotiations in this industry see below, 4p. 312-313).

leave) the duration of notice given shall be equivalent to the non-overtime weekly hours operating in the establishment for the time being.

This agreement does not cover the whole of the metal trades in the United Kingdom. Most of the establishments in the general engineering, electrical engineering and motor vehicle and aircraft sections operate the agreement ; but some other sections, for example, Government industrial establishments, have separate agreements, and no agreement for a guaranteed weekly wage exists in the shipbuilding trade. The number of workers and establishments covered by the above agreement is difficult to determine with accuracy. Technically, only those employers who are members of the Engineering and Allied Employers' National Federation, numbering some 4,000 and employing approximately 1,250,000 workers, are parties to the agreement, but non-members of the Federation are in effect bound, under the Conditions of Employment and National Arbitration Order of 1940, to observe the conditions of the agreement. The total numbers of establishments and workers that are covered by the agreement in the United Kingdom are approximately 20,000 and 2,000,000 respectively.¹ The operation of this agreement, as it covers the majority of the workers in the metal trades, will be discussed in some detail, followed by some notes on the other agreements in existence and on the sections of the trades at present without an agreement for a guaranteed weekly wage.

THE OPERATION OF THE GUARANTEED WEEKLY WAGE IN THE GENERAL ENGINEERING INDUSTRY

The issues which have arisen in regard to the operation of the agreement can be grouped under three headings : first, the problems of interpretation of the wording of the agreement ; second, the particular circumstances under which

¹ An identical agreement was reached by the Welsh Engineers and Founders Conciliation Board on 10 May 1946. This was amended on 4 November 1947, when the phrase in clause (a) "... for 34 hours " was replaced by the words " for four normal days or shifts ". The Conciliation Board governs the wage rates and conditions of approximately 5,000-6,000 workers.

the agreement operated in the fuel crisis of 1947; third, the relation of the guaranteed weekly wage under the agreement to the national unemployment insurance scheme. In all cases the discussion of these issues has given rise to suggestions for modification and improvement of the terms of the agreement, and while no changes have as yet been made, these suggestions will be outlined as they throw some light on the problem of a guaranteed weekly wage.

Problems of Interpretation

Questions of interpretation of the agreement between the employers and workers have been relatively few, largely owing to the previous experience of the similar terms of the Essential Work Order. The important phrase "...available for..., during working hours..., work associated with their usual occupation or reasonable alternative work" has, for example, been relatively easy to interpret, owing, as indicated above, to the full discussion of the principle during the war. Somewhat more difficult has been the determination, on a factory-to-factory basis, of what constitutes a "holiday recognised by agreement, custom or practice". While national and local holidays presented no problem, the custom or practice of particular firms to close down for a day or so for the purpose of maintenance or stocktaking proved somewhat more contentious. As these practices had in many cases been suspended during the war, the experience under the Essential Work Order was little guide, and memories were evoked by both sides to prove or disprove the existence of the "custom" in question.

A different problem of interpretation has arisen in regard to the position of piece workers under the agreement. The Essential Work Order guaranteed the piece worker a plain time rate of pay for any number of hours up to forty-seven per week when he was available and willing to work. Such payment was made for periods less than a full working week, irrespective of his earnings on piece work during the hours when such work was possible. In other words the piece worker would receive his piece-work earnings for, say, two shifts' work and, if no work was available during the remaining three and a half shifts, he would receive in addition his plain

time rates for these shifts. Under the guaranteed weekly wage agreement of 1946, however, the piece worker was entitled to a guarantee of thirty-four hours' pay at plain time rates only. If he earned, by piece work, more than this sum in two or three shifts, he received no payment whatsoever for the remaining three or two shifts during which he might be without work. The employers have interpreted the agreement as undertaking to pay the piece worker for thirty-four hours at plain time rates or his piece-work earnings, whichever is the higher, suggesting that by this method the guarantee of a minimum rate, irrespective of whether there is work to do or not, is satisfied. The unions regard this as an anomaly in the agreement, suggesting that the payment of the guaranteed weekly wage is based on plain time rates and that the earnings of the worker through his piece-work efforts should not be taken into account when calculating the guaranteed weekly wage.¹ If a worker is idle for one or two shifts owing to no fault of his own, he should not, the unions argue, be refused payment for those shifts merely because his efforts during the other shifts of the week earned him more than the minimum rate for the whole week.²

The Fuel Crisis of February 1947

The fuel crisis of February 1947, which led to the cutting off of power to factories in some of the main industrial areas of the United Kingdom, put the guaranteed weekly wage agreement to a very severe test. Very short notice was given to industry of the intention to cut off the power, and the employers in the metal trades in the affected areas had to try to generate their own power, to employ their workers on bench and assembly work for which power was not necessary, or to pay the guaranteed minimum wage according to

¹ This problem has arisen in those sections of the industry which occasionally work short time and in which piece working is usual, for example the motor car section. Following the decision, referred to later, of the Ministry of Labour not to allow claims for benefit on the days not covered by the 34-hour guarantee, the piece workers are somewhat worse off than before the agreement. Previously, if they had been unemployed for two or three shifts in a week, they could have claimed benefit irrespective of their earnings on the shifts when working.

² For example, resolutions passed by the National Committee of the Amalgamated Engineering Union, 1947 and 1948.

the agreement. Most firms managed to employ some of their workers by developing the first two methods, but no work could be made for the majority of workers and they were paid the guaranteed wage for thirty-four hours. The actual duration of the power cut was unknown, and some firms, feeling they could not stand the financial strain of the payment of more than one week's wages to their idle employees, gave notice of dismissal to the majority of their workpeople. Other firms continued to pay a guaranteed wage to their employees throughout the period, which extended to three and a half weeks in some areas. No exact calculation can be made of the cost of the fuel crisis to employers and workers in the metal trades, but the payments made by the employers under the guaranteed weekly wage agreement alone are estimated at over £4 million. The workers in their turn suffered a heavy reduction in their pay packet.

Two important matters of principle and many issues of interpretation arose from the operation of the guaranteed weekly wage agreement in the fuel crisis. The first matter of principle was that raised by the employers, who suggested that the agreement was never intended to cover such abnormal circumstances as a national fuel crisis. It was pointed out that, since the cutting off of power was an eventuality beyond the control of the individual employers, to expect the employers to bear the financial burden of payment of wages in addition to the other losses such a crisis involved was economically unjust and unsound, and that no firm had the financial resources to go on indefinitely applying the provisions set out in the agreement. The employers therefore suggested to the unions that an "escape clause" should be inserted in the agreement, releasing the employers from any obligation to pay the guaranteed weekly wage when abnormal circumstances beyond the control of the employer made it necessary to lay workers off. In addition to a power cut, floods, snow, fire, and strikes in other industries preventing the delivery of raw materials or components were cited as examples of events beyond the control of the employer.

The second matter of principle was raised by members of the unions, who suggested that the issue by some employers of dismissal notices of one week at the very moment when the guaranteed weekly wage agreement started to operate

was contrary to the spirit of the agreement. The agreement, it was suggested, was not meant merely to vary the power of dismissal by the employer from one minute, one hour or one day's notice to one week's notice, but was meant to introduce a measure of security of employment in the industry, enabling the worker to look with confidence to his employer for work, or at least a minimum wage, irrespective of the particular fluctuations or temporary difficulties that the employer might face from time to time.¹

The problems of interpretation of the agreement which arose at the time of the fuel crisis were of a very unusual nature owing to the unprecedented and unexpected nature of the crisis. Two of the problems are, however, of general interest. One related to the issue of dismissal notices to workers and payment of the guaranteed weekly wage for this period, and then the re-employment of the workers who, under the four weeks' qualifying clause, were no longer strictly entitled to a guaranteed wage. Following union protests, the employers stated that this device was used only under the extreme financial stress of the crisis, and a recommendation was made by the Federation to its members that a "break in employment resulting in the application of the four-week qualifying period should be avoided wherever possible". The second problem arose out of the interpretation of the clause relating to dismissal notice. Some firms, in giving one week's notice, were making payment only in respect of thirty-four hours. This was challenged by the unions, but the employers maintained that where one week's notice is given, normal working conditions, including the guarantee, would apply, so that a worker continuing in a firm's employment would be given work, if available, but if such work was not available, as was the case in the fuel crisis, he was ensured at least the appropriate guarantee under the agreement.

The discussions between the employers and the trade unions, whether on matters of principle or of interpretation, have not reached finality. "Failure to agree" has been

¹ For example, a resolution passed by the National Committee of the Amalgamated Engineering Union in 1947, which referred to the defeat by the employers of "the purpose of the guaranteed week by dismissing employees for a short period and taking them on again when temporary difficulties have been overcome".

recorded. But with regard to the request of the employers for an escape clause, the unions have made it clear that they accept in principle the suggestion that employers cannot be expected to continue to pay a guaranteed wage indefinitely when their workpeople are idle owing to events outside the control of the employers. The unions have offered to consider a properly worded escape clause to meet such contingencies. They have insisted, however, at the same time, that an escape clause can only be inserted in the agreement if the employers are prepared, for their part, to extend the period of guarantee to the full working week of forty-four hours, instead of to the present thirty-four hours. This has been refused by the employers, who argue that "if a man is suspended and not called on to work, in principle it is entirely wrong that the man should be entitled to a full week's pay just as if he had worked. We consider that the equivalent of thirty-four hours is adequate compensation".¹ As neither side would make a concession, no agreement has been reached.

The Guaranteed Weekly Wage and Unemployment Insurance

The relationship between the guaranteed weekly wage and the right to unemployment insurance benefit is an interesting one, and has a bearing on the above discussions. It is obvious that the number of hours per week guaranteed and the hourly rate of the guarantee must yield the individual worker more than the benefit to which he is entitled under the unemployment insurance scheme. If this were not so, the guaranteed weekly wage agreement would not, from the point of view of the employer, be of any value in keeping his labour force intact. From the point of view of the worker it would involve accepting a rate lower than that of the national minimum. The position of workers who are entitled to more than the minimum unemployment benefit because of family responsibilities has to be borne in mind here. These considerations apply to all schemes for a guaranteed weekly wage.

Another connection with the national unemployment insurance scheme relates specifically to the present agreement

¹ Statement by employers' representative at joint conference, 17 December 1947.

in the general engineering trades. As the agreement only guarantees payment for thirty-four hours, that is four shifts of eight and a half hours each, some workpeople who were temporarily without work applied to the Ministry of National Insurance for unemployment benefit for the remaining two days of the week. This claim, after being allowed by the local court of referees, was rejected by the umpire on appeal, who ruled that the guaranteed wage paid covered the full working week.¹ No attempt was made by the unions to secure a reconsideration of this decision, but, rather, the efforts to extend the guaranteed wage agreement to cover the full working week of forty-four hours were redoubled. The anomaly of being paid only for thirty-four hours while the Ministry of National Insurance deemed that the agreement related to a full week—that is, forty-four hours—was strongly stressed.

THE POSITION IN OTHER SECTIONS OF THE METAL TRADES

In addition to general engineering, other sections of the metal trades which have separate guaranteed wage arrangements include the railway workshops, Government industrial establishments, the motor vehicle retail and repairing trade, and the stamped or pressed metal wares trade.

The agreement covering railway workshop staff, numbering approximately 110,000, was signed in April 1946 and the most important clause reads as follows :

Staff who are available for duty on any weekday shall be guaranteed a day's pay and staff who are available for work throughout the week shall be guaranteed a week's wages on the basis in each case of the time workers' weekly rates of pay for a 44-hour week.

The other clauses for the most part follow those of the general engineering agreement set forth above, but no clause relating

¹ In giving the decision, No. 210/47, 2 April 1947, the umpire stated that "the guarantee is for '34 hours in any pay week' and is not a guarantee of employment or wages for any specified day or number of days in any pay week. It is a payment 'in respect of a week'". The umpire quoted further the "well-established principle" that "where a guaranteed minimum wage is paid in respect of any week in which work is done, it has always been held that the recipient of that wage is not unemployed during that week on the ground that the wage is a payment made in respect of each and all days of the week and is a payment for the whole week".

to notice of dismissal is included. Nor is there any general escape clause. In practice, employment in the railway workshops is such that an escape clause is hardly necessary.

The agreement concerning metal workers in Government industrial establishments, covering approximately 130,000 metal workers, was signed in October 1946.¹ This agreement is almost identical with that in the general engineering industry, except that the guarantee extends to "the weekly hours to which they [Government industrial employees] are normally conditioned", and this means, in practice, forty-four hours per week. The conditions of service in Government industrial establishments usually provided for at least one week's notice of discharge, and the clause in the agreement on this point states that for both sides "the duration of notice was to be at least one week".

The National Joint Industrial Council for the Motor Vehicle Retail and Repairing Trade reached an agreement for a guaranteed weekly wage covering some 150,000 workers in April 1947. This agreement also followed the same lines as that in the general engineering agreement, except that the guarantee is for 80 per cent. of the normal weekly wage of the worker and, further, the conditions under which the agreement can be suspended are as follows :

In the event of dislocation of work as the result of strike action or other cause outside the employer's control the guarantee shall be automatically suspended in respect of workpeople affected in the establishment concerned. Shortage of work or materials shall not for this purpose be deemed to be a "cause outside the employer's control".

It will be seen that this agreed escape clause is much less general than the unagreed draft, quoted below, suggested by the employers in the shipbuilding and repairing trades. In this agreement the clause relating to length of notice on leaving or dismissal is the same as that in the general engineering agreement with the addition of the words : "such notice may be given on and operate from any day of the week". It is a matter of some debate whether the general engineering agreement should operate in this way.

¹ Agreement between the official and trade union sides of the Joint Co-ordinating Committee for Government Industrial Establishments, 25 October 1946.

A guaranteed weekly wage was introduced in the stamped and pressed metal trades by the Stamped or Pressed Metal Wares Wages Council (Great Britain) in December 1946. This agreement is identical with that in the general engineering trade although, being a wages council decision, it has statutory force. Approximately 20,000 workers are covered by this agreement.

The most important section of the metal trades that does not as yet have an agreement for payment of a guaranteed weekly wage is the shipbuilding and shiprepairing section. The section is estimated to employ approximately 200,000 workers. The matter has been discussed, off and on, for nearly three years by the representatives of the employers and the workpeople, but no agreement has been reached. At the time when the employers and unions in the general engineering sections of the metal trades were negotiating their agreement, difficulties were being met in the shipbuilding and repairing sections over the number of shifts in the working week, whether five or five and a half, to be adopted with the new hours of forty-four per week instead of forty-seven. When these difficulties were overcome, the shipbuilding employers operated experimentally a guaranteed weekly wage in some of their establishments. But these experiments, which followed in principle the lines of the agreement in the general engineering section discussed above, were, in the opinion of the shipbuilding employers, a complete failure during the fuel crisis of February 1947, and in the absence of an escape clause proved very costly. The unions continued to press for an agreement, and early in 1948 the employers submitted a draft. While this was immediately rejected by the unions, it is of some interest in that an escape clause is included and an attempt is made to deal with the peculiar conditions of employment in the shiprepairing side of the trade. The proposed escape clause reads as follows :

In the event of work ceasing to be available in an establishment through substantial damage to premises or plant resulting from causes not within the control of the management, or to general shortage of materials, fuel, power, or transport not within the control of the management, guaranteed payments under this agreement shall be automatically suspended.

The problem in the shiprepairing industry concerned the length of employment in one firm before the guaranteed weekly wage could be claimed. Employment in this section has in the past been determined by accidents to ships at sea, and by survey work to comply with the rules of classification societies, and this led to casual employment for most people engaged in the trade. In very many cases workers were not employed by one firm for more than the qualifying period of four weeks used in the general engineering agreement for the guaranteed week. In the draft put forward by the ship-building employers it was accordingly proposed to have two classes of guaranteed pay : one for a week of thirty-four hours, which could be claimed by workers with four or more weeks in the employ of one firm ; and one for two days, to be claimed by workers with more than two and less than four weeks' employment with the firm. A similar variation was proposed in the length of the dismissal notice.

The other new feature of the draft was a clause withdrawing the benefits of the guaranteed week from those workers who, after warning, had been persistently late or absent, had refused to work overtime or night shift or had taken part in concerted action restrictive of normal output. This clause and the unsatisfactory nature of the guarantee for workers with less than four weeks' continuous employment in a firm led to the rejection of this draft.

THE EXPERIENCE OF THE GUARANTEED WEEKLY WAGE AGREEMENTS

The guaranteed weekly wage agreements in the different sections of the metal trades in the United Kingdom all follow the same general pattern. The main differences are those relating to the existence or non-existence of an escape clause and the proportion of the normal weekly working hours and weekly wage that is guaranteed. All except one of the agreements include specific clauses which provide for one week's notice of leaving or dismissal. This similarity of the agreements, apart from the escape clause, makes it unnecessary to add to the account given above of the issues which have arisen in the course of operating the general engineering trade

agreement. The problems have been few and the operation in all sections smooth. The major issue that has arisen, the need for an escape clause, has been conceded in principle by the unions in the trades concerned, though final agreement on this point has not yet been reached. The same cannot be said of the second important issue, that of the length of time and wages to be guaranteed, though the example of the Government industrial establishments in guaranteeing the full working week may be a pointer to the solution that will eventually be found.

The smoothness of the operation of the agreements is due in large part to the character of the production in the metal trades. Unlike a number of other trades, the bulk of the products of the metal industries consists of goods requiring a fairly long production cycle. The length varies, from months in some instances to years in others, but in virtually all cases there is a significant time lag between the placing of the order, the starting of the job and the delivery of the final product. This fact enables all but the most inefficient firms to make fairly accurate plans and estimates of the machines, materials and men that will be required at various stages to complete the job. The guarantee to pay minimum wages to the workers on their books whether jobs are available or not increases the importance of forward planning, but the nature of the trade and product, in most instances, makes such planning an economic necessity. The smoothness of operation of the guaranteed weekly wage agreements in the last three years has also owed a great deal to favourable economic conditions. Nearly full employment has existed in the metal trades, and the order books of almost all firms are full with demands for their products for many years to come. The importance of the metal working industries in the export trade of the country (these trades provide nearly 40 per cent. by value of the total exports) has helped to ensure that the necessary raw materials and semi-finished products have been in even supply. Very few firms, therefore, have experienced slack periods, and apart from the fuel crisis, there has been little call to operate the agreements.

The guaranteed weekly wage agreements represent an important advance in principle on the ideas governing the pre-war conditions of employment in the metal trades. But

owing to their relatively limited operation, the extent of the advance in practice is still somewhat obscure, as is also the net advantage or disadvantage and cost of this advance to the employers. The advance in principle consists of the recognition by the employers of the claim of their workpeople to a greater measure of income and job security than was provided under the pre-war conditions when the employer had a right to lay off or dismiss his workers at a minute's notice. The element of doubt in so many workers' minds when arriving at the gates at the start of a shift, as to whether they would be allowed to work and be paid, has now been completely banished. Intermittent shift working, say two shifts on and two shifts off, and dismissal without warning are now a thing of the past. And it is probable, though this has not yet been effectively tested, that intermittent weeks of work, say one or two weeks on followed by one week off without pay, will also disappear. The need to give a full week's notice of dismissal makes such a system far too cumbersome to be of any advantage to the employer either in spreading the work among his total labour force or in direct economies in his wages bill. On the other hand, there is nothing in the agreements which will avoid longer-term fluctuations in employment and nothing which guarantees the worker long-term job or income security. The tapering off of the labour force in the employ of a particular firm by giving a week's notice to successive groups of workers when signs of slackening trade appear and their re-employment in some months' time with a revival of trade can clearly take place within the terms of the agreement.

The existence of full employment in the metal trades of the United Kingdom and the regular demand for the industry's products prevents any estimate of the actual gains that have been made by the workers with the achievement of a guaranteed weekly wage and provision for notice of dismissal. But it is evident that the actual gains in job security for the workers will depend more on the spirit in which the agreements are operated than on their wording. The limited gains discussed above are certain but whether, in a time of greater fluctuation in trade the clauses relating to the guaranteed weekly wage or those relating to one week's notice will be the more frequently invoked is a matter of conjecture and will

depend both on the character of the economic fluctuations and on the extent of co-operation between employers and employed in the industry.

The advantages and disadvantages to the employers of these agreements are similarly difficult to assess. The undertaking of the worker to give one week's notice of leaving has provided a slight obstacle to labour turnover, though there is little doubt that the influence of this factor by itself on labour turnover would be negligible. If a worker is dissatisfied with his earnings or conditions, the need to give a week's notice is unlikely to stop him leaving eventually, though it may, from inertia, delay the decision. On the other hand, there are many instances of workers leaving at very short notice and thereby declining to claim the guarantee of a week's wages. In the majority of cases where the week's notice to the employers has been given there has been some advantage to the employers in that the employment exchange can be notified of the vacancy before it has actually occurred and interfered with production. In the same way the worker, on receiving a week's notice, can be placed on the books of the exchange for another job before he is actually out of work. Of the cost of these agreements to the employers there is little or no evidence at all. Except at the time of the fuel crisis, there have been very few instances of workers being paid for doing nothing; and in those cases where some reduction of the over-all labour force has been necessary, the gradual reduction has been effected by giving one week's notice to batches of workers, resulting in no financial cost to the employers.

FUTURE PROSPECTS

The tentative conclusions which can be reached, therefore, regarding the operation of the guaranteed weekly wage agreements in the metal trades in the United Kingdom are that they do represent a definite gain to the worker in respect of his conditions of employment and his job and income security, though, under the terms of the agreements, he is guaranteed less than a full week's pay and the employer has the right to dismiss him by giving him one week's notice and to re-engage him a few weeks later. For the employers,

except in the case of the general engineering agreement, which does not include an escape clause, the cost of operating the agreements has been very small and the advantage in reducing labour turnover probably very slight. The continued demand for the products and the relative scarcity of labour in the metal trades prevents any estimate of the manner in which the agreements will be operated in a period of economic fluctuations—the precise conditions which the agreements were intended to meet.

If the agreements continue to work smoothly, the sequel may well be a discussion of a longer period of job security and wage guarantee and a longer dismissal notice. But if this stage is reached, and perhaps before, a clarification of the relationship between the voluntary agreements for a guaranteed weekly wage in each industry and the compulsory national unemployment insurance scheme must be achieved. In those agreements where the full working week is guaranteed, the relationship between the two schemes has not arisen directly and the employer bears the whole of the cost of the guaranteed wage. In those trades where less than a full week is guaranteed, the Ministry of National Insurance has rejected the claim of workers to unemployment benefit for the remainder of the week, and so again the whole cost of the wage that is paid to the worker without work is borne by the employer. But both the employers and the workers make compulsory contributions for unemployment insurance. The question arises therefore as to whether these contributions are intended only to cover long-term unemployment, or unemployment caused by "acts of God" and other happenings beyond the control of the individual employer. There may in fact be some case for a payment or benefit to the workers under the unemployment scheme in addition to the guaranteed wage from the employer in order to bring up the actual wage of the worker to a figure approaching more closely to his normal earnings. Or there may be some case for the underwriting by the national unemployment insurance fund of the payments made by the employers.

These and similar questions arise in relation to the guarantee of weekly wages in all trades, and while full employment and full order books have not made them issues of great moment as yet, their closer consideration will be neces-

sary in the event of greater economic fluctuations leading to the more widespread application of the guaranteed wage agreements. They will also require consideration if any progressive extension of the guarantee is envisaged, and such an extension may well be first discussed in the metal trades owing to the long-term character of the production cycle of most of the sections. The issue underlying the questions is that of the path to greater security: whether the path lies in the direction of greater and more comprehensive State schemes for income and job security or whether the best road is the development of schemes on an industry basis, with each industry being responsible for the wellbeing of the people earning their living in that industry. In practice the problem becomes one of deciding for different industries and different countries the best compromise between the two alternatives.
