

THE HUMAN FACTOR IN BUSINESS

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INTRODUCTION

IN pre-war days Labour Unrest was one of the most serious problems confronting the country. In 1913, 11,491,000 working days were lost through strikes and lock-outs. The situation was steadily growing worse, when the contending forces in this country united in defence against a foreign foe. Then, although from time to time during the war there was a recrudescence of unrest, it was held in check by a consciousness of the national danger.

Now, however, it has broken out again with redoubled force; and in 1919 the *Labour Gazette*, published by the Ministry of Labour, recorded 1413 strikes and lock-outs, affecting 2,570,000 persons, and involving the loss of 34,483,000 working days. That year witnessed the railway strike, which lasted for nine days, and dislocated industry from John o' Groats to Land's End. In 1920 there was little improvement, for there were 1715 strikes and lock-outs, affecting 1,932,000 people, and causing the loss of 27,011,000 working days. The iron-moulders' strike, which began on September 22, 1919, and lasted until January 12, 1920, caused serious dislocation, and its effects were felt throughout the year; while in October the general strike of miners, which continued for fifteen days, threatened to bring industry and transport to a complete standstill. In short, it must be admitted that the situation is darker than it was before the war.

Conditions in 1921 are even worse than in the two preceding years.

There are several reasons for this. In the first place, the high cost of living, and an exaggerated idea of the extent to which employers were 'profiteering,' produced extreme irritation among the ranks of the workers—an irritation greatly increased by the growing volume of unemployment. Men who had been fighting for years returned to find work difficult to obtain, at a time when prices were soaring. The situation was aggravated by the house famine and the long delay in building the sorely needed houses. In the opinion of the workers, these evils could and should have been avoided. Being unfamiliar with the intricacies of finance and the economics of industry, they did not realise the magnitude of the difficulties to be overcome, and they attributed the hardships from which they suffered entirely to apathy on the part of the Government and to the selfish greed of employers and financiers.¹ This view was strengthened by irresponsible writers and speakers, who assiduously fanned the flame of popular discontent.

In the second place, a profound change has come over the psychology of the workers since 1914. The war has shaken them out of their ruts. Many of them, in pre-war days, had grown accustomed to conditions which left much to be desired. But they are not prepared to return to them without demur. They have travelled widely, and mixed with men from other towns and other countries. They have exchanged notes upon industrial conditions with Americans and men from the Dominions, and now they ask why they should submit to conditions which compare

¹ I do not wish to suggest that the Government did all that could possibly have been done to avoid the conditions complained of: my point is that the difficulty of setting the world to work again, after so terrific an upheaval, was enormously greater than the average worker imagined.

unfavourably with those of many other workers. Moreover, responsible statesmen in this country promised them, when the war was over, 'a land fit for heroes to live in'; and bright word pictures were painted of what they might expect. Small wonder that when some of them compared the actual conditions with those to which they had looked forward, they were filled with disappointment. 'If this is the best your capitalistic system of industry can provide,' they said, 'then let us try something else, for it is not good enough!'

Thus, the causes of labour unrest go much deeper than difference of opinion regarding wage-rates. The whole basis of industry is challenged. And frequently, to-day, the lot of the agitator is easier and much less anxious than that of the experienced Labour leader, who has learned to look all round a question before giving his opinion, and in whom responsibility and experience have implanted a sense of caution.

I do not propose in this book to discuss the basis of industry, but I suggest that whatever experience may teach us in that respect, there are certain conditions which must be secured for the workers, no matter what the industrial structure may be. These are:

1. Earnings sufficient to maintain a reasonable standard of comfort.
2. Reasonable hours of work.
3. Reasonable economic security during the whole working life and in old age.
4. Good working conditions.
5. A status for the workers suitable to men in a free country in the twentieth century.

Since hitherto these conditions have not been adequately secured under the capitalistic system, the

more extreme thinkers are demanding its complete overthrow, in order that an entirely new system may be set up in its place. There is great divergence of opinion as to what the new system should be. Some advocate the nationalisation of all the means of production and distribution of wealth, of course including land. Others advocate Syndicalism or Guild Socialism, and some hold that we should follow Russia's example, and set up a system of Soviets. But the overwhelming majority of workers are in favour of evolving a better state of things out of what exists at present, rather than of scrapping it entirely and starting afresh. Personally, I agree with that view. Although profoundly dissatisfied with industrial conditions as they are to-day, I believe improvement must be sought for by building on the present foundation, though the ultimate structure will doubtless be very different from that with which we are now familiar.

Evolutionary changes may come through three channels. They may be brought about by legislation, or by negotiation between workers and employers, either in an individual firm or in a whole industry, or they may be made voluntarily by employers who recognise the need of them. With regard to the last class, however, it is well to remember that much social legislation consists in making generally compulsory what voluntary experiment has shown to be desirable.

A great and growing number of employers are trying to provide, in connection with the businesses which they direct, the conditions which are demanded by the more thoughtful Labour leaders. In many cases, they are working out the problems involved in association with their employees. Being pioneers, they are obliged to proceed by way of experiment, and it is of great service to others working in the same field if they will publish an account of their work and of the results obtained.

That is why I have written this book, which largely consists of a description of the way in which the directors of the Cocoa Works, York, have tried to solve some of the human problems of business administration. I deal with the subject under five heads—Wages, Hours, Economic Security of the Workers, Working Conditions, Joint Control,—and in each section I indicate the end we have in view, the means by which we try to achieve it, and the extent of our success.

I should be the last to claim any special merit for our methods, but we have received so much help from others, that it seemed incumbent on us to throw our experience into the common stock of knowledge, in the hope that we may thus repay, in some measure, the debt we owe to the experience of other firms.

B. S. R.

YORK,
May, 1921.

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THE HUMAN FACTOR IN BUSINESS

CHAPTER I

WAGES

It is fitting that the first chapter of a book on the human side of business administration should treat of wages, for unless an industry pays wages which will enable the workers to live in reasonable comfort, it fails in one of its chief duties to the community. Of course, an individual employer cannot determine the wages in his factory without regard to those paid by his competitors, but this does not absolve him from all responsibility in the matter.

If the wages current in his industry are inadequate to enable the lowest-paid workers to live in moderate comfort, there are two things he should do. First, he should try to persuade his Employers' Federation to take any steps necessary to render possible an advance in the standard wage, and second, within the limits which trade agreements permit, he should seek to pay reasonable wages in his own factory.

WHAT ARE 'REASONABLE WAGES'?

But what are 'reasonable wages'? In the case of a man, I think they may be defined as wages sufficient

to allow him to marry, to live in a decent house, and to maintain a household of normal size (generally taken as consisting of five persons) in physical efficiency, with a moderate margin for contingencies and recreation. In the case of a woman, who, as a rule, has not to maintain dependents, the minimum wage should enable her to live comfortably in respectable surroundings with a margin for incidental expenses.¹

With prices fluctuating widely from day to day, it would be futile to say what money wage would enable workers to live in accordance with the above standards. Some time ago I estimated it at 35s. 3d. for a man and 20s. for a woman at 1914 prices,² and, of course, now (May 1921) it is more than twice as high. But though no permanent figure can be stated, there is no doubt that the wages normally received by unskilled labourers fall short, in many cases far short, of the necessary sum.

CAN INDUSTRY AFFORD HIGHER REAL WAGES FOR LOW-PAID WORKERS ?

It is true that to raise minimum wages to-morrow, by a substantial amount, would be impossible, since industry could not adapt itself to so sudden a change. But I suggest that all employers should definitely set before them, as an end to be achieved with the least possible delay, the payment of such wages as will allow even their unskilled workers to live in health and comfort.

¹ I do not wish to imply that such a standard is an ideal one ; for instance, nothing is allowed for giving children a secondary education. It is, however, a much higher standard than that under which unskilled labourers live at present, and it would serve no useful purpose to propose, as something to be attained within a few years, a standard of wage which may be possible in future, but could not possibly be generally paid now.

² *Human Needs of Labour*. T. Nelson and Sons, Edinburgh. 1918.

It is a mistake for employers to leave all the pressure in connection with wage advances to be made by the workers. Of course, there are already many employers who are not in favour of low-paid labour, and who pay all they can, but this should be the policy not only of individuals, but of employers as a class. The adoption of such an attitude would revolutionise the relations between Labour and Capital, and do much to allay labour unrest.

Any substantial increase in wages can only be secured in two ways—by reducing the profits of employers, or by increasing the amount of wealth produced per worker.¹ With regard to the first possibility, the only fund available is the 'surplus profits'—i.e. profits over and above what are necessary to keep the business financially sound. There may, of course, be industries which habitually make surplus profits, but they are exceptions, and I think that unprejudiced persons will agree that there is no substantial fund available, to be secured merely by reducing profits.² We fall back, then, on the alternative.

The wealth produced per worker depends partly on his own exertions and partly on those of others. So far as his own exertions are concerned, there is no doubt that they represent a potential source of increased wealth, which varies greatly from worker to worker and from trade to trade. Many workers are not doing their best, and will tell you so quite frankly. It is the task of those who are responsible for the administration of industry on its human side to seek out the

¹ To raise prices is, of course, no solution of the problem. What we are concerned with is not money wages, but *real* wages, and if prices are raised as a consequence of increased wages, no benefit is in the long run conferred upon wage-earners. It is true that this statement would not hold good if the advance in prices were confined to luxury trades, but in point of fact no such limitation would be practicable.

² In this connection see *The Division of the Product of Industry*. By A. L. Bowley, Sc.D. The Clarendon Press, Oxford. 1919.

causes for this, and to find appropriate remedies. I refer to this question frequently in succeeding chapters, and will only say here that the causes are often deep-rooted. Among them are the fear of 'working oneself out of a job,' and the fear of rate-cutting in the case of piece-workers.

Turning to the possibility of increasing the production of wealth by means other than the exertion of the wage-earners, it will not be disputed that many factories are still running on inefficient lines. Much of the machinery is antiquated, the buildings are badly planned, and the staff and workers are ill-trained and badly organised.

In such cases the profits earned are often considerable, even when wages are low, and any request for higher wages is met by the argument that the industry cannot afford them. What is here needed is a critical examination of each process, to see whether its cost cannot be lowered. Only after a minute examination, on these lines, is an employer really in a position to say whether his industry can or cannot afford to pay higher wages.

IMPORTANCE OF RENDERING INDUSTRY MORE EFFICIENT

Broadly speaking, the wages of unskilled workers in industry to-day are too low, largely because the industries cannot afford to increase them. It is, then, one of the first responsibilities of employers towards the workers to raise the standard of efficiency within the factory; for substantially higher wages can only be paid in proportion as they are earned. To earn them involves the united effort of the employer and the workers. It is easy for each party in industry to blame the other for all unsatisfactory conditions—for the worker to blame the methods of the management,

and for the employer to blame the idleness or 'canny' tendencies of the workers. But the policy of mutual recrimination will not mend matters.

I suggest that the aim of every employer should be to provide equipment and organisation which will enable every worker to earn the highest possible wages, and to establish a relationship with the workers which will encourage each of them to take the fullest advantage of these opportunities. I have not been thirty years in business without realising how difficult this is. But if experience has made me conscious of the difficulty, it has also impressed on me the importance of overcoming it; and I believe the chances of making real progress in this direction are greater to-day than they have ever been before.

On the one hand, more and more employers are becoming anxious to promote the attainment by the workers of a higher standard of life; on the other hand, the war has shown us what vast improvements science can effect in industrial processes and methods. To-day, the help of the scientist is being called for by employers to an extent that was undreamed of a few years ago.

I must refer the reader to other books for a discussion of methods of business efficiency. The matter is only mentioned here because it lies at the root of the wage problem, and I want to press home the fact that failure to render a business thoroughly efficient injures not only the shareholders but the workers, and that no sound scheme for the human administration of a business can be built up on methods which are unsatisfactory from the material standpoint.

At the Cocoa Works, considerable benefit has resulted from the activities of a body known as the 'Research Committee.' This consists of expert engineers, chemists, cost-accountants, and statisticians, who, in association with the managers and others in the departments concerned, systematically overhaul

the processes employed in the factory. They take nothing for granted, but examine every process in the light of the best scientific and technical knowledge available. Many of those on the Committee have no executive duties, their whole time being devoted to research. Although the expense involved is considerable, it is amply justified by the results obtained.

THE ORGANISATION OF A WAGE DEPARTMENT

I pass now to the question of the organisation to be set up to deal specifically with wages—in other words, from the material to the human side of the wages problem.

The first step is to make some one in the factory responsible for supervising all questions of wages and employment. These are so important that they cannot be allowed to take their chance at the hands of a number of different officials. In a small factory, one of the principals should accept responsibility for this side of the business administration, delegating details to some one directly responsible to himself. In a large factory the work will be carried out by a labour manager, who might be one of the directors, or some one else occupying a position of great authority.

Assuming that the very utmost is being done to provide efficient administration and equipment, the duty of the labour manager in a factory is to encourage every worker to take the fullest advantage of the opportunity thus provided to earn high wages. I here emphasise the word *earn*.

This will involve :

- (1) In the case of workers paid 'on day,' the constant adjustment of wages (within permissible limits) to the value of the service rendered.

- (2) In the case of those who are paid by results, the development of those systems of payment which will most effectively encourage them to do their best.

In all his work, the labour manager will realise the fundamental importance of insisting on 'the fair deal.' Only thus can an atmosphere in which the workers do their best be created and maintained. This necessitates :

- (3) Organisation which provides for dealing, with the least possible delay, with all questions raised affecting the earnings of an individual or a group of workers.

The last point is important, for much labour unrest to-day is caused by delay in settling grievances, which may individually seem unimportant to the management, and which are capable of easy solution, but which, if allowed to accumulate, create a widespread sense of discontent.

It cannot be too clearly remembered that although the employer is apt to regard his wage bill as a whole, and to consider it primarily in relation to his cost of production and his balance-sheet, to the worker the wage received at the week-end is an exceedingly individual matter. It is small comfort to an employee who, from one cause or another, receives less than the sum to which he considers himself entitled, to know that *on the average* the wages paid in his department are adequate. To a man who is living on the margin, a shilling or two below his usual wage means running into debt, or going without some necessary, while a shilling or two more may mean the power to secure something which makes a real difference to the joy of life.¹

¹ I do not forget that many workers, like many other people, waste money on drink, or gambling, and in other ways. But this is no sound reason for refusing an advance in wages, which workers of the better type will utilise to the best advantage. It is rather a reason for educating the waster to use his money better. We must remember,

A labour manager, then, no matter how many workers there may be, must not only regard wages as a whole, but consider their relation to every individual worker.

In saying this, I do not, of course, lose sight of the fact that in certain industries there is no system of payment by results. Moreover, trade unions sometimes insist on the payment of a flat rate to everyone in each particular grade, independently of individual worth. In such cases, the labour manager will have less to do in adjusting individual wages, though he will have much more to do in other directions. But such a system has a deadening effect, and the tendency of industry is to depart from it. A large proportion of trade unions accept payment by results, and even when that is not the case, many trade agreements, while laying down *minimum* wages, allow for the recognition of individual merit or responsibility.

Before describing the methods adopted at the Cocoa Works for dealing with wages, it should be stated how the minimum wages in the Cocoa and Confectionery industries are fixed. Since 1913 minimum wages have been fixed by a Trade Board, but these represent the absolute minimum which must be paid by everyone engaged in the industry, and are lower than the wages currently paid by most of the larger firms. In 1918 an Interim Industrial Reconstruction Committee¹

with regard to this point, that waste is always more noticeable than judicious expenditure, and also, that it is almost impossible, at present, to imagine a system under which a man's income would vary in accordance with his sense of moral responsibility!

¹ The functions performed by Interim Industrial Reconstruction Committees are practically the same as those performed by Joint Industrial, or 'Whitley' Councils—but the latter are only recognised by the Minister of Labour when set up in industries where both employers and workers are highly organised. In less highly organised industries, a Joint Interim Reconstruction Committee takes the place of the Joint Industrial Council. It is not regarded by the Minister of Labour as speaking with quite so authoritative a voice on trade questions as a Joint Industrial Council.

was formed, and a materially higher scale of minimum wages was agreed upon between the representatives of employers and the trade unions on that Committee. The payment of these wages is not compulsory upon every employer, but, in practice, firms employing about 75 per cent. of the workers in the industry have voluntarily agreed to pay them. The trade unions who are parties to the wage agreement have undertaken not to approach individually, with a view to securing an increase in the basic wage rate, any firm which, like our own, is a party to the agreement made by the above Committee.

The Committee fixes a minimum wage for everyone engaged in the manufacture of cocoa, chocolate, or confectionery, except when wages are settled by trade unions not parties to the agreement. For instance, this wage scale has, of course, no bearing on the wages of men on the maintenance staff, such as joiners, builders, etc., nor does it include the clerks. One minimum figure is fixed for men of 21 years and over, one for women of 18 years and over, with lower minima for younger persons; and no attempt is made in the agreement to assess the value of a worker's services, above the minimum. Piece-rates must be so fixed as to enable workers of average ability to earn 25 per cent. above the time rate.

It is a great step in advance to have such a minimum wage fixed for the bulk of workers in the industry; but it is only an initial step. An enormous amount of detailed work on wages is left to each individual firm. Arrangements must be made as to the relative value of all kinds of services worth more than a minimum wage, and piece-rates must be established for every process, which will yield to the average worker at least the minimum laid down in the agreement. Until recently, each department in the Cocoa Works was responsible for dealing with its own wages, and working

out its own piece-rates. In spite of quarterly reviews of wages by an inter-departmental committee, it was found that there was a great variation in the way in which wage problems were dealt with in different departments, and this gave rise to considerable dissatisfaction in departments which were less liberally treated than others. Recently, therefore, we have introduced machinery for securing more perfect co-ordination throughout the factory, in the matter of wages. A Wages Section has been established, which is responsible for the wage policy of the whole Works. In view of the importance of the wage question, it may be worth while to explain the system we have adopted, and the duties of the Wages Section, in some little detail.

The objects for which the Section was established are as follows :

- (1) To ensure complete co-ordination in the methods of dealing with wages throughout the factory.
- (2) To set up the machinery necessary for keeping a constant survey of the wages of every worker, and advising the departments concerned whenever a wage appeared to be anomalous, so that enquiry may be made as to the cause of this.
- (3) To obtain, and keep up to date, full information regarding wages paid throughout the country, for every kind of service rendered by workers employed at the Cocoa Works.

Two purposes are served by this comprehensive survey of current wages. First, where we find that our wages are falling behind the national standard, we can rectify the matter before a complaint reaches us, and thus prevent dissatisfaction, and, second, when an application for an advance in wages

is made, we are in a position to see how far this is justified, in relation to the national standard.

- (4) To obtain, and keep up to date, information relating to methods of remuneration adopted elsewhere, and to give expert advice to the departments on methods of working out piece-rates, bonus schemes, etc.
- (5) To negotiate with trade unions on all questions affecting wages. Where these concern workers in one department only, this task is usually undertaken in conjunction with the manager of the department concerned.
- (6) To see that the terms of the Interim Industrial Reconstruction Committee's Agreement are strictly adhered to in the Works, in so far as wages are concerned.

It will be seen that if the above scheme is working efficiently, it provides so detailed a knowledge of the wages earned week by week by everyone throughout the factory, and of the wages paid for similar services elsewhere, that legitimate causes of complaint are unlikely to arise. Whenever a wage is seen to be low, the department concerned is made aware of it, the reasons for it are analysed, and a remedy is generally supplied, sometimes by the worker, and sometimes by the firm.

It is not suggested that the work now being done by the Wages Section was never done before. Most of it has been done from the outset by separate departments, but it is now more thoroughly co-ordinated. The Wages Section exists specifically to deal with wage questions, and this important duty is no longer one item in the heavy burden falling upon departmental managers, an item which may sometimes be squeezed out on account of the pressure of other very urgent work.

It is obvious that the greatest services of a central Wages Section are rendered in connection with piece-work, but it is also of considerable use in determining the remuneration of day workers. As already stated, the minimum wage payable to every worker is fixed by the Interim Industrial Reconstruction Committee. But any wages above the minimum must be fixed by each factory separately. To secure uniformity of treatment, all day workers are divided into four grades, according to the work on which they are engaged. The wages payable in each grade vary within a limit of three shillings or four shillings, according to the individual merit or responsibility of the workers, and the lowest of the four grades begins at the minimum wage fixed by the Interim Industrial Reconstruction Committee. It is not an easy matter to determine the grading of particular jobs, and it is a real help to have present, at all conferences for doing so, the representative of the Wages Section, who can consult with departmental managers as to the value of any particular piece of work in relation to other work throughout the factory. No piece-rate, and no day wage, is altered without first notifying the Wages Section, which is responsible for advising the departmental manager concerned whether the proposed alteration is in conformity with the policy of the factory as a whole. Of course, it does not presume to dictate to a departmental manager as to whether John Smith, working in a particular grade, should be paid the minimum or the maximum wage of that grade. But it can advise him whether, generally speaking, he is adopting a similar policy to that adopted by other managers in assessing the value of his workers. Apart from such help, it might easily happen that in one department most of the men were paid the maximum for the grade, while in another most of them received the minimum. If such a divergence

were noticed, the respective managers would be advised, and the subject would be discussed with the purpose of securing uniformity of treatment.

If the departmental manager and the Wages Section do not agree on any wage question, the matter is referred for final settlement to a standing committee of the Board of Directors, which deals with wages and employment.

PROFIT-SHARING

Although we have not introduced profit-sharing into our business, I do not feel that any treatment of the wages question would be complete without some reference to it. There is at present no direct relation between the share of the product of industry which goes to the workers, and the profits of the individual business, and a desire is often felt for some system which would give the workers a direct interest in the prosperity of the enterprise with which they are connected. This desire may arise from a feeling that only in this way can abstract justice be attained. On the other hand, it may spring from the purely business view that so long as workers are divorced from any direct interest in the prosperity of the firm employing them, they cannot be expected to pull their full weight. In either event, we turn to profit-sharing to see whether it offers any solution.

When we speak of profit-sharing it is obvious that we really mean the sharing of surplus profits, i.e. any profits there may be after labour and management have been paid wages at the current rate, and after capital has received an interest sufficiently high to attract the necessary supplies. Obviously, the rate of this interest will vary with the risk incurred. I do not propose here to discuss the complicated and highly controversial question: 'To whom do the

surplus profits in equity belong ?' because when we begin to examine the question closely we find that the division of the surplus must be based upon practical considerations, rather than determined by strict equity.

For instance, in some individual business, a strong case could be put up to show that the workers had no just claim to the surplus profits realised, since these were the result of exceptional efficiency on the part of administrators and organisers. In another business, the case might be reversed. The workers might have done their utmost, but the surplus profits might be slender owing to some mistake of organisation on an employer's part for which, in strict justice, he alone ought to suffer. Giving up, then, the attempt to formulate any policy which would secure perfect equity in every conceivable case, let us, as industrial administrators, consider the practical side of the question, and ask ourselves what division of profits will make for the greatest efficiency in industry, and the greatest material well-being for all.

There are two ways in which the giving to Labour of a share of the profits might make for greater efficiency. In the first place it might stimulate effort, like payment by results. I do not myself think, however, that much could be expected in this direction. The essentials for any satisfactory system of payment by results are: (1) that the method of calculation should be simple, and easily understood; (2) that the payment should follow immediately, or soon after the effort; and (3) that the reward should bear a direct relation to the effort. Profit-sharing, as a rule, satisfies none of these tests. No doubt there are cases in which wages form so large a part of the cost of production, and the organisation is so simple, that profit-sharing is really equivalent to a bonus on output. That happened in the celebrated case of Leclair, the French house-painter. Again, there are cases where,

for one reason or another, payment by results cannot be introduced, and then profit-sharing may be preferable to offering no stimulus at all. In the ordinary way, however, if employers merely want to stimulate output, they should adopt systems of payment by results, individual or collective, which will satisfy the above tests. A careful investigation of what has happened in practice confirms this view.

But I said there were two ways in which profit-sharing might make for efficiency. What is the second? I think it is this. By means of payment by results we can stimulate output, but, however important this is, we need something more. If British industry is to hold its place in the world, we must secure the whole-hearted co-operation of Labour. This means something more than mere physical effort. It means bringing into the common pool all the worker's resources, not only of brawn but of brain, and it means willing service. This involves a certain attitude of mind. It is a psychological problem. At present, one great difficulty in the way of achieving co-operation is the belief, on the part of Labour, that it is not being fairly treated. It is disinclined to give its best when the immediate effect of greater effort (and it is the immediate effect which chiefly moves the average wage-earner) is to swell the dividends of the shareholders. Profit-sharing on wise lines may fulfil a useful and important function in allaying the suspicions of the workers, which at present give rise to so much unrest. It may either show that surplus profits do not exist, or if they are present, it may guarantee that a substantial and growing part of them shall go either to Labour, or to the community. There can, I think, be no doubt that profit-sharing has in practice been more successful than is commonly believed, or than would appear from a cursory examination of Government Reports.

Objections to profit-sharing come from both employers and organised Labour. One common objection of employers is that employees soon come to regard their share of profits merely as additional wages, and that, though profit-sharing may succeed while profits are high, it fails when they are low, just when an incentive is most badly needed. But this objection does not appear to have proved serious in practice. Another objection is that an employer cannot afford to give that publicity to his affairs which profit-sharing demands. This may be so in the case of small employers; but I do not think it is a very serious objection in the case of a joint stock company. Employees usually think profits are higher than they really are. Bankers and creditors usually think they are lower. A further objection is that profit-sharing makes it harder for the less profitable business in an industry to compete with the more successful. In other words, it 'breaks down the solidarity' of employers. But even in so far as this is true, it is only an acceleration of a process which is continually going on, and which the economists claim as one of the outstanding merits of the present system. A similar objection arises as between one industry and another, and here it is more serious, because it does not follow, as in the former case, that one industry is for the moment less profitable than another because it is less efficient. However, it seems to me that this difficulty is over-stressed. Those who put it forward are apt to exaggerate the mobility of labour. Another objection made to profit-sharing is that it penalises the home investor. But this seems to overlook the fact that the return on capital is largely determined by the risk, and that if, as we assume, profit-sharing makes for increased efficiency and greater security, the investor should be prepared to receive a correspondingly lower return. A well-founded objection is

that Labour may receive a share of surplus profits for which in a particular instance the commercial side of the business may be wholly responsible, or, may, through a mere mistake in a firm's commercial policy, or by some untoward circumstance, be deprived of any reward for a year's increased effort. This is, however, a difficulty inherent in any partnership. A final objection is, that if Labour is to share in profits it must also agree to bear its proportion of losses. Whatever be the truth on this point, it may be pointed out, first, that if Labour, as a result of a profit-sharing scheme, gives for a whole year better service than it would otherwise have done, and at the end receives no share of profits, it is, in a very true sense, actually bearing its share of losses, since it is not recouped for its additional effort. Secondly, under an ordinary scheme, Labour shares only in the surplus profits, and should therefore, if I may use the phrase, share only in the surplus losses—a contingency which can be provided for without much difficulty.

The real objection and the greatest difficulty are found in the attitude of organised Labour. I cannot here refer in more than the briefest terms to this matter, and would merely say that Labour generally is not prepared willingly to accept any profit-sharing scheme which does not satisfy the following detailed conditions, namely, that :

- (1) The amount of capital which is adopted as the basis of the scheme really represents assets : that is to say, that capital has not been inflated ;
- (2) Labour's proportion of profits is fixed, and the share it will receive cannot be reduced by any manipulation of reserves, or by unreasonable increases in rewards of management, or similar methods ;

- (3) Labour has adequate means of satisfying itself as to the accuracy of the accounts ;
- (4) Labour has a legal right to its share, and is not dependent upon the bounty of employers ;
- (5) there are no unreasonable provisions restricting the mobility or freedom of Labour ;
- (6) wages are not to be less than trade union or other appropriate rates ;
- (7) employees are to be free to join any trade union ; and,
- (8) strikes are not to be penalised.

Further, organised Labour as a rule feels that even if these conditions are satisfied, profit-sharing still tends to weaken trade union solidarity. In this, I think it is right. Nevertheless, profit-sharing schemes can probably be devised which will meet this objection.

The advanced Labour man's point of view is quite different from that of the orthodox trade unionist. His claim is that any sharing of profits will tend to perpetuate the profit-making system. He will generally admit, however, that, under any system he contemplates, something in the nature of profits would have to be shared between producers and the community, and that a good profit-sharing scheme might conceivably point the way to further developments. His real fear, of course, is that Labour will be made content.

I cannot here deal with the relative merits of profit-sharing and co-partnership. As I understand it, the latter consists of a share of (1) profits, (2) control, and (3) capital. The first I have just discussed. The second is discussed in Chapter V. The third is a question to be considered by the employer and by the trade unions, in relation to the particular circumstances of the business and the industry.

Summing up, I feel that real efficiency cannot be attained until every worker is given some direct interest, not only in the performance of his individual job, but in the success of the whole undertaking, and is completely secured against any exploitation by his employer. It seems quite possible that these ends might be achieved, without detriment to the interests of organised Labour, by a judicious blend of payment by results, profit-sharing and control-sharing. A satisfactory scheme, however, has yet to be worked out. Whatever lines it may take, I think that a share of profits, possibly small to start with, should be set aside for the public benefit. This would serve a useful purpose, if it helped, even in a small degree, to transfer the emphasis from the interest of the private individual to the interests of the community.

with relentless force in foreign markets, so **all important** to this highly industrialised little island.

CHAPTER II

HOURS

IN reviewing the changes in industry during the last five years, it seems to me that nowhere have old abuses more completely disappeared than in the length of the working day. Indeed, soon after the armistice, there was a danger, at any rate in some industries, of the reduction of hours of work below the limit which was prudent or desirable in the interests of the workers themselves. They were in a strong economic position. Trade was booming : it was easy to sell goods at almost any price, and a strong demand came from Labour for higher wages and shorter hours. A universal 48-hour week, which had been regarded as an ideal before the war, was looked upon as out-of-date and old-fashioned. The plea for a 44-hour week was considered moderate, and we all remember how one powerful body of trade unionists demanded a 40-hour week, and added that if this reduction did not banish unemployment within their particular industry, they would demand a 36- or, if necessary, a 30-hour week. But their case rested on a false conception of the economics of industry. They forgot that the extraordinary demand for goods which then prevailed would not last for ever, and that as soon as the most urgent needs of the community had been met, commodities would only find a market if offered at keenly competitive prices. They forgot, too, that this fact held good

HOW LONG SHOULD THE WORKING WEEK BE ?

The general principle which should guide us in fixing the hours of industry is, that they should not be so long as to interfere with the health of the workers, but that below that point no reduction should be made which involves increased cost or a lessened output, since, sooner or later, these would adversely affect wages, leading either to a lowering of the existing wage standard, or preventing the attainment of a higher one.

I recognise that this principle can only be broadly applied, for the number of hours which can be worked in a week, without detriment to health, depends not only on the kind of work being done, but on the physique of the worker. But, taking an industry as a whole, it is not difficult to fix a time limit beyond which it is undesirable to work. This limit, of course, will be reached more rapidly in the case of an industry involving very heavy work than in a normal one. Experience seems to point to forty-eight hours as the length of the working week which may suitably be regarded as the standard in most industries, and I should say that any deviation from it must be justified by the facts. A reduction should only be made if it is necessary for health, or if it can take place without materially increasing the cost of production. As for longer hours, they should only be allowed if they result in increased production, without detriment to the health of the workers. In basing my arguments on these two conditions, health and production, I do not forget the claims of Labour to a reasonable amount of leisure. But we are so much nearer the ideal as regards hours than wages, that the latter should take precedence over the former where the claims of the two conflict.

Up to 1895, at the Cocoa Works, we worked fifty-four hours a week, in accordance with the usual practice at that time. Work for both men and women began at 6 A.M., and continued until 5 P.M. On Saturdays we worked from 6 A.M. to 1 P.M.

In 1895, however, we reduced the hours to 48 per week, without altering day wages or piece-rates, and we found that the earnings of piece-workers did not suffer, in spite of this reduction. We have no record of its effect on the output of day workers, but the general impression left on my mind was that, taking the factory as a whole, there was no appreciable reduction of output. We continued to work a 48-hour week until January 1919, when the hours were reduced to 47, again without any alteration in the piece-wages or day wages. In April of that year the hours were reduced to 44 a week, as a result of negotiation with trade unions through the agency of the Interim Industrial Reconstruction Committee. Under the agreement with the unions, some of the largest firms in the industry, which were mentioned by name, agreed to reduce their hours to 44. The other signatories to the agreement reduced their hours to 47. The Central Council at the Cocoa Works, consisting of twenty-six workers, elected by popular ballot, and twenty-six members of the administrative staff, were consulted as to what arrangement of working hours would suit the wishes of the employees. They suggested certain alternatives, and took a plebiscite of all the workers over eighteen years of age, to decide which course should be adopted. By a large majority it was decided to divide the week as follows :—

Monday and Friday : 7.30 A.M. to 5 P.M., with one hour for dinner.

Tuesday, Wednesday, and Thursday : 7.30 A.M. to 5.30 P.M., with one hour for dinner.

By this arrangement, employees were entirely free from 5 P.M. on Friday until 7.30 on Monday morning. It was thought by some, however, that many of the girls, especially the younger ones, would not appreciate the Saturday morning holiday, as they might be expected to spend it in helping at home. Moreover, it seemed possible that in the winter months employees might prefer an arrangement of hours under which they started later in the morning, instead of having a whole holiday on Saturday. Accordingly, it was agreed that the new arrangement should only be binding for six months, after which the workers should be consulted again. When, however, the question of a possible change was mooted at the Central Works Council, at the end of the six months, the workers' representatives stated, emphatically, that it would be a waste of time to take a fresh plebiscite, as the universal opinion was in favour of the existing arrangement of hours.

There is no doubt that the long week-end is immensely appreciated. A proof of this was given when temporary overtime became necessary in order to meet the Christmas rush of orders. The workers, when asked whether they would prefer to work overtime from Tuesday to Friday or to come in on Saturdays, replied that they did not mind how much overtime they added to their normal working days, if they could have their Saturdays free.

The above arrangement applies to practically everyone in the factory working on the ordinary day shifts: the only exception being a few men in the packing department and the power station, and similar miscellaneous workers. The building staff does not keep the factory hours. They have a 44-hour week, but their times of coming and going are regulated by the National Building Council; and they work on Saturdays.

A criticism sometimes urged against short hours, and which is particularly pertinent in connection with a division of working time which leaves Saturdays free, is that paid work may be undertaken by the workers in their 'off' time. Our experience is that this only happens in an insignificant number of cases. Public opinion in the Works is strongly against such a procedure, as it is considered unfair for one man to do double work while others are unemployed.

The hours in the office are shorter than in the factory. Up to April 1919 they were 41½ per week : then they were reduced to 39½, and, in December 1919, as a result of a friendly arbitration on wages and hours between our firm, in company with four others, and the National Union of Clerks the hours were reduced to 39 a week. The clerks prefer to come early, in order that they may leave early, and their working hours are from 8 A.M. to 12.30 P.M., and 2 P.M. to 5 P.M. It has not been found practicable for all of them to leave on Saturdays, but they take alternative Saturdays off, and on the others work from 8 A.M. to 11 A.M.

REST PAUSES

It should be stated that both in the offices and workrooms, the girls have a quarter of an hour's recess during the morning. No account is taken of this when calculating the time worked for wage-paying purposes. Facilities are provided for the purchase of light refreshments, and about 1500 cups of tea, cocoa, or milk, and 300 cakes and scones are sold daily. Some of the girls go to the canteen, some have refreshments served in their workrooms, and others go to departmental lunch-rooms provided for this purpose.

We have not accurately measured the effect of this break on the morning's output, but are of opinion

that it is beneficial. Men and boys have no similar break, partly because most of them dine half an hour earlier than the girls, and partly because they are less sensitive to fatigue. It is hoped shortly to institute careful tests into the effect of rest pauses on output. Such tests have already been made in various industries, but so much depends on local conditions that it is not safe to assume that the conclusions reached in one industry will necessarily hold good in another.

THE EFFECT OF SHORTENING HOURS ON OUTPUT

A careful investigation was made to ascertain the effect of the shortening of hours on output. When the change occurred, however, the conditions affecting output were altering so rapidly that its precise result could not be accurately gauged. It will be remembered that the hours were reduced from forty-seven to forty-four in April 1919. This was just the time when the factory was reverting from war conditions to peace conditions. Seventeen hundred men who had been serving with the colours were returning to work, the character of the goods manufactured was changing, and many other adaptations were taking place. Still, while no accurate measurement was possible, the general impression of those best acquainted with the facts is that in some departments, where the work was purely hand work, scarcely any reduction in output was experienced as a result of the shorter hours ; while in some of the machine departments there was a *pro rata* reduction, and in others a reduction somewhat less than *pro rata*.

One effect has been to improve time-keeping. Accurate statistics have been kept for some years, to show the amount of time lost from all causes. The reasons given for lost time by employees are often so inaccurate that it is not possible to analyse them,

but all time lost, whether with or without leave, is registered, including holidays, except public holidays, when everyone is off. In order, however, to distinguish between broken time for which a good reason (either holidays or *bona fide* illness) can definitely be assigned, and broken time which may or may not be satisfactorily accounted for, a distinction is drawn between those who are off for a whole week or more, and those who are off for less than a week. The following table shows the effect on time-keeping of the reduction of hours. The comparison is drawn between the last year during which forty-eight hours were being worked and the period April 1919 to September 1920, after the 44-hour week had been introduced.

	Average percentage of possible hours lost by employers.		Average percentage of possible hours lost by employees, excluding those absent for a whole week.	
	48 hours.	44 hours.	48 hours.	44 hours.
<i>Factory—</i>				
Men . . .	7.3	4.9	2.7	1.8
Women . . .	7.4	6.0	3.3	2.7

In considering these figures allowance must be made for the fact that the staff in 1918 included a large number of men graded C3. This, however, is not true of the women, and it will be noted that their time-keeping distinctly improved when the hours of work were reduced.

The Works doctor and welfare officers agree that the effect on the health of the employees has been decidedly beneficial.

OVERTIME AND SHORT TIME

Of course, a reduction of the official working week is of no use if it is purely nominal; that is, if overtime

is habitually worked. In a seasonal trade, such as that followed at the Cocoa Works, where there is a great rush before Christmas, it has not been found possible to eliminate overtime altogether, but the amount of it has been greatly reduced by careful organisation. A return of the overtime and short time worked in every department is prepared quarterly, and submitted to the directors. In 1920, during the greater portion of which the factory was very busy, the average amount of overtime worked in the men's departments was equal to 1.3 per cent. of the normal week (forty-four hours). The average short time was equal to 0.3 per cent. In the women's departments the overtime figure was 1.4 per cent., and the short time figure 0.8 per cent.

No child under fifteen is allowed to work overtime at all. This rule holds good of workers under sixteen, save in very exceptional circumstances, and for short periods. Even then the arrangement must have the express sanction of a director.

It has been stated that considerable pains have been taken to eliminate short time and overtime wherever it is possible. Where there is a danger of overtime in one department and short time in another, attempts are made to transfer workers. It is sought to meet seasonal pressure by manufacturing goods in the slack season which will be required in the busy season; but this can only be done to a limited extent in an industry such as ours where goods must be sent out fresh.

Short time in the chocolate departments occasionally occurs in hot weather, when the heat renders the manipulation of the chocolate impossible. In accordance with the Industrial Agreement which governs many of the working conditions at the Cocoa Works, short time due to weather conditions is paid for at the rate of about two-thirds of the minimum day wage.

SHIFT WORK

Of the 2697 males working at the Cocoa Works, exclusive of the building staff and office staff, in March 1921, 80 per cent. worked ordinary day shifts and 20 per cent. worked on the two or three shift system. Like day workers, they work forty-four hours a week, the hours of the shifts in most cases being 6 A.M. to 2 P.M., 2 P.M. to 10 P.M., and 10 P.M. to 6 A.M. It is recognised by the directors that from the social standpoint, night work and shift work are undesirable, but the buildings and machinery involved are so costly as to make it almost impossible for one firm acting alone to abolish night work.

COULD HOURS WITH ADVANTAGE BE FURTHER REDUCED ?

The question naturally arises whether forty-four hours is the minimum week which can be advantageously worked. My own opinion is that, at any rate so far as persons over eighteen years of age are concerned, no further reduction of hours is called for on grounds of health. Of course, if the same output could be obtained in less time without undue strain, a yet shorter week might be advisable. But any reduction of hours which involved a lessening of output, and, consequently, inability to pay adequate wages, would be against the interests of the workers.

In the case of young persons under eighteen, it is a much more open question. Those who are active workers in recreational clubs and classes say that in a number of cases the girls and boys, especially those who have recently left school, are lacking in vitality in the evenings. They are markedly less energetic than school children. This fact points to the desirability of an arrangement whereby the length of the

working week for young persons may be somewhat shortened. Possibly the case will be met when eight hours of the working week are spent in continuation classes, under the 'Fisher Act.' The change of work from factory to school, and the fact that the classes will include an appreciable amount of recreation, will relieve the situation. But, meantime, it is advisable to watch the health of juvenile workers carefully, and avoid all overstrain.

HOLIDAYS

By a provision of the Industrial Agreement already referred to, all workers are entitled to full payment for six public holidays in the year, and, in addition, for a week's summer holiday. According to the terms of the Agreement, the payment in the case of piece-workers is not to be their average earnings, but the minimum rate of pay for workers of their age. At the Cocoa Works, however, the average earnings are paid to piece-workers, that they may not lose on account of the holiday. The week's holiday was first introduced at the Cocoa Works in 1919. Public holidays have, since 1910, been paid to all members of the Pension Fund, i.e. to practically all male employees of twenty years of age and upwards, and all female employees of twenty-five years of age and over.¹ The payment for public holidays became universal in 1919. Members of the clerical staff have a fortnight's holiday, and administrative officers' holidays vary with their rank, as follows :

Departmental Managers	4 weeks
Assistant Managers and Grade 'A' Over-lookers	3 ,,
Grade 'B' Overlookers	2 ,,

¹ Women are now eligible to join the Pension Fund at the age of twenty. In 1919 they could not join until the age of twenty-five.

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Grade 'C' Overlookers	1½ weeks
Office Heads	4 "
Office Seconds	3 "
Head Welfare or Employment Officers	4 "
Assistant do.	3 "
Technical Assistants, Chemists, Engineers, etc.	{ 2 to 4 weeks, according to responsibility

The length of holiday does not vary with length of service. It is felt that the right basis for variation is the value of the service rendered, or the strain which it involves, and not the number of years for which it is continued.

CHAPTER III

SECURITY OF LIFE

PART I

It is coming to be generally realised that something must be done to render the economic position of the manual workers less insecure. Although an appreciable number of them are in situations which hold out every prospect of permanency, the majority have constantly hovering over them a cloud of uncertainty with regard to their future. At any time they may be discharged at a week's, or possibly an hour's, notice, and since any reserve they have laid up is likely to be very slender, in times of trade depression they may be plunged, with their families, into serious want and privation. Even those who escape this tragedy, if they live to old age, will almost inevitably find themselves in very straitened circumstances. The man who has to bring up three or four children, unless he is a highly paid worker, cannot save enough to make adequate provision for his old age. Moreover, even if he could, such resources as he possessed would be insufficient to maintain his wife, if, for example, she were some years younger than himself, and survived him for a considerable time. Again, there is always before working people the risk of being reduced to abject want through chronic invalidity. There are few more pathetic sights than that of a young, keen

workman struck down in early life with a disease which, although not mortal, prevents him from working.

The State has accepted some liability in connection with the economic security of the workers, and it now helps to insure them to a certain extent against the hardships resulting from unemployment, sickness, invalidity, and old age. But, valuable as are these measures of relief, they are obviously inadequate. Nor are the earnings of the workers sufficient, if each acts independently, to enable them to safeguard themselves against the above contingencies. Some organised effort is required. It is possible that in future the scale of State Insurance will be more liberal. But, in so far as any increase involves considerably higher State contributions, it is likely to be long postponed, in view of the condition of national finance. Meanwhile, it is urgently necessary to guarantee to the workers a greater degree of economic security than they possess at present.

In this section, I propose to describe the steps taken at the Cocoa Works with regard to these liabilities.

UNEMPLOYMENT

Dealing first with the question of unemployment, let me quote the words of a Memorandum drawn up by a Committee of employers and Labour men, of which I was a member, and which formulated a scheme of national insurance against unemployment:

'The suffering caused by unemployment has been generally recognised, but too little attention has been paid to its reactions on production. Industry moves in a vicious circle. Additional production is necessary if poverty is to be abolished and unemployment relieved, yet Labour instinctively resists every kind of productive improvement, lest it should cause unemployment. Improvements in machinery, in the

reorganisation of labour with a view to using skilled grades more effectively by means of dilution, and in other ways, and the introduction of systems of payment by results which have been proved to stimulate production, are all resisted more or less openly; and in every case fear of unemployment is largely responsible for the resistance. It is true that the fear may be largely unjustified, and that "ca' canny" may accentuate the very evil it is intended to prevent. But such facts are irrelevant; the rank and file workers believe that improvements bring unemployment, and no one has ever succeeded in convincing them that they are wrong. Nor is it any use to argue and make agreements with the leaders of labour; it is the instinctive action of the rank and file that counts. An immense potential increase in the productivity of industry awaits release, and only the complete removal of the menace of unemployment can release it.

'The Unemployment Insurance Act, 1920, at best is a palliative rather than a remedy. The benefits it offers, 20s. for men and 16s. for women, only continue for a limited period—fifteen weeks in any year¹ or one week's benefit for six weeks' payment, whichever is the shorter, and are not in themselves sufficient to prevent the household in receipt of them from deteriorating week by week in both physique and *morale*. Such provisions cannot banish the fear of unemployment, or the industrial policy to which this fear gives rise among the workers.'

Personally, I am of opinion that the problem can only be dealt with on effective and permanent lines by a universal scheme of unemployment insurance, on a scale which will provide adequate maintenance throughout their working lives for all adult wage-earners who are willing to work and capable of working. The amount of such maintenance should vary with the

¹ This has been temporarily raised to twenty-six weeks.

needs of the worker, and a larger benefit should be given to a married man with a family than to a single man. Provision might be made for industries to contract out if they could show that their alternative scheme was at least as liberal as that of the State.¹

One alternative to that proposal is for an industry to contract out of the present national scheme and to provide a scheme of its own. Such a policy has much to recommend it, but it is difficult to carry out in an industry such as our own, which is not highly organised, and in which much of the work is either unskilled, or requires only very partial skill. Many of the workers do not definitely attach themselves to it permanently, as they usually do, for example, to the textile, engineering, steel-making, printing, and other industries, which are more highly organised and require a higher degree of skill. It is not likely, therefore, that the cocoa and confectionery industry will in the immediate future contract out of the national scheme, and formulate one of its own, giving benefits on a scale high enough to remove from the workers the menace of unemployment.

A SCHEME TO SUPPLEMENT THE NATIONAL UNEMPLOYMENT INSURANCE

Recognising this fact, we have at the Cocoa Works inaugurated a scheme of unemployment insurance for our own workpeople, under which every employee, no matter what his grade, can insure. As the scheme is somewhat novel in character I give it in full in Appendix II (p. 160), but, broadly, it provides every employee of twenty years of age and over with unemployment benefit at the rate of :

- (a) 50 per cent. of the average earnings of the unemployed person ;
- (b) 10 per cent. additional for a dependent wife ; and
- (c) 5 per cent. additional for each dependent child who is under sixteen years of age, or is receiving full-time instruction at a school, university, college, or other educational establishment,

with a maximum of 75 per cent. of the average earnings, or £5 a week, whichever is the smaller, and a minimum of £1 5s. a week. Full unemployment benefit will not be payable in respect of any period of less than one week, nor for longer than a period or periods amounting in the aggregate, in the case of each employed person, to:

- (1) One week for each two months up to two and a half years, for which such person has been continuously employed by the Company immediately before his unemployment and after attaining twenty years of age, and
- (2) One week for each complete year, beyond two and a half years, for which such person has been so employed.

The Company provides the whole of the benefit, less 26s. a week in the case of men and 22s. in the case of women. These deductions represent the benefits they receive under the national scheme (20s. and 16s.) plus 6s., which those employees who are members of the National Union of General Workers receive through their union, for a payment of twopence a week. Most of the men in the factory, and a large proportion of the women, belong to this union. It is made a condition of receiving the Company's unemployment benefit that the employee contributes not less than twopence either to his trade union unemployment insurance fund, or to any other unemployment insurance fund that he may choose.

¹ Full details of the Unemployment Insurance Scheme drawn up by the Committee, referred to on p. 32, are given in Appendix I, p. 157.

Partial unemployment benefit will be payable in respect of any period during which, owing to shortage of work through depression of trade, a worker actually works and is paid for an average of less than 90 per cent. of normal full time, such average being calculated over such period as may be prescribed by the Company. Time so lost, in excess of 10 per cent., will be paid for at a rate proportionate to full unemployment benefit.¹

It may here be added that the general policy of the Company is to deal with any surplus of labour due to trade depression by working short time, rather than by dismissing a proportion of the workers. Such a policy is probably to the general advantage, so long as steps are taken to maintain the wages of all at a level which will not cause hardship.

In order to finance the unemployment insurance scheme the Company has set aside a lump sum of £10,000 to establish the unemployment fund. It will also, each year, commencing with the year 1921, set aside sums equal to 1 per cent. of its wage bill, until the unemployment fund reaches £50,000, or reaches 5 per cent. of the wage bill for the time being (whichever is the greater). Thereafter, the Company will set aside annually such sums (not exceeding 1 per cent. of the wage bill) as are necessary to keep the fund up to the amount mentioned above. Industrial conditions are so uncertain at the present time that it is not possible to speak with certainty, but it is fully expected that these financial provisions will suffice to pay the benefits set forth above.

The scheme may be discontinued or amended by the Company at any time, on giving three months' notice, and it is their intention to discontinue it if an adequate scheme of industrial or national insurance

¹ At the commencement of the scheme piece-workers did not receive partial unemployment benefit until short time had reduced their working day to 85 per cent. of its normal length.

comes into force. While fully recognising, however, that the enactment of a general scheme is the only true method of protecting the workers from the menace of unemployment, it is well that employers should remember that it is possible for an individual firm to make provision for their own workers, before the nation as a whole adopts that policy.¹

REGULARISING WORK

Of course, however, insurance against unemployment, although necessary to give reasonable security to the worker's lot, is only a second best. The best course is to prevent men from becoming unemployed, and definite steps have been taken at the Cocoa Works to regularise employment. Some of these have already been explained. It is not possible to dismiss a worker hastily or without sufficient cause. If a foreman or manager wishes to get rid of a man, he must explain the circumstances on a dismissal form, and send it to the Head of the Employment Department for approval. In the case of most departments, the dismissal form must also be signed by a director. Dismissal is only resorted to in the last instance. When a 'round' man has been placed in a 'square' hole, an attempt is made to rectify the error by transferring him to another job, and attempts are always made to regularise the demand for labour, both as between one season of

¹ Since the above was written, the question of the adoption by a whole industry or a group of firms within an industry, of a supplementary unemployment insurance scheme very similar to that established at the Cocoa Works has been considered in several instances. The match industry, through its Joint Industrial Council, has already adopted a scheme, and it seems likely that other industries may follow their example. There are two important advantages in this method of insuring against unemployment, over contracting out of the National Scheme. First, it can be done by the industry acting alone, independently of the Government, and secondly, though the employers guarantee a certain contribution, they do not guarantee the benefit. The trade unions and workers generally are therefore keenly interested to prevent the funds being wasted.

the year and another, and as between one department and another. With care, a good deal can be done to reduce irregularity and to increase the security of a man's work. The task demands considerable thought and detailed attention, but, from the human standpoint, it is well-directed effort.

An illustration of the way in which work can be rendered more regular may here be given. Some years ago, it was the practice at the Cocoa Works to engage extra painters for the summer season only, and extra men in the packing room during the winter. Thus we had a double set of temporary workers. When we began trying to regularise the work, it was arranged to employ the painters in the packing room during the winter, paying them the wages suitable to that job, which were not very different from those which they received as painters. In the summer they returned to their normal occupation at the ordinary trade-union wages. In this way, we got one set of men with regular employment, instead of two sets casually employed. A number of similar illustrations could be given.

Whatever steps employers may take to protect workers against the evils of unemployment there can, I think, be little doubt that, by some method, industry should maintain the reserve of labour without which it cannot function successfully.

The capitalistic system is often defended by the argument that Capital is justified in taking the profits of industry, because it takes all the risks. But is it possible to say that Capital is taking all the risks if it is free to discharge Labour, without any retaining fee, as soon as ever trade slackens? Men with families dependent on them, turned away almost without notice, would be more inclined to think that whatever risk existed was incurred by them, and not by Capital. A state of things in which this is happening,

not as a rare occurrence, but continually, is utterly indefensible, and I am convinced that the workers will not tolerate it much longer.

PART II

SICKNESS

The directors hold the view that sickness, if not so long continued as to merge into chronic invalidity, is a risk against which it is possible for workers to insure without further financial help from the Company than that provided by the employer's contribution, made under the National Health Insurance Act, 1911. Under this Act, practically all non-manual workers from the age of sixteen to seventy, who are earning less than £250 per annum, are compulsorily insured. In the case of manual workers there is no wage limit.

There have been various amendments to this Act, increasing the contributions and benefits, which now stand as follows :

—	Weekly Contributions.		Weekly Benefits.		
	Employers.	Employees.	—	Men.	Women.
Men	5 <i>d.</i>	5 <i>d.</i>	Ordinary rate of sickness benefit (for twenty-six weeks and half these amounts for a further twenty-six weeks) Disablement benefit Maternity benefit	15 <i>s.</i>	12 <i>s.</i>
Women	5 <i>d.</i>	4 <i>d.</i>		7 <i>s.</i> 6 <i>d.</i>	7 <i>s.</i> 6 <i>d.</i>
				40 <i>s.</i>	40 <i>s.</i>

The benefits also include free medical attendance.

Note.—Until 104 weeks have elapsed since entry into insurance, and 104 weekly contributions have been paid, the benefits are 9*s.* for men and 7*s.* 6*d.* for women.

Obviously, however, these amounts are inadequate for full maintenance during sickness, especially in the case of married men, who are normally responsible for the maintenance of dependents.

The male employees at the Cocoa Works have for many years run a Friendly Society on their own account. Beyond supplementing the small death benefit paid by the Society, the Company makes no money grants, but undertakes to collect the subscriptions of members. This is done by deducting the amount of the subscription from the wages, with the authority of the member, and handing the sum thus collected to the Secretary of the Society. This not only saves the Society considerable trouble and expense, but undoubtedly encourages many employees to remain in membership who would lapse were not their subscriptions thus automatically collected without effort on their part.

The Society has been in existence since 1910, and took the place of an old Dividing or Slate Club, which had been run for about twenty years. At the end of 1920 there were 970 members. The weekly contributions vary, but members may pay up to sixpence per week, a contribution entitling them to sickness benefit at the rate of twelve shillings per week for twenty-six weeks. The Society records are examined periodically by an actuary, and its financial policy is based on his advice.

In four of the men's departments small 'shop clubs' have been started, in addition to the Friendly Society. These were formed during the war when, owing to the high cost of living, employees wished to augment the amount of benefit received during sickness. At the end of each year, the sum of money remaining after paying expenses and benefits, and carrying a certain amount forward, is shared among the members.

The women employees have not deemed it advisable

to form a Friendly Society, but they have a very successful Sick Club. The contribution is twopence per week, and the sick pay is 8s. per week for six weeks, and 4s. per week for the following six weeks. The present membership of the Club is 1687.

Besides the National Scheme and the Cocoa Works Club, a considerable proportion of the Cocoa Works employees are in one, or occasionally in more than one, other Club, unconnected with the Works.

Except in the case of salaried employees and overlookers, the Company makes no payment to workers who are absent through illness, but in cases of distress, help, varying with the individual needs of the employee, is often given by the sick visitors who call upon him or her on behalf of the Company. The annual expenditure under this head averages about £1200 a year.¹ To clerks, and all members of the salaried staff, payment during sickness is made as follows: Up to six weeks in any year they receive full pay, less national health insurance, for the second six weeks they receive half pay, and then the matter is referred to the Invalidity Committee.

CHRONIC INVALIDITY

Although it is possible for the workers, without undue sacrifice, to insure themselves against the risks of sickness which is of short duration, they cannot take similar precautions against illness which is long continued. After thirteen weeks the sick benefits in many clubs are halved, and they usually cease entirely after six months.

Thus, a family may be reduced to serious distress

¹ It is probable that this total will be considerably reduced in the future, in view of the fact that the Invalidity Committee (referred to later) is now undertaking responsibility for a number of payments which have formerly been debited to the Visiting Committee Account.

through the long-continued illness of the principal wage-earner, while in the case of his chronic invalidity there is usually no alternative to Poor Law relief and the stigma of pauperism.

From time to time, employees at the Cocoa Works have fallen victims to some lengthy illness, such as rheumatic fever, or have become chronic invalids. Such cases were considered on their merits, and more or less assistance was given; but no definite principles were followed in dealing with them, and the cost of each became a charge on the year's revenue.

In 1920 the directors felt that the time had come to create an Invalidity Insurance Fund, and to set up an organisation which would deal with all cases in a thorough and systematic manner. They did not think that invalidity was a risk against which they could expect all the workers to insure, for although cases of it are very distressing when they occur, they are, fortunately, so few and far between, that the average worker would consider the danger too remote to be taken into account. The firm, therefore, decided to set apart a capital sum, the interest on which should be available for aiding cases of long-continued illness or chronic invalidity.

Accordingly, in August 1920, they handed over 50,000 seven per cent. Second Preference Shares in the Company to five trustees.

With certain exceptions, anyone who has been employed by the Company for not less than five years, and is not under twenty-five years of age, may apply for a grant. All grants are made by an executive committee of six persons, of whom three are appointed by the Central Council,¹ and three by the directors.

In fixing the amount of a grant, and the instalments by which it is paid, the committee has regard to the amount of income, for the time being, in the

¹ See p. 134.

hands of the trustees, and to the present and probable future demands thereon, and particularly to the needs of the applicant whose case is under consideration. The amount of assistance given varies with the applicant's financial position, with the number of dependents, and with other circumstances.

It is laid down in the Trust Deed that:

'except with the express sanction of the Trustees, given in the particular case, no grant to any person shall during any one year from the date of the commencement of the grant, exceed the sum of £250, or such other sum as the Trustees shall from time to time expressly sanction in lieu of the said sum of £250 as the yearly maximum amount of a grant.'

As the Trust was formed for dealing with cases of chronic invalidity or long-continued illness, no grants may be made to supplement benefits derivable from ordinary Sick Clubs. The only exception to this rule is that:

'where an applicant is a member of or is insured against sickness or illness by a Sick Club, Approved Society, or Insurance Company, or is otherwise entitled to the receipt of sick pay, a grant may, after the first thirteen weeks' invalidity, be made of such an amount as will make up the amount of his or her receipts from the Sick Club, Approved Society, Insurance Company, or other similar source, during such thirteen weeks to the amount which he or she would receive therefrom if he or she were receiving full benefits instead of reduced benefits.'

At the time of writing, only thirteen persons are in receipt of grants from the Invalidity Fund, and it is too early to say whether the sum available will suffice to meet the needs of the future, but judging from the experience of the past, it is hoped that this will be the case.

PENSION FUND

It is realised more and more widely that it is unjust that anyone who has given satisfactory service during the whole of a normal working life, and who has been reasonably thrifty, should be reduced to penury when he is no longer able to work. Since the present level of wages will not allow workers generally to lay aside sufficient during their working years to make adequate provision for old age, it is necessary to supplement their savings by some scheme of Old Age Pensions. The State Scheme of Pensions is admittedly insufficient for this purpose, and it is not unreasonable to ask that some additional scheme of old age insurance shall be introduced, to the cost of which both employers and workers shall contribute. Possibly in future, schemes of industrial insurance may be devised through the agency of Whitley Councils or otherwise. Meanwhile, however, conditions are very unsatisfactory, and many individual firms, recognising this, have instituted Old Age Pension Schemes for their employees. I propose in this section to indicate what we have done in this connection.

It must be admitted at once that any scheme involving such pensions as will actually relieve the workers of anxiety as to their old age, involves heavy cost, and many firms may hesitate to adopt it on that account. But it is probable that those very firms may carry the cost of heavy 'hidden pensions' on their weekly pay rolls, without realising the fact. Let me make my meaning clear. If a firm establishes a liberal pension scheme, it will doubtless at the same time fix a definite retiring age, and will thus never find itself with a number of workers drawing full pay and only giving very partial service, because of the low working capacity which accompanies old age. In factories where there is no pension scheme it is

common to find quite a number of old and feeble men and women. They are kept on because they have worked faithfully for a great number of years, and the management does not care to dismiss them, knowing that this would be equivalent to condemning them either to starve on the State Old Age Pension of ten shillings, to receive 'out relief,' or to enter the workhouse. Such employees are very costly. Not only does the firm lose on them individually, but their presence tends to lower the pace, and lessen the output of the whole shop, especially where men are paid on a time and not on a piece basis. It is apt to lead to a general reduction of efficiency. A liberal pension scheme is, therefore, not only an advantage to the workers, but to the employer, unless, of course, he is prepared to scrap his men ruthlessly as soon as advancing years render them inefficient. Employers of that type, fortunately, are becoming increasingly rare.

But, if a retiring age is definitely fixed, the pensions then payable should, in fairness to the workers, be substantial in the case of those who joined the service of the firm quite early in life. Men who joined it after middle life cannot expect a large pension, but the retiring age must apply to them equally with the others. If they should consider it an injustice to be called on to retire on what they regard as an inadequate pension, they had better seek employment with a firm which has neither a pension scheme nor a fixed retiring age.

The object of the directors of the Cocoa Works in establishing a pension age was twofold.

First, as a matter of business, they recognised that it was desirable for men and women to retire at certain ages, and that this would involve considerable hardship unless a fairly liberal pension scheme were introduced. Secondly, they desired to remove from the minds of the workers anxiety with regard to their old age.

A pension scheme was established on November 1, 1906. Provision is made for retirement of male employees—both factory workers and the salaried staff—at the age of sixty-five, and of female employees at the age of fifty-five, with optional retirement on adjusted pension at sixty and fifty respectively. A slightly different scheme for retirement at sixty is in force for travellers and employees in the Colonies and in foreign countries. The earliest age at which members can enter the Fund is twenty.

The question may be asked whether, in practice, these have proved to be the right retiring ages. I think there is no doubt that the answer is in the affirmative. Of course, there are men and women who not only would like to work longer, but could do so with advantage, but these are exceptions, and it is essential to the smooth working of the scheme that the retiring ages should apply universally.

The pensions are derived from subscriptions paid by the employees, aided by contributions from the Company, the latter providing about 80 per cent. of the real pensions.¹ In all cases, the contributions of members, with $2\frac{1}{2}$ per cent. compound interest, are definitely repayable either to the members or their legal personal representatives. In no circumstances can any portion of a member's subscriptions revert to the Fund. The subscriptions and pensions are on a fairly elastic scale, designed to meet varying circumstances, but the aim in view is that each member shall receive a pension of about fifty per cent. of the retiring salary or wage, and that the maximum subscription shall be five per cent. of the wage. This is secured in the great majority of cases, but a serious

¹ The Company's contributions amount to one and a quarter times those of the men and twice those of the women. The reason why so large a proportion of the pension is due to the Company's payment is that the Company's premiums are not returnable in case of withdrawal.

situation was created when, through the heavy reduction in the purchasing power of the £1, leading to greatly increased wages, pensions, both actual and prospective, which bore a reasonable proportion to wages before the war, became quite inadequate under post-war conditions. To remedy this, it was necessary for the Company to hand over a subvention of £73,000 to the Fund, so as to raise to a higher figure the pensions of those who were too old to secure adequate pensions through increasing their contributions proportionately to the increase in their wages.

With the aid given by this subvention it has been possible to ensure that, with scarcely any exceptions, no man will retire at sixty-five with a pension less than 30s., and no woman at fifty-five with less than 20s.¹

A special feature of our Fund, which does not often obtain, is that the Company accepts the whole responsibility of guaranteeing its solvency. Should the experience be adverse, owing to light mortality, unwise investments, or other causes, the Company and not the subscribers will have to bear the consequences. It is for this reason that it appoints four of the seven managing trustees, the remaining three being elected septennially by the subscribers. This representation of employees, namely, three out of seven—is quite sufficient to enable them to satisfy all subscribers as to the way in which the business of the Fund is being conducted.

So far, the mortality amongst the members has been exceedingly light—the deaths, apart from the war, averaging less than four per thousand per annum. This proportion is much lower than that which obtains among the general public, and it means that special

¹ The exceptions, so far as regards men and women on the Company's ordinary staff, number five only. In addition, there are a few men taken on during the war, some of them at an advanced age, who are on our auxiliary staff. They were too old to join the Pension Fund, and special arrangements were made for them outside it.

reserves must be made to meet the extra liability. Our actuary has accordingly valued the Fund on our own individual experience.

Membership of the Pension Fund is voluntary, but 98 per cent. of the men and 99 per cent. of the women eligible for membership have joined it. With the authority of the members, the premiums are deducted from wages and salaries, when these are paid.

COST OF PENSION FUND

We come now to the important question of the cost of the Pension Fund. Since its inauguration in 1906, capital sums, amounting in all to £106,000, have been handed over at different times to the Pension Fund Trustees. Of this total, £19,500 was paid over on the inception of the scheme, to secure adequate pensions to those who had been in the employment of the firm for many years, and had passed middle life; and £73,000 was paid over in 1920, as explained on p. 47, to meet the situation arising through the great decrease in the purchasing power of the £1. The annual contributions to the Fund during the fourteen years ending October 1920 have amounted in all to £226,000. Of this sum, £134,000 represents payments by the Company, and £92,000 contributions of members.

Just at present, the annual cost of the Fund, considered as a percentage of the wage bill, is heavy, both to the Company and to the members. In view of the enormous increase in money wages which has occurred in recent years, even after allowing for the contribution of £73,000 made by the Company to the Fund in 1920, it is necessary for those who are in middle life, or older, to pay high premiums, if they are to ensure adequate pensions. As explained above, a high premium paid by the member involves a correspondingly high payment by the Company.

When the bulk of those now paying exceptionally high premiums reach pension age, and things become normal, it is expected that the cost of the pension scheme will be about 3 per cent. of their wages to the members, and $3\frac{1}{2}$ per cent. to the Company. As young persons under twenty are not admitted as members, the Company's contributions will be something under $3\frac{1}{2}$ per cent. of the *total* wages and salaries bill.

WIDOWS' PENSIONS

As already stated, one object in founding the Pension Fund was to relieve the workers of anxiety as to what was going to happen to them in old age. The wages currently paid to ordinary workers in industry do not enable them to save sufficient for this purpose. So far as the workers themselves are concerned, the object was attained by the Pension Fund, but this did nothing to remove the fear of what might happen to a man's wife if she survived him, since his pension would cease on his death. To meet this situation, the directors, in 1917, inaugurated a Widows' Benefit Scheme, under which pensions are payable to all widows aged fifty and over at the death of the husband, subject, however, to the following limitations:

- (a) The parties must both of them have been under the age of fifty at the date of their marriage.
- (b) The marriage must have preceded the death of the husband by at least ten years.
- (c) The husband must have been for an uninterrupted period of ten years prior to his death a contributing member or pensioner of the Fund.

The pensions are based upon the husband's pension or prospective pension, at the time of his death, and range from 35 per cent., if the widow is fifty years of age, to 50 per cent., if she is aged sixty-five or over.

The minimum pension for a widow is ten shillings weekly, and if the percentage of the husband's pension is less, it is made up to ten shillings.

This Widows' Pension Scheme has been greatly appreciated, and men have stated that it has removed from their minds a grave anxiety. It has, however, proved a costly addition to the original Pension Fund, especially because so many men were advanced in years when the widows' scheme was introduced, and thus heavy new liabilities were incurred, against which no previous payments had been made. Ten thousand pounds was paid into the Pension Fund when the Widows' Pension Scheme was established, and weekly payments equal to one and a third times those payable by the Company on account of the men are made in addition. This heavy charge will not be permanent, being largely in the nature of back payment. Apart from this, it is estimated that a payment by the Company equal to 75 per cent. of that made on behalf of the male members will suffice to provide a widow's benefit. In other words, the cost of the Widows' Pension Scheme may be expected to amount to about $2\frac{1}{2}$ per cent. of the wage bill of male members of the Pension Fund or to about $1\frac{1}{2}$ per cent. of the total wages and salaries bill.¹ The whole cost of the widows' pensions is borne by the Company.

DEATH BENEFIT SCHEME

In 1911 the suggestion was made to the directors, by the Secretary of the Pension Fund, that for a comparatively small sum it would be possible to insure every married member of the Pension Fund for £50, made payable at such member's death. Two thousand

¹ The difference between the two percentages is, of course, due to the fact that the 3 per cent. refers to the wages of men over twenty, and the $1\frac{1}{2}$ per cent. to all the wages paid, including men under twenty and all women and girls.

persons have thus been insured at a cost of about £200 a year.

The rules of the Pension Fund already provided that on the death of a member before pension age, the amount of his or her own subscriptions, with compound interest at $2\frac{1}{2}$ per cent., should be paid to his or her personal representatives.

In order to provide a death benefit, the Company promised, in the case of a male member of the Pension Fund who died before entering into receipt of his pension, leaving a widow, or a child or children under fourteen, the widow not being entitled under the rules to a life pension, to provide a sum sufficient to bring the member's own subscription, with added interest, up to £50. They also promised to make a similar provision in the case of any widow who was a member of the Pension Fund, and who died before entering into receipt of her pension, leaving a child or children under fourteen.

That this additional sum provided by the Company may be utilised to the best advantage for the widow or children, the money is handed over to a committee, consisting of the workers' trustees of the Pension Fund, the secretary of the Pension Fund, and two representatives of the Employment Department, who are held responsible for handling the money in such a manner as they may deem best.

It will be noted that under this scheme the liability of the Company is heavy in the case of young members, but disappears as soon as a man's own contributions, with $2\frac{1}{2}$ per cent. compound interest, amount to £50. In the aggregate, the total cost of the scheme to the Company is very slight in comparison with the security given to members. Apart from the war, when contributions were made in seventy-three cases, payment has only been made in thirty-one cases. The total cost of the scheme for the nine years (1912-1920) has

been—for seventy-three military cases, £2948, and for thirty-seven civilian cases, £1133.

In reviewing the schemes which have been adopted at the Cocoa Works to give economic security to the workers, it will be seen that a substantial measure of security has been given in relation to sickness, invalidity, unemployment, old age, and death. When the special circumstances due to the sudden depreciation of money values have disappeared, the total annual cost to the Company of providing this will be a trifle over 5 per cent. of the total wages and salaries bill. At present it is just over 6 per cent. This cost is in addition to the capital sums, amounting in all to £166,000, which have been contributed from time to time during the last fourteen years. But it must be pointed out that the security for old age depends on the continued association of the employee with the firm. Thus, if an employee were dismissed, or left the service to take up another appointment, he would be entitled to withdraw his own contributions to the Pension Fund, plus $2\frac{1}{2}$ per cent. compound interest, but he could lay no claim to the contributions made by the Company year by year on his account. These would revert to the Fund. Similarly, the claim to a widow's pension would be lost. To this extent the security is only partial—but this seems inevitable until pensions on a liberal scale are general.

It may be argued that, in view of the cost, it would be impossible for industry generally to provide security for the workers on a scale as liberal as I have described above, and that this is especially true of industries where labour constitutes a large proportion of the cost of production. But as I have already said, workers are rightly demanding greater security of life; and the public conscience is supporting their demand. I venture to think that the time is not far distant when, through the Labour Department of the League of

Nations, or otherwise, schemes will be devised for giving greater economic security to the workers in all civilised communities; and, speaking from the financial standpoint, I am confident that the favourable reaction of such a policy upon output would more than counter-balance the expenditure which it involved.

for good wages, reasonable hours, and economic security.

Assuming this, every employer should seek to surround the workers with the best material environment which his special circumstances and the conditions of his industry render practicable. Clearly, these must vary greatly from factory to factory and industry to industry. One cannot expect to find such good conditions in an old factory in a crowded city as in a new factory in the country, nor can a steel-smelting plant be kept as clean and comfortable as a factory where delicate instruments are assembled. But all employers can place the same aim before them—to make the material working conditions as good as possible.

There are few factories—and I certainly should not include our own among the number—where improvements could not be made which would greatly add to the comfort and, incidentally, to the contentment and efficiency of the employees. The fact is that, in the past, employers have not given enough thought to this aspect of business administration. We have regarded our factories as buildings where certain mechanical processes had to be carried out, and the well-being of the workers has often been a secondary consideration.

PLANNING AND DECORATION OF WORKROOMS

Let me give a few illustrations of what I mean. In planning a factory, I suggest that we should aim at some degree of beauty, if that is not too exalted a term to use in this connection. I do not, of course, forget that a factory is built primarily for use and not for show. But so is a cottage, yet a capable architect can design cottages which are not only moderate in cost, and ideally adapted to human needs, but beautiful. Similarly, in factory construction, it is worth while to take account of the artistic merit of the

CHAPTER IV

GOOD WORKING CONDITIONS

PART I

WORKING conditions in industry may be considered under two headings: first, in relation to material environment, and, secondly, in relation to personal environment.

I will deal with them in this order.

A GOOD MATERIAL ENVIRONMENT

Undoubtedly, under this heading, we might include the all-important questions of wages, hours, and economic security, which have been already dealt with. It cannot be too clearly stated that proper attention to these matters should take precedence over what I may call the 'refinements' of factory life. Employers are sometimes accused of introducing superficial 'welfare activities' into their factories, while they neglect to deal honestly with fundamental questions. But though no employer should allow this charge to be levelled against him with any justice, it would be foolish entirely to neglect the refinements, until fundamental conditions were put on an altogether satisfactory basis. This cannot be done all at once. What we have to guard against is the idea that factory refinements can ever be regarded as in any way a substitute

wise investment. Apart from any other consideration, it will enable them to attract a better class of workers to the factory.

I do not think that our experience at the Cocoa Works in this connection is worth recounting in any detail. We let it be known that we wish to establish thoroughly good working conditions, and we deal promptly with any suggestions or complaints which are made, while the members of the administrative staff and the welfare officers are always on the look-out for any defect which needs remedying.

VENTILATION AND SMOKE PREVENTION

We have introduced great improvements in rooms which previously were very dusty, by means of appliances of various kinds for the removal of dust. Again, we are careful to collect steam from open boiling pans by means of fans.

Much thought is given to ventilation, and wherever this is found to be faulty, steps are taken to improve it, often by installing a fan or fans. In some cases considerable improvement results from the provision of fans which merely keep the air in motion without introducing any air from the outside.

Some of the largest rooms are ventilated on the 'Plenum' system. The air is changed every seven minutes. In winter it is drawn over heated pipes, and in summer over cold brine pipes before entering the rooms, and on dusty or foggy days it is also filtered by being drawn through a screen made of cocoa-nut matting, down which water is constantly running.

Mention may here be made of the fact that we have largely got rid of the smoke nuisance from our factory chimneys. The flue gases from the seven Lancashire boilers are forced by a powerful fan into a brick chamber, where they come in contact with

falling water and pass through a tile screen, which removes all solid particles. They then pass into a wooden tower, eighty feet high, where they are further washed, finally emerging as a white harmless vapour. When the whole apparatus is functioning perfectly, it is possible to hold a white cambric handkerchief at the point where the fumes finally emerge without soiling it. The four Babcock and Wilcox boilers most recently installed, when properly fired, give out so little smoke that it is not necessary to adopt the smoke washing process used in connection with the older Lancashire boilers.

BATHS

In rooms where it is not possible to avoid dust, such as the starch rooms, where sweets, in liquid form, are run into starch moulds, the workers are provided with special costumes, and at the end of the day are allowed ten minutes in the Company's time to change. A warm plunge bath is provided, so that they may wash before putting on their own clothes. We have found this arrangement advantageous from more than one standpoint. Not only is it comfortable and hygienic, but the fact that the men and boys in this room no longer go home in dusty clothes adds to their self-respect. Formerly they were not welcome neighbours in a tram-car! Now, they are even cleaner than the ordinary worker, for they have their bath before leaving. Considerations of this kind have a distinct effect, not only on the type of worker drawn to the factory, but on the tone of the men who are there.

NOISE

Another item to which we have given some attention is the avoidance of unnecessary noise and vibration in workrooms. There are many processes which are

necessarily noisy, but both noise and vibration should always be regarded as evils, and reduced to a minimum. The evidence of the Industrial Fatigue Board shows clearly that these conditions, although the workers may 'get used to them,' nevertheless tend to affect their nerves. I am afraid we have still much to accomplish in this connection.

CLOAK-ROOMS AND LAVATORIES

The provision of good cloak-room accommodation is a matter that is often overlooked. From our experience, I suggest the following scheme as satisfactory. The cloak-room should be thoroughly well ventilated, preferably with moving air, so that damp clothes will dry. Hooks should be placed alternately, in double rows, one six inches above the other, the distance between them being nine inches. Woodwork should be avoided, and the hooks either attached to metal bars, or bars of ferro-concrete, which we have found cheaper. The bottom row of hooks should be about five feet from the floor, and seven inches from the floor there should be a shelf of perforated metal, with a steam pipe underneath, so that wet boots may be dried. Clothes can be hung on each side of the bar, but in that case the two sides should be separated by expanded metal. Of course, the ideal scheme is a steel locker for every worker, but that is very costly, and occupies a large amount of space. Wherever possible, we keep the cloak-rooms locked, except at starting and stopping times.

As regards washing conveniences, in many cases we provide hot and cold water in the workrooms, and where the workers are handling foodstuffs, the rule is that they must wash after any temporary stoppage before beginning work again. I understand that in some factories a clean towel is provided every time

anyone washes. We have not adopted this ideal system, but satisfy ourselves with roller towels frequently changed.

The walls of many of the water-closets are rendered in cement, and then fluted and reeded, rather like corrugated paper. When left with a cement finish it has been tarred, but we have found it preferable to skim the wall over with a thin coat of hard plaster, which, when dry, is given two coats of paint, and one of white enamel. This wall can be easily cleaned, and all scribbling is prevented. The vertical internal angles of all walls are coved, as also the horizontal angles between the floor and walls, and the ceiling and walls. This prevents the lodgment of dust.

All girls are obliged to provide themselves with overalls of a prescribed pattern. They make arrangements among themselves to purchase the material at wholesale prices.

CANTEEN

I once heard it remarked that no one can be a statesman, a philosopher, a poet, or a lover unless he has had something to eat during the last forty-eight hours. I should like to add that he is not likely to perform any of these functions as well as he might do, unless his food has been well prepared, and supplied under comfortable and restful conditions. Employers are beginning to appreciate, to a much greater degree, how important a part the canteen plays in the economy of a factory. I think we learned a good many lessons during the war, when so much attention was devoted to the matter.

A canteen should be something more than an eating-shop. It should be a place where the fullest possible advantage can be taken of the dinner hour, for the renewal of the vital energy which has been expended during the morning's work. Here, once again, let me

plead for a little imagination on the part of my fellow employers. If a canteen is to be established, and I think it will soon come to be regarded as a *sine qua non* where any appreciable number of workers stay at the factory for meals, it is worth while to make that canteen attractive and comfortable. It benefits a man little to get a cold dinner, sitting by his machine in the shop where he has worked all the morning. Sometimes, a director, when very rushed, takes a few sandwiches for luncheon, and eats them at his desk—but he knows that it does not really pay! It is much better to go away from the office, and have a real break during the luncheon interval. This is just as true of every worker in the factory. Whatever may be our special circumstances, whether we are converting a small room in an old building into a canteen, or erecting an entirely new building, we should always try to make it thoroughly comfortable. Of course, to secure a good cook is indispensable, but more is needed—the canteen should be a room for the recreation of strength and energy, and it should be bright and cheerful, since the mind needs refreshment as well as the body. A few plants, or even flowers, if available, make a wonderful difference. Again, it is worth a little trouble to get hold of some good pictures. Still more important is it that the tables should be clean. Food eaten at a dirty table is never appetising. At the same time, with whatever care a meal is prepared and served, it is difficult to enjoy it thoroughly if one is sitting on a bench with no back! All these facts must be borne in mind. But it would be a great mistake to think that a canteen which fulfilled the above conditions must be palatial. What is needed is not lavish expenditure, but forethought, sympathy, and good sense. It is, of course, important that the canteen service should be quick and efficient.

As to the finance of a canteen, it is necessary at

the outset to decide what proportion of the total cost should be met out of the gross profits on the food sold. After a good deal of inquiry as to what has been found possible and desirable elsewhere, we decided at the Cocoa Works to charge prices for the food, estimated to cover its cost and the cost of the service, including the salary of the manageress, the cleaning of the rooms, breakages of crockery, and loss of spoons, etc. The Company defrays all other charges—i.e. provides and maintains the building and all the equipment, and pays for electricity, gas, and steam used for lighting, heating, and cooking.

The present canteen was first opened in March 1914, but in August of that year it was commandeered by the War Office, and troops were billeted in it for two years. After this, with the full approval of the workers, it was offered to the War Office as a hospital, for which purpose it was used until 1919, the employees meanwhile using temporary accommodation. It is a large three-storey building. The ground floor is used for the Works school and lecture room; the canteen occupies the two upper floors. On the first floor there is a large room for the girls, which seats 2000 at tables of eight. The table-tops are of mottled green and white compressed marble. They are 19 inches wide and 6 feet long, and the distance from centre to centre is 5 feet. The forms, which have backs, can be approached from either end, so that in no case need a girl pass more than one other person to get to her place.

I do not think that this arrangement is the best. If fitting up a canteen now, with our present experience, we should have tables for four persons, provided with chairs. That method would be more costly, both in equipment and space—it would take up proportionately about 25 per cent. more room. But, on the whole, it would be preferable.

The floors are of 'Pyrofugont'—one of the many

jointless floor coverings, laid down in a soft state, like concrete. This has proved satisfactory, and being red, it makes the room look more cheerful and furnished than a plain deal floor. If the question of cost did not arise, however, the ideal would be a polished floor of 3-inch maple boards, or maple blocks. That is the best covering for almost all factory floors. It is not, however, necessary to put a hard-wearing floor in a canteen, since it is used for a very short time each day.

As well as the girls' canteen, there is a canteen for the men, which seats 550. A comparatively small proportion of men stay at the works for dinner, as so many live near. Many of the girls, on the other hand, are the daughters of railwaymen who live at the other end of the town. There are also separate rooms for lady clerks and men clerks, and for forewomen. The few foremen who stay to dinner dine with the men clerks. In addition there is a restaurant, where the charges are higher than in the other rooms, and the whole arrangements and service are similar to those in a good café. It is open to all who prefer it to the other accommodation provided, and who are prepared to pay from 1s. 6d. to 2s. for dinner; and it is used by the directors and higher officials, and also by quite a number of rank and file workers. Anyone is at liberty to bring friends unconnected with the Cocoa Works.

The restaurant is open every week-day, except Saturday, from 10 A.M. till 6 P.M. It is largely used for teas, both by people who are working late, and by those who are staying at the Works for recreation or meetings, or going thence to some engagement in the town. Adjoining it there is a lounge with armchairs, where smoking is indulged in, and coffee is enjoyed after luncheon. The lounge forms an excellent rendezvous, where persons from different departments can meet for conversation.

The canteen is largely used during the evenings. On Saturday afternoons catering is undertaken for sports clubs, and throughout the winter supper is provided each Saturday night for about 200 persons attending the weekly Works dance. On other days the various clubs and societies frequently have social evenings and dances, and the supper arrangements are made by the dining-room staff.

Everything sold in the canteen is 'home-made,' including the bread, pastries, and pork-pies. The number of employees using it varies with the weather and the time of year, but the daily average is, roughly, 2000 women and girls, and 450 men and boys. The majority buy, *à la carte*, just what they want. Some buy their whole dinner in this way, ordering it the day before; others buy something to supplement what they bring from home; while others bring all their food from home, buying only a cup of tea. Any who wish may have the food they have brought from home heated, at a charge of $\frac{1}{2}d.$

The prices charged have varied greatly of late, with the constant advances in wages and in the cost of materials; an idea of the level of prices may be gained from a typical day's menu in March 1921.

CANTEEN		<i>d.</i>
Stuffed Roast Pork, Apple Sauce, and Potatoes		9
Meat Cake, Potatoes, and Haricot Beans	.	7½
Apricots and Custard	. . . . .	3
Baked Rice Pudding	. . . . .	1½
Chipped Potatoes	. . . . .	1½
Pork Pie	. . . . .	3
Buttered Scone	. . . . .	1
Cakes (various)	. . . . .	2
Tea (per cup)	. . . . .	¾
Cocoa (per cup)	. . . . .	¾
Lime Juice (per glass)	. . . . .	1½

RESTAURANT			
	<i>s.</i>	<i>d.</i>	
<i>Soup</i>			<i>Vegetables</i>
Tomato	4		Mashed Potatoes
			Baked Potatoes
<i>Fish</i>			Sprouts
Salmon Mayonnaise	1	2	
<i>Meats</i>			<i>Puddings</i>
Boiled Beef and Vegetables	1	2	Empress Pudding
Mutton Hot Pot	1	0	Plum Tart and Custard
Ham Croquettes	0	10	Meringues and <i>Macédoine</i>
Palestine Eggs	0	8	of Fruit
			Baked Rice Pudding

The sales during 1920 amounted to almost exactly ten thousand pounds.

During the summer a large number of workers eat their dinners in the garden. They usually come to the canteen for a cup of tea and take this out with them. The canteen stands in an old orchard, and both there and in the 'rose garden' just across the road, seats are provided, though when the weather is fine they seem to be less attractive than the grass. Roof gardens lead out of the men's canteen and the restaurant, and are much frequented.

Free meals are provided in the canteen or restaurant for those clerks and administrative officials who are not paid for overtime and are working late. On the few occasions, usually during the Christmas rush, when the girls work after six o'clock, each is given half a pint of tea free. Free milk during the morning is given to a few delicate girls, on the doctor's orders.

The cooking in the kitchen is done by steam and gas. We have more than once gone carefully into the question of cooking by electricity, but have ruled that method out on account of its cost.

The whole of the canteen arrangements are under the control of a manageress, who is assisted by an advisory

committee appointed by the workers. All accounts are examined by them, and they are consulted as to the kind of food that should be supplied and as to whether, if the cost of materials rises or falls, the situation shall be met by increasing or decreasing the charges, or varying the size of the portions.

The question has been considered whether the whole management of the canteen could, with advantage, be placed in the hands of the workers. This is done in some factories, but experience shows that the plan has not always succeeded; and probably the best canteens in the country are those run by the ordinary administrative staff, with the assistance of a vigorous committee of workers.

PART II

MEDICAL SERVICE

ALTHOUGH the provision of a medical service in factories is becoming more frequent, it does not exist in the majority of even the larger ones. Thus, we may regard such a development of the normal factory equipment as being more or less of an experiment, and it may be worth while to give some account of the medical facilities provided at the Cocoa Works, and an estimate of their value from the standpoint of the workers and also from that of the management.

The first step in the direction of providing medical service was taken in 1904, when arrangements were made for a doctor to attend at the Works daily, who could be consulted, without charge, by anyone wishing to do so.

After a short time he came to the present writer and said, 'If you can't afford to provide both a dentist and a doctor, I advise you to get rid of me and provide

a dentist, for so much of the illness is due to faulty teeth that really I think his services even more necessary than mine.' This condition was not due to working in a chocolate factory, for it was just as marked among new-comers as among the older employees.

So, later in 1904, a whole-time dentist was appointed. In 1919 an optician was added to the staff, which now consists of the following :

(1) A doctor, who attends daily from 8.30 to 12.30, or longer if necessary. He does not visit the homes of employees.

(2) A trained nurse, who attends to all dressings and who visits employees in their homes in the afternoon.

(3) A whole-time dentist.

(4) Three whole-time dental mechanics.

(5) An optician, who attends for two whole days weekly.

(6) An oculist with whom we have arranged to treat, free of charge to the employee, any cases sent to him by the doctor or optician. The latter refers to the oculist all cases in which the eyes are diseased, or need medical treatment, and which cannot be dealt with simply by the provision of suitable glasses.

The services of doctor, dentist, optician, and oculist are free to all employees. The usual charge for a bottle of medicine is a shilling, but more is charged for a medicine containing exceptionally costly drugs. All medicines are made up by a chemist in the town. In the dental department sixpence is charged for a local anæsthetic, and for gas anæsthetics up to five shillings, according to the length of the operation ; and a charge sufficient to cover the cost of materials is made for gold stoppings. Artificial teeth are charged for at a price which covers the cost of materials and pays for the time of the dental mechanic. A complete upper and lower set costs £4, and partial

sets are charged at the rate of 4s. 6d. for the first tooth and 3s. for each additional tooth. In the optical department spectacles and eyeglasses are charged for at wholesale prices. The price of spectacles, rimless and in steel frames, varies from 12s. 6d. to £1 15s., according to the formula for the glasses. The most usual price is about £1.

The total net cost of the medical services provided at the Works is approximately two thousand pounds per annum, including overhead charges. Before asking whether this expenditure can be justified, a few words may be said about the way in which the medical department is administered, and the extent to which the employees make use of it.

From the standpoint of factory administration the medical department forms part of the employment department. Every employee of the Company has the right to make full use of the facilities provided. Anyone wishing to do so, gets a permit slip from the responsible official in his department. This is sent to the clerk in the medical department, who arranges the times for appointments. No deduction is made from the wages of workers for the time spent in visiting the department, but those employed on piece-work lose the wage they would have earned. Care is taken to prevent anyone from having to wait long, after being summoned from work, before they receive attention. A nurse is present in the doctor's room when women and girls are attending. She deals with dressings and keeps all records. A man who was trained in the Royal Army Medical Corps performs similar duties for men.

MEDICAL INSPECTION OF APPLICANTS FOR WORK

All applicants for work are examined before entrance, or if for any reason this is not practicable,

they must pass the doctor within a fortnight of their appointment. The only exception to this rule is in the building department, where work is of a much more casual nature.

It may be asked whether it is reasonable for an employer to insist on the medical examination of all applicants for work before appointment. If every employer adopted such a course, what would happen to those whom the doctors reject? It is certainly worth while to consider these points. The question whether it is reasonable to insist on examination seems to me to depend on the character of the employment, and the policy adopted towards those who are ill. In discussing the matter with employees at the Cocoa Works, I have usually put the case in this way. First, we are engaged in the manufacture of foodstuffs, and therefore it is imperative to take all possible precautions. Secondly, there are 7000 people, many of them boys and girls, working in a comparatively small area and mixing freely. It is only fair to those employed to prevent the introduction of workers who might spread infection. Thirdly, it is an advantage to the workers themselves that they should be examined before starting work. A man is not necessarily rejected because he is suffering from some disease. He may be passed on conditions, e.g. as suitable for light work, or work out of doors. It would be much in a worker's interest, if, for example, he had a weak heart, to be put on light work, when he might easily be put on heavy work if no medical examination were made. Lastly, a medical examination becomes almost a necessity if the Company is going to accept any kind of responsibility for those who break down while in their service.

On p. 41 *et seq.* some account is given of the Company's Invalidity Fund. If all and sundry were engaged, with no medical test, it would be difficult,

if not impossible, to accept responsibility for chronic invalids, as their number would probably be much greater than at present, and much stricter regulations would be necessary in the case of those who, though not completely unfit for work, suffer from ill-health and are frequently absent in consequence.

It seems to me, therefore, that there is an overwhelming case for the medical examination of new entrants, always assuming it is carried out reasonably. But I think the workers may rightly ask that those who pass the test and subsequently break down shall be treated more liberally by the Company than they would be were no medical test at entry required.

As regards the second question, as to what would happen to the medically unfit if all the employers insisted on medical examination before engagement, I do not think this contingency need alarm us. There are many different kinds of work, and because a man is unfit for one, it does not necessarily follow that he is unfit for another. If, however, doctors in one employment after another rejected him as unfit for work, surely it would be time to deal with him by special provision, instead of letting him undertake, for a short time, work at which he could not continue. The present haphazard policy is very clumsy, and a great deal of illness might be avoided by the adoption of wiser methods.

NUMBER AND CHARACTER OF CASES TREATED

It is not easy accurately to assess the value of the work undertaken by the medical department. That the facilities offered are appreciated by the workers is proved by the extent to which they take advantage of them. In addition to the examination of new entrants, the doctor was consulted 16,511 times in the year ending December 31, 1920, while

during the year 1920 there were 5373 attendances at the dental surgery. During the six months ending December 1920, 955 visits were paid to the optician by 241 different persons, and 404 fittings were supplied.

The following is an analysis of the new cases treated by the doctor during the half-year April to September 1920 :

Septic wounds	297
Cuts and injuries	289
Sprains and strains	145
Scalds and burns	57
Abscesses, boils, etc.	78
Warts and corns	31
Contagious and infectious cases	67

DISEASES AND DISORDERS

<i>Of Respiratory System</i>					
Coryza	17	Laryngitis	12	Tonsilitis	26
Bronchitis	4	Pleurisy	3	Nasal Catarrh	2
Pharyngitis	3	Ozoena	1		
<i>Of Circulatory System</i>					
Raynaud's Disease	1	Chlorosis	2	Anæmia	3
<i>Of the Skin</i>					
Eczema	86	Urticaria	3	Seborrhœa	7
Acne	2	Psoriasis	1	Erythema	1
<i>Of the Nervous System</i>					
Headache	8	Nervous Debility	3	Chorea	3
Neuralgia	25	Epilepsy	1	Insomnia	4
<i>Of Digestive System</i>					
Hyperacidity	3	Dyspepsia	4	Ulcerative Stomat- itis	1
Colic	5	Vomiting	4	Gastric Catarrh	16
<i>Of the Eye</i>					
Conjunctivitis	21	Entropion		1	
Scleritis	1	Iritis		3	
<i>Of the Ear</i>					
Cerumen	22	Aural Catarrh		11	
Otorrhœa	10	Otitis Media		5	

Miscellaneous

Lumbago	5	Exophthalmic	Gout	1
Sciatica	1	Goitre	Balanitis	1
Gall-stones	1	Pyorrhœa	Synovitis	10
Malaria	1	Rheumatism	Bursitis	5
Varicose Veins	1	Rheumatic Heart	Displaced Cartilage	2
Goitre	3	Parotitis	Ganglion	7
Furunculosis	1	Debility	Hernia	2
Nephritis	1	Epistaxis	Flat foot	1
		Dental Anæsthetics	40	

Accidents happening when the doctor is absent are treated in our ambulance station, which is in charge of the chief officer of the fire brigade and his assistants, who are qualified ambulance men. The following is a summary of accidents treated at this station during the three months ending December 31, 1920 :

Septic wounds	25
Cuts	380
Lacerated wounds	3
Crushings	12
Fractures	2
Burns	44
Scalds	31
Sprains	37
Bruises	43
Foreign bodies in the eye	6
<hr/>	
	583
<hr/>	
Females	23
Males	560

All but twenty-three of the cases treated were men, owing to the fact that nearly all the girls are on hand-work, and are not so liable to accidents. The men's work is comparatively free from the risk inherent in smelting or heavy engineering work.

The doctor periodically examines the hands of those engaged in handling foodstuffs, so as to ensure that no one suffering from eczema or any other skin disease is engaged in such work. He is also freely

consulted on all matters concerning the health conditions throughout the Works, and the suitability of different kinds of employment, either for individuals, or for classes of individuals—e.g. whether any given employment is suitable for women or young persons.

Any worker with a tendency to phthisis is examined periodically until his or her condition is declared to be normal, and all necessary steps are taken to eradicate or, at any rate, to keep in check incipient phthisis. Sometimes employees threatened with it are put to light work, or work out of doors; sometimes they are sent away for a change of air—a method which may be adopted in the case of any employee who is run down. There is no doubt that, in not a few cases, the treatment by a doctor of those who show signs of incipient disease has been of the greatest benefit. Sometimes, the disease has been completely checked, and in other cases its progress has been greatly retarded.

The Company has no Convalescent Home of its own, but a certain sum is allocated each year to a committee composed of four members elected by the Central Council, and four officers of the employment department, and this committee lays down the rules regulating its expenditure. The recommendations come from the girls' supervisors, and from overlookers, or from the workers themselves. The sanction of the firm's medical officer has to be obtained before any employee can be sent away, and, after recommendation, every girl's case is considered by the women's section, and every man's or boy's case by the men's section, of the above committee, who decide what financial assistance shall be given.

These arrangements vary according to the circumstances, the usual plan being to ask for some contribution—generally the amount of the National Health Insurance benefit. The expenditure under this head amounts to about £350 a year.

VALUE OF MEDICAL SERVICE

Perhaps a better idea of the value of the medical service than can be gained from general statements may be gathered from a perusal of the results obtained in a number of typical cases. These have been supplied by some of the welfare supervisors, and may be taken as representing what happens throughout the factory.

MEDICAL CASES

- (1) A girl who frequently had half-days off. She was found to be anæmic, and suffering from headaches and indigestion. Was persuaded to see the doctor, and now describes herself as 'right champion,' which statement is quite borne out by her regular time-keeping, and the improvement in her wages, which have risen by over 2s.
- (2) Was sickly and anæmic, with bad septic fingers, and other signs of debility. Treated by the Works doctor, and sent for a fortnight's change, she showed greatly improved health and capacity for work. Is now causing no anxiety, and earning her average wage, which formerly she failed to do.
- (3) A girl suffering from anæmia and general debility was treated medically, and given a holiday and change of air. Her average piece wage rose by about 8s. as a result of the treatment, and her health is much improved.
- (4) Complaints were received from the overlooker and school staff that this girl was becoming lackadaisical, and shirking work. She looked ill, so was taken to the Works doctor, who, on examining her, found slight dilatation of the heart. A rest from gymnastic exercises, and the avoidance of any strain, were insisted on, with the result that the girl's general health and application rapidly improved.

- (5) Consumptive tendencies. Periodic advice from the doctor, change of work, and an arrangement for her to work by an open window, have resulted in a marked improvement in work, wages, and time-keeping.
- (6) Age fifteen. Suffered with constant headaches, earache, dullness, and lack of energy. After one month's treatment under the doctor she commenced to work normally, does not suffer with headache or earache, and is able to produce the same output as other girls engaged on similar work.
- (7) Age twenty-two. Has been a consumptive suspect for some years. She is under constant observation of the doctor, and by being watched regularly the slightest inclination to lapse into ill-health has been checked, and she has been able to do her work, with almost average health and strength, and to keep good time.
- (8) Age fifteen. Came to the Cocoa Works as a delicate, thin, anæmic-looking child. She was kept under observation and treated by the Works doctor for six months, during which time she was not absent from work for one hour, and at the end of the six months she showed herself to be an average healthy child and able to produce a normal output.
- (9) Suffered from rheumatism, and pains in his knees, which handicapped him in his work. As he was able to see the Works doctor on the spot, without losing a lot of time, he went to him, and is now all right, and able to do his work without inconvenience.
- (10) Septic foot. Received daily treatment, and was able to continue ordinary work.

OPTICAL CASES

- (1) Worked with difficulty, owing to frequent headaches. Now she is provided with glasses, and her wages are regularly up to the average.

- (2) Was often ill, and subject to headaches, owing to eye-strain, but has found glasses a great relief, and works the better for them. Headaches have disappeared.
- (3) Suffered from astigmatism, and had very frequent headaches, got glasses, and can now work a whole day without the slightest trace of headache.
- (4) Looking at work for any length of time tired her, and she wanted to rest her eyes frequently. She now works comfortably.
- (5) Suffered for some years from aching eyes and head. She was supplied with glasses, and since then has been a great deal better; her output has increased, and the standard of her work is higher than previously.
- (6) Was a worker in the labelling room. She complained of constant headaches, and of acute giddiness, caused, as she thought, by the colour of the labels. Her eyes were tested by the optician, and since being supplied with glasses she has had no further trouble.
- (7) This man suffered a great deal from dizziness and pains in the head, which caused him to be absent from work for lengthy periods. Finally he was recommended to wear glasses and was fitted by the optician. As a result he can attend to his work in an efficient manner, thereby increasing his production.
- (8) Eyesight failing. Visited optician and was supplied with glasses. These have proved to be of immense use to him in carrying on his work as a joiner, and there is no doubt that his efficiency has greatly increased.

DENTAL CASES

- (1) Had pyorrhœa, and was often off work, as she suffered so much from headaches and indigestion. All her teeth were extracted, she is now in good health, and rarely misses a day.

- (2) All her teeth were removed, as they were decayed, and her mouth was in a very bad state. She was constantly ailing, but now she is looking and feeling better and doing much better work.
- (3) Had such a bad abscess at the roots of her teeth that she got septic gums and was off work for over five weeks. After the teeth were extracted her health improved and there has been no further broken time.
- (4) Suffered from constant headaches, dizziness, and indigestion and was a poor time-keeper. After her teeth were put in order, her health improved, and also her time-keeping.
- (5) Suffered from bilious attacks, indigestion, and a more or less septic mouth: was dentally treated and provided with a set of artificial teeth. Now describes herself as quite a different person, and the symptoms before complained of have disappeared.
- (6) Age eighteen. For six months this girl had slackened very much in regard to her time-keeping. Whenever spoken to, she stated that she was suffering from toothache. She was not able to earn the standard wage for a girl of her age. She was persuaded to consult the Works dentist, and after he had treated her, her time-keeping improved, and her output was equal to that of others.
- (7) Age seventeen. For some months she looked anæmic and ill-fed, and generally unhealthy. Her output was far below the average. She was sent to the Works dentist, who extracted all her decayed teeth. She is now a great deal better in health, and able to keep good time, and her output has increased considerably.
- (8) Held a position of responsibility in her department because she was a woman of tact, energy, and common sense. It was recently noticed that she was losing some of her power, that her health was not so good, and her time-keeping not so

perfect. She was persuaded to see the Works doctor, who sent her to the Works dentist. She had most of her teeth removed and the others treated. Since receiving the artificial teeth, she has not lost any time and her work has regained its former standard.

A perusal of the above cases will show, I think, that the expenditure of time and money involved in the organisation of a medical department has yielded satisfactory results. There is no doubt that, apart from the cure of specific ailments, and their avoidance, the general level of health has been raised, and many workers who constantly felt 'below par' are now 'fit' and vigorous.

In terms of human happiness, the benefits thus derived are considerable, and the improved health has reflected itself in greater efficiency and increased output. It is impossible to measure the precise extent to which this has been the case, but having regard to the comparatively small sum involved in the organisation of a medical department, there can be no doubt that the expenditure has fully justified itself. And clearly, if this is true of a factory where processes and working conditions as a whole are normally healthy, it would be still truer in factories where conditions are less favourable.

It may be helpful, if, in conclusion, I append the opinions of two administrative officers as to the value of the medical work carried on here. These may be taken as typical of other reports received.

After citing a number of cases treated by the medical department, one official reports:

Our medical department is valuable from the employer's point of view:

- (1) It has advised administrative officers when the effects of certain work are harmful to any special organ, or to the general health of the workers.

(2) It has prevented—

- (a) Much loss of time.
- (b) Dislocation of work.
- (c) Decreased output.
- (d) Compensation expenses.

From the worker's point of view :

1. The medical department gives the employees a sense of security, and promotes a feeling of good-will towards the Management.
2. Saves loss of time and wages.
3. Enables workers to produce more.
4. Enables them to enjoy their work, instead of finding it a drudgery.

In a word, the establishment of a medical department is not only humane, it is essential to production, it is beneficial to workers and profitable to employers.

A girls' supervisor adds the following general remarks to a report on a number of cases in her department :

The provision of a medical staff for a factory is now considered an essential of welfare work, and there is no doubt that, from the point of view of increased efficiency, it pays. The services of a doctor and a dentist are both required, as the work of one is so often supplementary to that of the other : if they can in addition call upon an optician to assist them, so much the better.

- (1) A girl is off colour, keeps bad time, earns low wages, and takes no interest in her work, and no obvious reason can be found for all this. But if she can be persuaded to see a doctor, it will nearly always prove that her health is at fault. She may not have the energy to see a panel doctor, but she can hardly refuse to see a doctor who is on the spot.

- (2) A girl comes with a septic finger. Left to herself, she would probably treat it with bread poultices, or nothing, and might be off for weeks. With a Works doctor, she goes to him in the initial stages, and while the finger is treated is still at work—possibly not at her own job, but something equally useful.
- (3) The value of a Works medical service in case of accident need not be mentioned. It is the most obvious of its advantages, second only to the value of examination for fitness on entry.
- (4) The case of the girl who dislikes her work and finds it 'bad for her health,' or the girl who really is on the wrong job, can always be referred to the Works doctor. He is a potent ally when an overlooker thinks the girl is simply lazy, or 'trying it on,' to get a change of work which it may not be convenient to give.
- (5) Briefly, to have a doctor on the spot saves the time of the patient and of the firm, nips illness in the bud, slowly but surely teaches the workers a few elemental rules for the care of their constitutions, and provides skilled medical advice in the hundred and one cases where this is required. What has been said of the doctor applies in a lesser degree to the dentist and optician—they are a trinity working in unity, and complementary to one another.

PART III

PERSONAL ENVIRONMENT

ALTHOUGH it is important to surround workers with good material conditions, it is even more important to create and maintain what perhaps I can best describe as a 'personal environment' which will encourage each individual to be and to do his best.

The ideal at which we should aim is that everyone should work with as much enjoyment, energy, and intelligence as if he were working on his own account. This, of course, is a very high ideal, which probably has never been realised, though I have occasionally visited factories which very nearly attained it. In seeking to create such a spirit, the first thing is for those in positions of responsibility to recognise that the workers are something more than profit-producing instruments. They are not simply a means to an ulterior end. On the contrary, their personal welfare is an important end in itself, though not the only one for which the factory exists. Much, probably most, of the unrest from which industry has suffered for so long, and is suffering so acutely at present, is due to the failure on the part of employers to recognise this fact. Largely through lack of clear and independent thinking, they have been inclined to look upon those working in their factories in the mass, and to speak of them as 'hands,' or generically as 'Labour.' We have not had imagination enough mentally to separate the mass into its constituent units. We have failed to realise that five hundred 'hands' are really five hundred individuals, each with a personality as sensitive to its environment as yours or mine.

Now, it is just as fatal an error to treat workers in the mass as it would be to treat machinery in the mass—a thing no one would dream of doing. Quite apart from the human aspect of the question, and for the moment considering the workers solely as instruments of production, such an impersonal way of regarding them is a serious flaw in our method of business administration. Every worker should be looked upon as an individual, and encouraged to contribute his individual quota, which no one else can contribute, to the success of the firm.

This is the policy we naturally adopt when we

work with two or three persons, but can it be carried out in a large factory where hundreds or thousands are employed?

Yes, it can, but only as the result of a considered policy supported by an adequate organisation. The managing director, or Works manager, in a large factory, cannot give the necessary detailed attention to this side of the business any more than he can personally attend to each machine.

THE ORGANISATION OF AN EMPLOYMENT DEPARTMENT

It is because employers, albeit somewhat slowly, are recognising this truth that a properly organised and carefully staffed 'personnel' or 'employment' department is coming to be regarded as essential in a well-equipped modern factory. The head of this department must be a man possessing true, intelligent sympathy with others. He must have qualities which will make him approachable by all, and he must be trusted by all, workers and management alike. Moreover, his position must be one of real authority.

He will be concerned solely with the human side of business administration, and will have no direct responsibility for anything else. He might perhaps be described as the human 'engineer.' The chief mechanical engineer is responsible for selecting machines suitable for the work to be done, and for keeping them running smoothly, and avoiding overstrain or breakdown; and the employment manager will perform similar functions with regard to the human instruments of production throughout the works. His profession is not a new one in this country, though such officials are far more usual in America than they are with us. There is still a suspicion on the part of many British employers that the good

old rough and ready methods of dealing with Labour are the best, and that all I have been writing about is mere sentimental nonsense !

However, an increasing number of large employers are installing employment departments, and are studying the best methods of organising them. I do not for a moment imagine that the organisation of our employment department at the Cocoa Works is perfect, or even particularly good, but, in its present form, it is the outcome of many years of practical experience, and it has often been modified, both as the result of fuller knowledge on our own part and because we have profited by the example of other firms. A description of the methods we follow may, therefore, be of some interest.

As we employ large numbers of women and girls, as well as men and boys, we divide our employment department into two parts, each with its own staff and under a separate head. The whole department is supervised by a director, who is responsible to the Board with regard to all wage and labour questions. This is an important point, for employment and wage questions are so closely related to each other that it is essential that one person shall be ultimately responsible for both. As the organisation and activities of the men's and women's sections of the employment department vary in certain respects, I shall, for the sake of clearness, first describe the organisation of the men's department, and then show in what particulars that of the women's department differs from it.

The employment manager deals with many matters besides those directly concerned with the employment of labour. In some factories he would be described as the chief welfare officer. The main reason for the institution of the department is that those responsible for the running of the whole business, or some large section of it, and who are necessarily concerned with

problems of finance, business policy, production, and buying and selling, will have quite enough to do if they fulfil those duties efficiently. They cannot be expected in addition to assume responsibility for the workers, whether considered as human beings or instruments of production. Broadly then, this function devolves upon the employment manager.

ENGAGING NEW EMPLOYEES

His duties begin with the engagement of the workers. Everyone is engaged through the employment department, except clerks, who are engaged by the clerical staff officer, and travellers and technical men (e.g. chemists, engineers, etc.). Originally, every foreman or departmental manager engaged his own workers, but this custom was discarded many years ago. It is the duty of the employment manager to keep a record of all applicants for employment, and to keep in touch with all likely sources of supply.

As the supply of adult male labour always exceeds the demand, great care is taken to select the best men. The method followed is for the manager of a department requiring workers to advise the employment department of any vacancy, on a form provided for the purpose, stating the character of the work and the wage offered. The first duty of the employment manager is to advertise the post on the Works notice-board, so that any present employee may apply for it. If a suitable candidate is then forthcoming, the employment manager negotiates a transfer with the departmental managers concerned, and proceeds to fill the new vacancy thus caused in a similar way.

It is, however, as a rule, only when the better paid posts become vacant that transfer from within the Works is sought. If such transfer does not take place, the employment manager selects the most suitable

outside applicant from his list, or failing this, he applies to the local employment exchange. If that method also fails, he advertises the vacancy in the Press. Finally, when a candidate has been selected, and the necessary inquiries into his character have proved satisfactory, an interview is arranged between him and the departmental manager concerned. If the latter approves of him, he is engaged by the employment manager, subject to his passing the doctor. The employment manager also fills up his record card, and gives the necessary instructions to the time-keeper for his admission.

The engagement of employees, especially when they are young, should never be a slipshod or hurried performance. The interview on engagement is a valuable means of giving the new worker, at the very beginning, the right kind of personal environment, and the right outlook. It makes a great difference whether a man or boy is hurriedly 'put on' by a foreman who is principally concerned with production, or engaged by a man chosen for his sympathetic insight into character, and connected solely with the personal side of the business administration. The interview should take place in private, in a suitably furnished office; and if the applicants have to wait, they should do so in a comfortable room. In the matter of waiting-rooms and office accommodation, our employment department falls far short of what is desirable, being housed at the present time in temporary buildings.

The applicant should learn something of the spirit in which it is sought to conduct the factory—a spirit of mutual goodwill, in which both the management and the workers give of their best. It is not a matter of simply 'setting on an extra hand,' but of seeking the co-operation of another colleague. To convey the idea that we are bestowing a favour when we are

employing a man is to introduce the wrong spirit from the start. We are, on the contrary, making a contract which appears to be mutually advantageous.

When a boy under eighteen years is engaged, he starts work on the first day at 9 o'clock instead of 7.30. On his arrival, he is met at the time office by a member of the employment department, taken to his own department, and introduced to the foreman, who is probably better able to spare a few moments than he would have been at the beginning of the day's work. If the boy has no friends in the department, he is also introduced to one or two lads of about his own age, who are asked to 'show him the ropes' and look after him until he is at home in the place.

In addition to engaging new employees, the employment manager is responsible for all departmental transfers. Any departmental manager whose work is growing slack advises the employment department that he will soon have to dispense, either temporarily or permanently, with a certain number of workers. The employment manager then seeks to place those workers elsewhere in the factory. It is important to give as long a notice as possible of a prospective surplus of workers in a department, so as to avoid dismissals. At the weekly conference of directors and departmental managers, a question as to the probable prospective demands for labour is invariably asked, so that the employment manager, who is always present, may have early notice.

DISMISSING EMPLOYEES

Should a foreman wish to dismiss a man for any cause, he first sees the departmental manager who, if he agrees, fills in a form stating why the dismissal is recommended. This is sent to the employment manager, who investigates the case. If he considers

that the dismissal is justified, he countersigns the dismissal form, and himself dismisses the man. In some departments the responsible director sees all dismissal forms before the man is dismissed; in others the matter is finally settled by the departmental manager and the employment manager, and the director only intervenes if these two disagree. The fact that no dismissal can take place without the authority of the departmental manager and the employment manager not only ensures co-ordination throughout the Works in this matter, but obviates all risk of dismissal for inadequate reasons. Sometimes, for instance, a man's failure to make good in one department may be due not to any intrinsic fault, but to the fact that he is a 'square peg in a round hole,' a situation which can be remedied by transfer to another department.

Foremen and departmental managers who have the power of dismissal in their own hands may imagine that the arrangement outlined above would seriously undermine their authority. Save in the case of that rapidly disappearing class of foremen who can only rule by fear, this is not the case. If a foreman has good reason for demanding a man's dismissal, he will always be able to carry his point, and in the absence of such good reason he has no right to dismiss a man.

INVESTIGATING COMPLAINTS

Another important function of the employment manager is the investigation of complaints. No matter how well managed a factory may be, there will always arise a number of personal grievances, which should be carefully examined. 'Rough justice' is not enough. Every personal grievance should be promptly investigated, and explained away if imaginary, or removed if real. Without in any way encouraging mere fault-

finding or tale-bearing, it is important to provide means for the easy ventilation of a sense of injury; and one of our safety-valves at the Cocoa Works is the presence in the factory of the employment manager and the members of his staff. They act as intermediaries between the workers and the management.

In this connection reference may be made to a step which we have recently taken, in order to facilitate the ventilation of grievances, and also to convince the workers that the policy of the employment department aims at being thoroughly impartial, as between the workers and the management. We invited the president of the local branch of the General Workers' Trade Union, in which the majority of the employees were enrolled, to work in conjunction with the employment department staff. He was already employed at the factory, and took an active part in trade union work. Obviously, this step would have failed if the workers lost confidence in him, or suspected that he had been 'bought'; and therefore, before making the appointment, we consulted the union, explaining that we wanted someone whom the men trusted, and who could put their side of any debatable case. After discussion, the Trade Union and the Central Council at the Works approved our proposal. This experiment has been a complete success. Employees with a grievance will go more freely to a member of their own union than to a foreman or manager, or even to some other member of the employment department staff. If the grievance is imaginary they are more easily convinced of their mistake by one of themselves than they would be by one of the management: if it is real it is much better to attend to it at once than to allow it to fester, and probably spread. Grievances grow by keeping with surprising rapidity. The members of the management also find the advantage of having a representative of Labour in the employment

department, and frequently consult him when they want to know how the workers are likely to regard any proposed policy.

WOMEN'S EMPLOYMENT DEPARTMENT

THE PREPARATORY WORKS SCHOOL

With regard to the women's side of the employment department, there are only two matters in which the organisation differs from that of the men's side.

Most of the female employees begin work at the age of fourteen or fifteen. Until recently, children used to leave school at any time of the year, as soon as they were fourteen years old. But in 1920 regulations were made under which they stayed at school till the end of the term in which they reached the leaving age. Now, therefore, girls and boys straight from school apply for work at the close of each term, and consequently we have three large batches of newcomers. This has made it possible for us to copy a scheme we saw in operation in Messrs. Robinsons' Works in Chesterfield, and to give the girls a period in a preparatory school before introducing them to the workrooms. Those selected for employment are told to come on a certain day, and attend the preparatory school for a week.

The object of this plan is threefold. First, we recognise that it is a severe ordeal for a girl of fourteen, straight from school, to enter a great factory, among seven thousand strangers, and we want to ease the transition from school to industry. After a week in the Works school, she knows fifty or sixty girls of her own age, and she also knows something of what a factory is like. She has been introduced to factory life by sympathetic and kindly instructors, instead of being thrown into it and left to sink or swim.

Secondly, we hope in some small measure to lessen

the monotony of her subsequent work by explaining just what part it plays in the whole process of manufacture; and, thirdly, we want her to start her industrial career in the right spirit.

The school opens with an introductory talk by one of the directors on Works ideals. Other addresses are given during the week by various Works officials, on such subjects as the systems of wage payment in use in the factory, factory hygiene, the educational and recreational facilities available, both in the factory and in the city, 'Who's Who in the Works,' 'How a big factory is organised,' Trade Unionism, etc.

Lantern lectures are given on the raw products used in the Cocoa Works—cocoa, gum, sugar, timber,—and slides are shown picturing the firm's estates in the West Indies, and the journey of the goods to the Works. Part of each day is spent in visiting different departments, and care is taken to explain the relation of work which falls to girls to the other processes of manufacture. Between lectures, the children play organised games, which soon banish all feelings of shyness, and acquaint them with one another. The final address is given by a director, and the week winds up with a tea-party.

Each day is divided as follows :

9.0 - 9.15	..	..	Roll Call.
9.15-10.0	..	..	Lecture.
10.0 -10.15	..	..	Lunch.
10.15-12.30	..	..	Visit to Factory.
12.30- 1.30	..	..	Dinner.
1.30- 1.45	..	..	Roll Call.
1.45- 2.30	..	..	Lecture.
2.30- 3.15	..	..	Games.
3.15- 4.0	..	..	Lantern Lecture.

On the last day of the school, the children write essays on the doings of the week, from which it is

evident that they have thoroughly enjoyed it, and gained a great deal of valuable information. The overlookers report that when the children enter the factory they are more confident than new girls who have had no week of preparation, and settle down to work more quickly. Several of their parents have expressed appreciation of the school, and it has been generally supported by the employees, while its initiation was originally approved by the Central Works Council.

Before the school started, it was feared that a tour round the factory might lead to dissatisfaction among girls who were going to work in one of the less attractive departments. But in practice this difficulty has not arisen, since those in charge of the school can always point out, in even an unpopular department, advantages which may escape the eye of a casual observer.

Another advantage of the scheme is that the girls get to know people in other departments, and a general feeling of *esprit de corps* is fostered. The factory tends to become 'Our Factory' in their minds, instead of 'The Factory.'

The girls' school is still in its first stages, and we feel that there is room for further development. We have not yet organised a similar school for boys, since their number is much smaller, and very few are engaged at one time. But boys need schools just as much as girls, and I hope it may soon be possible to arrange one for them.

GIRLS' SUPERVISORS

The other particular in which the organisation of the women's side of the employment department differs from that of the men's side is that for certain functions it is decentralised, and its officers are de-

finitely attached to particular departments of the Works. These officers are called 'girls' supervisors,' and their duty may be briefly described as the supervision of all women and girls in the department, from what may be called the 'welfare' standpoint.

Our experience is that, speaking generally, female employees require more careful supervision than men. This is partly because many of them are physically weaker, and partly because their age, on the average, is much lower than that of the men, and they are less able to look after their own interests. Again, they are more sensitive and emotional, and hence it is imperative to avoid friction, and to dispel even the shadow of a grievance. The exact duties of girls' supervisors are as follows :

1. *Wages*.—Although the supervisor has no power to fix wages, she is responsible for seeing that each girl in her department earns the wage fixed as the standard for her age. When a wage is unduly low, she must find out the reasons for this, and try to remove them. Sometimes it is only necessary to warn the girl against negligence, and encourage her to do better. But sometimes another remedy is needed besides increased effort on the worker's part, and then it is the supervisor's duty to acquaint the overlooker or manager with the fact. The work may be unsuitable, in which case she will recommend trying the girl elsewhere, but if no remedy can be found, and the girl cannot be encouraged to do better, the only course open to the supervisor is to recommend her dismissal. If the Wages Section wish to draw the attention of the department to the wages of any individual girl on piece-work, as distinct from the wages of a group, they communicate with the girls' supervisor. It follows that the girls' supervisor has full access to all wage books connected with the girls of the department.

2. *Time-keeping*.—Those responsible for checking in the girls will, each morning and afternoon, report to the supervisor any girls who are absent. The supervisor

ascertains from the overlookers' lists whether they are absent with leave; if not, it is her duty to ascertain the causes of absence, and to take any action which she may consider necessary, with a view to reducing the loss of time without leave throughout the department.

3. *Transfers*.—The supervisor has not the power to decide what work any particular girl shall undertake, or to transfer girls from one class of work to another, but it is her duty to recommend the transfer of a worker if she thinks this necessary from the standpoint of health. In cases of doubt, she would, of course, refer to the doctor. When permanent transfers are to be made from one section to another (as distinct from temporary transfers necessary for the daily adjustment of work), a list of the names is sent to the girls' supervisor at least a day before the transfers are to be effected, so that she may have an opportunity of stating whether, on grounds of health, any of the proposed transfers would be inadvisable.

4. *General Conditions*.—The supervisor is responsible for watching the general welfare conditions of the rooms, such as ventilation, cleanliness both of the rooms and of cloak-rooms and lavatories, sufficiency of cloak-room and lavatory accommodation, and general workroom amenities. It is her duty to draw the attention of the responsible administrative officer in the department to any conditions in this connection which she regards as unsatisfactory.

5. *Discipline*.—All dismissal forms for women must be signed by the supervisor as well as the manager.

6. *Visiting*.—The supervisor is entirely responsible for seeing that any necessary sick-visiting in the department is undertaken, either by volunteers or otherwise.

7. *Savings Fund*.—Supervisors are responsible for all girls' Savings Fund collections.

8. *Education*.—Supervisors are responsible for encouraging girls to take advantage of the educational facilities provided in the Works, and they should keep a sharp look

out for girls of promise, who should be especially encouraged to follow up their education.

9. *Illness at Work*.—Supervisors are responsible for the management of the rest-rooms. If an overlooker sends a girl to a rest-room, she should at the same time advise the supervisor; and all accidents to girls should be reported to her at once.

10. *Accessibility of Supervisors*.—Any girl in the department may, at any time, go to see the supervisor, having first asked permission of the overlooker. She need not give any reason for her wish to see her.

11. *Social and Recreational*.—The directors rely upon the supervisors to do all in their power to encourage the girls to take advantage of the recreational opportunities provided by the firm, and to assist in the development and organisation of these opportunities.

12. *General*.—Since the supervisor is responsible for watching all wages, with a view to seeing that each one is satisfactory, and also for the health and general welfare of the girls in the rooms, it will be her duty to report to the director of the department any circumstances which prevent her from fulfilling her responsibilities.

This method of organisation is still in a somewhat experimental stage; but on two occasions, when a supervisor left, the girls very distinctly desired us to appoint a successor. The supervisors hitherto appointed have been educated women, most of whom had gone through a definite training in a welfare course at a university, and had been welfare officers in other factories.

It will be seen from what has already been said that the employment department deals with many matters besides the engagement and dismissal of labour and the investigation of complaints. Most of the welfare activities throughout the Works come under its purview. Such of these as merit description will be mentioned later on.

LABOUR TURNOVER

Perhaps I may here give particulars of the labour turnover at the Cocoa Works. For this purpose, obviously, war-time figures will carry no significance. I can therefore only use the figures for 1920, when for the most part labour conditions had reverted to something approximately normal.

The figures for men are inclusive of clerks and overlookers, and exclusive of those engaged in the building staff on works of construction and of casual workers engaged by the hour at the railway siding. The figures for women include overlookers, night cleaners, and clerks.

Taking men first, during 1920, 382 men and boys left, 441 were engaged, the average total number of male employees for the period being 2966. From these figures an approximate estimate of the labour turnover can be obtained, if it be regarded as the percentage ratio of the employees who leave to the average total of employees for the period. On this basis the turnover for 1920 is 12·8 per cent.

The figures for women are as follows: Left, 489; engaged, 814; average total female employees, 3712. This gives a turnover for 1920 of 13·1 per cent.

Of course, this method of assessing labour turnover takes no account of the two other factors which enter into such an estimate, namely, the length of service of those leaving, and the reasons for which they leave. Obviously, in the case of women, the turnover will always remain comparatively high, since all girls leave when they marry. Apart from those who left on that account the women's turnover is about six per cent.

We regard the present men's turnover as unnecessarily high, and careful consideration is being given to methods of reducing it. Two-thirds of the men and boys leaving in 1920 left before the completion of six

months' service. Of these, seventy-six per cent. were dismissed, a fact which demonstrates that the first six months may be regarded as a probationary period. Taking the total number: forty per cent. left for reasons of their own, and fifty-five per cent. were dismissed. The remainder represent unavoidable reasons for leaving, such as retirement at pension age, and death.

Great care is taken to avoid putting boys into blind-alley jobs. Where it seems likely that this might occur, we try to arrange for the work to be done by girls.

Married women are not employed, save in very exceptional circumstances, but widows are occasionally engaged, usually as cleaners, if the employment manager is satisfied that proper arrangements are made for the care of their children.

TRAINING ADMINISTRATIVE OFFICERS

In the foregoing pages, I have described the special organisation which has been set up at the Cocoa Works to develop and maintain the right kind of personal environment for all who work there. But everyone with a knowledge of factory life will at once realise that the object in view can never be attained without the help and sympathy of the whole body of administrative officers.

I venture to think that, in the past, not enough stress has been laid on the value of the art of leadership when appointing administrative officers; nor have employers been sufficiently anxious to develop that art after their appointment. It has been too often assumed that a thorough knowledge of the technical processes involved was the supreme necessity, and that if this were associated with the power to 'hustle' little more need be asked. Much of the Labour unrest in industry to-day is due to lack of tact, and of a nice sense of

justice on the part of the administrative staff, from charge-hands to directors. They have sought to drive when they should have been leading, and have been satisfied with 'rough justice' instead of insisting on complete justice in each individual case. The somewhat rough and ready method of handling Labour which has so often done duty in the past will not serve us in future, any more than will the old rule-of-thumb industrial processes, where science is ignored and costing systems are unknown. Both are becoming relics of the past. Just as we must give science a more prominent place in the development of industrial processes, so we must learn to handle the human problems of industry with far more intelligent sympathy and tact. We must induce men to do their best by encouragement, example, and inspiration.

But here we are face to face with a practical difficulty. It is easy to find foremen with good technical qualifications, and comparatively easy to find them with 'hustle,' but it is difficult to find men who can inspire and lead. Yet, such men must be found, or made, for the plain fact is that workmen nowadays refuse to be driven. Unless we can learn to lead them, industry will suffer severely; and, indeed, it is suffering severely from our incapacity in this respect. I suggest, therefore, that those responsible for the administration of business should realise the great importance of surrounding themselves with a body of administrative officers possessing, not only the necessary technical qualifications, but the power of leading men. Even if we have been conscious of this need in the past, we have not taken enough pains to develop the kind of qualities which are required of a first-rate administrative officer.

Obviously, the first essential is to select for administrative posts men who, besides the technical qualifications, have tact and sympathy. But that is not

enough. They should be told quite clearly the ideals of the directors as to the way in which the business should be administered, and the relations which should be established and maintained between the management and the men. Emphasis should be laid on the need of absolute justice, and the importance of courtesy, and a high ideal held out regarding the part which a foreman or other officer may play in creating the right 'atmosphere' in the Works. The great changes which have come over industry during the last few years should be explained, and the staff made to realise how much greater are the claims made on administrative officers now than formerly.

The practical steps we have taken at the Cocoa Works to help those officers to perform their various duties efficiently, have been of three kinds. First, we have arranged a series of lectures. The first experiment in this direction was made in 1919, when twelve lectures were given to the whole of the administrative staff. These lectures were delivered during working hours, and each was given more than once, as obviously all the foremen could not be absent from the workrooms at the same time.

The syllabus of the first course of lectures was as follows:

SYLLABUS OF LECTURES

TO BE GIVEN AT THE COCOA WORKS, YORK

1. *Introductory*.—The true function of Industry. Should be a form of National Service. Production of useful commodities, made under good conditions and sold at reasonable prices. The present Industrial situation. New conditions likely to prevail after the war.—B. S. ROWNTREE.

2. *Financial Organisation of a Limited Company*.—A Limited Company. Rough History of Industrial Evolution from simplest commerce to modern developments.

History of our own business. Method of Financing a Limited Liability Company.—J. B. MORRELL.

3 and 4. *Our Raw Materials (two lectures)*.—Lecture 3: Cocoa. Lecture 4: Sugar, Gum, Glucose, etc. Method of preparation prior to coming to Factory. Our West Indian cultivations. Food Value, etc.—S. H. DAVIES.

5. *Psychology in the Factory*.—Unconscious psychology. Definition of psychology. Business conditions after the war. How to be faced? Greater efficiency of Management and Labour. Good and bad features of 'Scientific Management.' Scientific or Efficient Management *plus* greater consideration for human factor. Use of psychology. Workers men and women, not machines. Fitting task to worker and worker to task. Avoidance of monotony. Leading not driving. Right atmosphere. Setting the tone. Sympathy. Trust. Co-operation in Management.—T. H. APPLETON.

6. *Working Conditions*.—Brief review of factory conditions in the past. Factory Acts and Home Office Legislation. Workrooms. Hours. Conditions necessary to secure a short working day. Fatigue: Relation between Fatigue and Efficiency. Canteen.—J. S. ROWNTREE.

7. *Wages*. Sweated Industries. Trade Boards. Conditions which must be observed if an industry is to pay high wages. Possibility of increasing efficiency in the Cocoa Works. Research Committee. Costing. Scientific Management. Importance of Chemical and Engineering Developments. Methods of Organisation. Labour-saving Devices.—B. S. ROWNTREE.

8. *Wage Systems*.—Day Wage. Task. Piece Wage. Collective or 'Fellowship' Piece. Piece-Day. Premium Bonus. Salary. Advantages and disadvantages of each system. The Cutting of Piece-rates. Co-ordination of Wages throughout the Works.—O. F. ROWNTREE.

9. *The Place of the Worker in the Control of Industry*.—Trade Unionism. Workshop Committees. Whitley Councils.—A. S. ROWNTREE.

10. *Education*. What is Education? Object of Classes at the Works. The Powerful Influence of Overlookers. The Future of our Classes.—C. HORNER.

11. *Our Sales and Advertising Departments*.—Organisation. How to Command Large Sales. Prices. Selection of Goods. Quality. Prompt Delivery.—A. S. ROWNTREE.

Since then, other lectures have been arranged—some given during working hours, and others in the evenings. Attendance at the latter is entirely voluntary.

In addition to lectures, a staff journal is published from time to time and given, free, to every member of the administrative staff. It deals with all kinds of matters which it is thought will help the readers in their work. The following is a list of contents of the journal issued in January 1921:

Editorial.

'The New Spirit in Industry.'

Professor Marshall on the Future of Industry.

'Education.'

'Foremen of To-morrow' (reprinted).

'Figures.'

'The Immediate Future of Industrial Management' (reprinted).

Graphic Control.

'Administrative Weaknesses.'

'Efficiency Fundamentals' (reprinted).

The Administrative Staff's Bookshelf.

Reviews, Short Notices, Press Cuttings.

A further step which we have taken to help the members of the administrative staff to carry out their duties successfully has been to enable them to attend conferences which have been held in different parts of the country for Works directors, managers, and foremen, when various problems of administration are considered.

We have found it a great help for our foremen and others to mingle, at these conferences, with foremen from other factories, and to listen to addresses on some of the larger problems of industry. Employers are, perhaps, a little apt to forget the few opportunities a foreman gets of enlarging his ideas on industrial matters. He seldom travels, or has any chance of hearing how others are dealing with the problems which he has to face every day. If we do not give him the opportunity to enlarge his ideas, we cannot blame him if he gets into a rut. Nor can we blame him if he fails to grasp the changes which are so rapidly coming over industry. At these conferences, to which any firm may send representatives, much attention is devoted to the human side of business administration.

The following is the programme of a Conference held at Balliol College, Oxford, in September 1920, at which 160 persons from 50 different firms were present; the number attending from the Cocoa Works being 21.

LECTURE CONFERENCE

FOR WORKS DIRECTORS, MANAGERS, FOREMEN AND FOREWOMEN, TO BE HELD AT BALLIOL COLLEGE, OXFORD

Sept. 23rd to 27th, 1920

PROGRAMME

THURSDAY, September 23rd.

- 7.0 P.M. Dinner.
 8.0 P.M. Short Introductory talk. B. Seebohm Rowntree.
 8.15 P.M. Lecture: 'The Historical Basis of the Industrial System.' C. R. Fay, M.A.

FRIDAY, September 24th.

- 9.0 A.M. Breakfast.
 10.0 A.M. Lecture: 'The Psychological Aspects of Training in Industry: (1) Training the Management.' Professor T. H. Pear.
 1.0 P.M. Luncheon.
 4.0 P.M. Tea.
 4.30 P.M. Lecture: 'The Problem of Unemployment.' Victor Gollancz.
 7.0 P.M. Dinner.
 8.0 P.M. Lecture: 'The Co-ordination of Employment, Welfare and Educational Activities in the Factory or Business House.' A. Rowland-Entwistle.

SATURDAY, September 25th.

- 9.0 A.M. Breakfast.
 10.0 A.M. Lecture: 'The Aspirations of the Workers.' David Stewart, M.A.
 1.0 P.M. Luncheon.
 4.0 P.M. Tea.
 7.0 P.M. Dinner.
 8.0 P.M. Lecture: 'Towards an Industrial Policy.' E. H. C. Wethered, LL.B., O.B.E.

SUNDAY, September 26th.

- 9.0 A.M. Breakfast.
 10.0 A.M. Lecture: 'Educational Needs of the Future.' A. L. Smith, M.A. (The Master of Balliol).
 1.0 P.M. Luncheon.
 4.0 P.M. Tea.
 4.30 P.M. Lecture: 'The Psychological Aspects of Training in Industry: (2) Training the Workers.' Professor T. H. Pear.
 7.0 P.M. Dinner.
 8.0 P.M. Lecture: 'The Possibility of a New Motive Force in Industry.' P. J. Pybus, C.B.E., M.I.E.E.

MONDAY, September 27th.

9.0 A.M. Breakfast.
1.0 P.M. Luncheon.

There is no doubt that the steps described above have led the foremen and others to take a keener and more intelligent interest in their work, both on the technical and the personal side. They have been given an opportunity of understanding, much more fully than they did, the ideals of the directors as to the way in which authority should be exercised.

In concluding this section, I should like to say that some of the best 'welfare' work in the Cocoa Works has always been done by foremen and managers. Many of them needed no help, either to develop their powers of leadership or their sympathy with the workers, and I am glad to take this opportunity of testifying to their work in this direction.

PART IV

EDUCATION

IN the 'good old days' when factories were small, and industry was conducted by rule-of-thumb methods, success could be achieved without much attention to the intellectual training of either rank and file workers or administrative officials. Shrewd common sense and practical experience were all that was needed. But now conditions have changed. Industry is becoming more and more complex, and science plays an ever-growing part in it. This is true, not only of engineering and chemistry, but of costing systems, and systems of administration and wage-fixing, or 'scientific manage-

ment"; and lately psychology has claimed attention as a serious factor in industrial development.

Only those who keep abreast with the modern and enlightened scientific methods can hope to succeed. We are constantly faced with not only home competition but with that of foreign countries, in some of which science has been effectively harnessed to the chariot of industry.

These important changes, charged as they are with infinite possibilities, will, without adding to hours of work, insure a greater measure of comfort for the community. But, at the same time, they involve a new standard of education and intelligence, especially on the part of the more responsible workers.

Although the changes to which I have referred have been impending for many years, their importance has been enormously increased by the conditions due to the war, which rudely shook industry out of its ruts and forced it to adopt new methods. To-day, practically every firm is faced with two alternatives: it must either adopt an up-to-date scientific system, or fall behind in the race.

The education of administrative officials, and, at any rate, of the more responsible rank and file workers, has now become a necessity in a well-equipped factory. It is possible that in time the ordinary educational system of the country may turn out boys and girls whose mental faculties are so well trained that they can master and apply industrial science, without the help of special courses of instruction provided by employers. But at present we are very far from the attainment of that ideal. Moreover, as a rule, the employer has to deal with the existing staff, many of whom were appointed under the old *régime*; and the problem is to help them to meet the new conditions.

Education in a factory may be considered under two heads, viz. education designed to develop general

intelligence, and technical education. I will describe what has been done at the Cocoa Works under both heads.

GENERAL EDUCATION IN THE FACTORY

Dealing with general education, the first step was taken in 1908, when classes in domestic science and gymnastics were organised for girls. Since then English has been added to the course. All girls under seventeen years of age when engaged are obliged to attend the classes, which are held for forty-two weeks of the year, for three hours weekly, during working hours. Girls who are seventeen when they enter the factory only attend gymnastic classes. When in receipt of a fixed day-wage they are paid while they are at class, just as if they were at work; when working on piece-rates they are not directly paid while at school, but for a week's work they must all receive the minimum wage laid down in the Industrial Agreement entered into by most of the Cocoa houses, and no deduction from this is made for their attendance at school for three hours each week. The girls attend the school until the end of the term during which they reach the age of eighteen, or for three years, whichever is the shorter period.

The girls attend gymnastic classes during the whole of their period at school: this occupies one hour weekly, including the changing of clothes and a warm bath. In addition to gymnastics, the girls take dress-making, cookery, housewifery, and English. The housewifery classes are held in two cottages built for the purpose. The course includes all branches of housecraft; notably, household management, infant care, and home-nursing. The girls are also taught household needlework and simple upholstery.

All classes are kept fairly small. In gymnastics

the usual number is twenty, in cookery twelve, dress-making eighteen, and housewifery ten. In addition to the head mistress there are eight whole-time and one part-time teachers.

All the classes are designed to give really practical training, and, by dwelling on the why and wherefore of everything done, to develop the reasoning powers of the pupils. It may be urged that it would be better to give a more intellectual and less practical education. It need hardly be said that this policy was carefully considered, but it was felt that on the whole, in view of the short time available, the practical course should be adopted, for girls who leave school for the factory, and leave the factory to marry, have little chance to become proficient in the domestic arts by helping at home. The number of girls attending classes varies with the number of new girls engaged. In January 1921 there were a thousand on the books.¹

From 1905 to 1915 classes were held for boys. But in 1915, as the teachers were called up for military service, and it was exceedingly difficult to obtain boys' labour, these classes were discontinued. With the exception of gymnastics, they have not been restarted, since it was decided to discontinue all our own compulsory classes, as soon as the Continuation Classes provided for under the Education Act, 1918, were opened. The gymnastic classes were restarted at the request of the Central Works Council, when both the administrative staff and workers spoke of their value.

The boys attended school for three years, and

¹ We decided to close our school in the Autumn of 1921, when the continuation schools provided for under the 1918 Education Act were to be opened in York; and we agreed with the Local Education Authority that it should use our class-rooms for the first few years. Now, the opening of the 'Fisher' schools has been postponed for a time, but as we had made all arrangements for discontinuing our own school, we are adhering to our decision. The gymnastic classes, however, will continue, as in the case of the boys.

similar arrangements to those made for the girls governed the payment of wages. The classes occupied four working hours and two hours of leisure time in the week. As in the case of the girls, gymnastics were taught during the whole three years, and in the summer swimming was taught in an open-air bath adjoining the school.

In addition to gymnastics the boys had classes in mathematics, English, and woodwork, which in the third year were exchanged for classes in experimental physics and chemistry. The aim of these was to teach the boys accurate measurement and careful observation.

Care was taken to teach all the subjects in such a way as to encourage boys to make a practical use of their mental powers. Thus, mathematics, instead of being taught as an abstract science, was connected with interests entering into the boys' daily lives—such as the measurement of a cricket pitch, or the laying out of a football ground, or calculations connected with wages or the work they were doing. In the woodwork classes, boys made scale drawings of the objects they were working on. In physics and chemistry, emphasis was laid on great accuracy in weighing and measuring, and chemical experiments were used to develop faculties of reasoning and observation. In the English classes, which were very popular, such books as the favourite stories of R. L. Stevenson were read to the boys, or read aloud by them, and they were then asked to write essays on the chapters read. This developed their powers of expression, in which those who have only had an elementary education are usually sadly deficient.

The number of boys on the school books was generally about 350—a much smaller number than that of the girls, because, as already pointed out, the latter leave the factory when they marry, and hence many more girls are engaged year by year. The staff con-

sisted of four whole-time teachers. These, however, in addition to teaching, were responsible for supervising all the social activities organised for boys in their leisure hours, such as games, week-end camps, evening clubs, etc.

COST OF THE SCHOOL

A statement may here be inserted as to the cost of the school, which, needless to say, is on a much higher scale now than before the war. Not only have the salaries of the teachers and the cost of equipment risen, but there has been a great increase in the amount to be paid per pupil, directly or indirectly, as wages for time occupied in school attendance.

For 1920 the cost of the girls' school, with an average of about a thousand on the books, was as follows :

Salaries	£2281
Charing	229
Washing gymnastic costumes	175
Gymnastic costumes, shoes, etc.	111
Materials for classes (less sales)	249
Wages paid to day-workers while at school	666
	<hr/>
	£3711
Less Government Grant	850
	<hr/>
Net cost	£2861
	<hr/>

(It will be noted that no charges are included for rent, heating, and lighting.)

If the boys' school were restarted, with 260 boys on the books, attending six hours weekly during working hours, the estimated cost would be £3300, less

£600 Government grant. An increase in the number of hours spent in the school would involve approximately a *pro rata* increase in expenditure, as it would be necessary to provide additional class-rooms.

Before describing the educational facilities provided for older persons, I must try to estimate the results of the education provided for boys and girls. Taking the girls first, I think there is no doubt that the gymnastic classes and baths have a beneficial effect on their health, and this cannot fail to improve their efficiency as workers, though precisely to what extent it is impossible to say. As for the other classes, it is more difficult to speak with certainty. A considerable number of girls benefit very decidedly. They enjoy and appreciate the classes, and acquire knowledge which will be of use to them all their lives, and they are old enough to profit by instruction more than they did when attending the elementary schools. There are other girls who certainly benefit by the classes, but not to a very great extent; while a few take little interest in the work, and it hardly seems to affect them. I suppose such an analysis of the value of teaching is true of most schools, and even of universities! As a rule the girls find the classes a pleasant change from work, though the piece-workers cannot be persuaded that they do not lose money by attending, and some of these would absent themselves if attendance were not compulsory.

The chief criticism of the school from an educational standpoint is that the time devoted to it is much too short. The girls only attend for 120 hours a year, or about one-third of the time those under sixteen will be obliged to attend as soon as the Education Act comes into force in York. One disadvantage due to this fact is that so many girls pass through each teacher's hands that she cannot get to know them really well. Undoubtedly it is an advan-

tage to a girl, for however brief a period, to come under the influence of a teacher carefully chosen, not merely for her technical qualifications but for sympathy and strength of character. Thoroughly satisfactory results could only, however, be attained if more time were spent at the school.

Speaking as a result of experience, I should say that if we continued the schools, instead of handing the work over to the local authority, when the 1918 Act is applied in York, I should advocate two changes. The first would be substantially to increase the time spent at school by girls under sixteen, devoting the extra hours to general subjects and not to domestic science, and the second would be to adopt in the girls' school the arrangements made in the case of the boys, and to associate the teachers intimately with the social activities organised out of school hours. The headmaster of the boys' school considers that far more was done to influence the boys helpfully on the football and cricket fields and in the week-end camps than during school.

THE RESULTS OF THE EDUCATIONAL WORK

To my mind, there is no evidence that the girls' school has 'paid' the Works, from the purely financial standpoint; but it has tended to raise the general tone. It has drawn attention to particularly capable girls, who have been encouraged to take advantage of further educational facilities provided in the Works or in the city, and who have thus become better qualified to fill responsible posts. Again, as one among other amenities, it has attracted a better class of girls to the factory. From the purely industrial standpoint, it can hardly be expected that the provision of costly educational facilities for all young girls will directly pay the particular firm that provides them. But this is

court disaster. It is therefore most important that the person in charge of their education should know them so well that he can interpret their wishes even before these are coherently expressed. The teachers, too, must invariably have the type of personality which makes them appear to be working with a class rather than down to it.

Organised effort in the direction of providing adult education only dates from 1920, when two reasons led us to systematise and develop facilities for it. One was a growing demand for it from a section of the workers, and the other a recognition on the part of the directors that a higher standard of education was essential to the industrial efficiency demanded by modern conditions. We therefore appointed an educational adviser to undertake this work.

He began by attending meetings of all the departmental councils throughout the Works, and spoke of the importance of education and of the help which he was prepared to give. Each department elected two representatives to confer with him over arranging details of courses and hours. The normal method of letting employees know about any special lectures, or anything else of educational interest, is through these appointed council members, who show considerable interest and are keen to help. This was the first step towards creating the atmosphere which is required and towards focussing the educational enthusiasm which is otherwise scattered and ineffective.

We have not attempted to provide adult classes at the Works for all who wish to continue their education. It was made known that the educational adviser's services were at the disposal of anyone who wished to take up a course of study, either by attending classes or by private reading. Arrangements were made enabling anyone in the Works to go to his office during working hours for advice, and thenceforward

he acts as tutor. If a course in the town is recommended, the student returns to him, from time to time, to be helped over any particular difficulties, and he is in close touch with the local education authorities, who arrange convenient courses whenever possible. This method of encouraging students to attend classes organised by the local education authorities has not been entirely satisfactory, even where classes have been arranged for our employees only. This is partly due to their dislike of going to a school, and fear of being mixed with juniors and outsiders, before whom it is disagreeable to display ignorance. If it can be managed, it is much better to have classes taken by members of the staff, who know the men and women individually, and can help them personally far more than a teacher whom they see only once a week, and who very probably is tired out before the class begins. For these reasons, in future there will be a greater number of classes at the Cocoa Works. They will be held out of working hours, and chiefly on Saturday morning, when the factory is closed.

The class most in demand is one which comprises arithmetic and English. It is taken on tutorial class lines, and is intended to refresh the minds of students on the essential fundamentals before they proceed to the other subjects.

In the offices, also, clerks are recommended to join classes in the town. Here it was found that some incentive was required if education was to be a success, or if the standard was to be appreciably raised. All junior clerks, before joining the staff, must pass an entrance examination which is partly written and partly oral. At the age of seventeen they have to pass another examination in arithmetic, English, shorthand, and general intelligence. By the age of twenty they must also obtain elementary certificates in arithmetic, English, book-keeping, and one other subject from the

Royal Society of Arts. Failure to do so is a bar to promotion, but a prize of £10 is given for success, and another £20 is given if the candidate obtains four intermediate certificates (in arithmetic, theory of commerce, book-keeping, and one other subject) by the age of twenty-five. No special classes save one in French, are arranged for clerks at the factory, but the educational adviser is always willing to help them individually. As with the adult education for factory workers, the above scheme is run by a committee.

The education provided for persons holding administrative posts is based on the need of giving them the power of grasping the new ideas of the time, of understanding the new relations towards the workers which recent events have established, and of assimilating the new forms of industrial administration. We wanted them to have an opportunity of fitting themselves to perform their present work more efficiently, and to meet the demands which will be made on them in the future. But it is well-nigh impossible to give a man or woman a broader outlook by class work alone. We have, therefore, tried a fresh experiment, and during the last summer four parties of twelve overlookers visited other firms. This proved well worth the expense, if coupled with class work. There is one tutorial class for foremen at the Works, which includes several items—a lecture on 'Management' from a director, a discussion with the educational adviser, and an English class conducted by another member of the staff. These are taken in rotation.

We hope now to increase the number of classes and the parties for travel. We shall probably allow two hours for classes in working hours, in which the subjects will be arithmetic and business talks; and there will be classes on industrial history, economics, English, and psychology out of working hours. An

Education Committee, comprising two managers, two forewomen, two foremen, and the educational adviser, will select the candidates for travelling, according to their progress in class and the benefit they are likely to gain. The tours will last four or five days, and will include a day at a university. The value of these tours is enhanced if some one goes who can lead a discussion in the evening on what has been seen.

Mention must also be made of debates, popular lectures, and week-end conferences, which help to create a spontaneous interest in education and a desire for a better equipment for work. Articles in the firm's magazines also contribute to this end.

Finally, it should be noted that ready access to a good library is an essential, without the help of which the students would be severely handicapped. A convenient reading-room is a great asset for those who have busy and crowded homes.

TECHNICAL TRAINING

Although we are primarily neither an engineering nor a building concern, the extension and maintenance of our buildings and plant compel us to maintain a comparatively large supply of technical labour. Apprentices are therefore trained, under our scheme, in the engineering department as fitters and turners, electricians, pipe fitters, and sheet-metal workers, and in the building department as joiners, painters, bricklayers, and slaters.

In the engineering department the attendance of apprentices at the technical engineering classes held by the city education authorities is compulsory, but in the building department similar attendance is voluntary. In both cases the firm pays for the tuition and examination fees, on condition that the apprentice has attended at least 90 per cent. of the possible

classes. This payment is made to parents at the end of the courses, so as to interest them in ensuring the regular attendance of their sons. In cases of illness, of course, this percentage may be decreased at the discretion of the firm. The firm also offers to all apprentices cash prizes of ten shillings for each Board of Education or City and Guilds Examination pass, and five shillings for each first-class Railway Institute or Council School Evening Class pass.

Engineering apprentices come to us at an average age of fifteen, but building apprentices are not taken under sixteen except in special cases, the circumstances of which are mutually agreed upon by the firm and the trade union. They are paid for all holidays, and wages are paid according to the union rates for apprentices.

The theoretical training during the first two years of apprenticeship, for the engineers, consists of attendance at the preparatory engineering course under the local education authorities. This course covers practical mathematics, practical drawing, and English. During the remainder of the apprenticeship the pupils attend the mechanical engineering course, which includes tuition in practical mathematics, applied mechanics, machine drawing, electricity, etc. The training is graded to meet individual differences in age and ability. In order to help apprentices with the home work given by the teachers at these classes, the engineering department organises a tutorial class at the factory under the supervision of a draughtsman who is a qualified technical teacher. The class is held for one hour on four mornings a week during working hours, and for two hours one evening a week out of working hours. Home work is thus rendered definitely instructive, and this extra tuition acts as a useful supplementary course.

The practical training of engineering apprentices on the mechanical side is divided into five sections :

Bench work . . .	about 1½ years.
Lathe work . . .	about 1 year.
General machines . . .	about 1 year.
Erecting work . . .	about 1½ years.
Drawing office work . . .	about 6 months.

Naturally, the time spent on these activities varies according to the adaptability and ultimate trade of the apprentice. For instance, one who is training to be a turner will spend the greater portion of his time on lathe work. If, when the apprentice has completed about five years on the first four of these sections of his practical training, he has not reached his twenty-first year, he then receives a further period of training in the same operations, unless transferred to the drawing office. Only the apprentices on the electrical and mechanical side who have shown ability in drawing at the technical classes, or have displayed special capacity on practical work, are selected for the last six months of training in the drawing office.

Owing to the more general nature of their work, apprentices to electrical work, sheet-metal work, and pipe fitting have no such standard course arranged, but work under the supervision of the skilled workers of their adopted trade.

Similar statements may be made with regard to the work of apprentices in the building trades. Every encouragement is offered to them to attend night classes on building construction and allied subjects. Practical work consists of attendance upon skilled tradesmen. Special care is taken to see that apprentices are not used simply to do hand-carting. For joiners' apprentices the training is mainly on the bench, under the supervision of a good tradesman. A small proportion of their time is spent on maintenance joinery work in and about the factory. The painters' apprentices spend at least one-third of their time outside the shop, on decorative work, including wall-

papering. Bricklayers' and slaters' apprentices simply work under the best tradesmen in each section on whatever work is in hand. A full complement of apprentices is carried, according to the working rules of the Joint Council of the Building Trade.

LIBRARIES

Our educational work is supplemented by two libraries. The General Lending Library, which is open for the use of all employees, supplies fiction and general literature. The library is in a separate building at the main entrance to the Works, and is open daily, except on Saturdays and Sundays, from 12 noon to 2.30 P.M. and from 5 P.M. to 6 P.M. Employees have free access to the shelves, so that they can handle the books and find out for themselves exactly what they require. A librarian is present when the library is open. About 500 books are borrowed weekly, of which 90 per cent. are fiction. The costs, which amount to about £250 a year, exclusive of the part-time services of a librarian, are borne by the Company. With a view to encouraging reading among the employees, arrangements are now being made with a bookseller to open a book-stall daily during the dinner hour on the Company's premises. Special publicity will be given to books recommended by the Library Committee.

The Technical Library deals entirely with technical literature on all subjects which come within the scope of our business. A staff of twelve librarians and assistants is engaged in reading all relevant periodical and other literature, and extracting any items likely to be of interest to persons engaged in different branches of our business. This literature is catalogued, and weekly bulletins are circulated among administrative officers to draw their attention to those matters which concern them. In this way it is possible to keep

abreast of modern developments, in so far as these are published. About 200 periodicals are read, and a careful look-out is kept for books likely to prove of value.

PART V

RECREATION

To include recreation under the general heading of 'Good Working Conditions' is perhaps to use both terms somewhat broadly. But the subject can hardly be omitted from a study of the human side of factory administration, and may, I think, best be dealt with in this chapter.

That adequate opportunity for wholesome recreation is desirable for all workers, especially in view of the shortening of the working week, will not be disputed. The only question is whether an employer has any responsibility in connection with the matter. I think the right answer is that if many of his workers live near the factory he should satisfy himself that adequate recreational facilities exist for them, although he may not, strictly speaking, be responsible for providing those facilities.

There are two courses which an employer may follow. He may either provide adequate recreational facilities for his own employees only, or, by his influence and his financial help, he may assist communal effort to provide such facilities for the community as a whole. Strong arguments can be brought forward in favour of both courses.

In the case of a town where the local authorities, whether officially or otherwise, are seeking to provide playing-fields, clubs, and similar amenities for the general public, it is certainly a disadvantage if large employers refuse to co-operate in the public effort because they are concerned merely with their own

employees. Their attitude might indeed so weaken communal effort as to render action impossible. Again, there are decided advantages in establishing clubs and societies whose membership is not confined to the employees of a single firm.

On the other hand, an employer may very well say: 'I am prepared to spend thought and money on securing adequate recreational facilities for my own employees, but I cannot undertake the heavier task of ensuring the provision of such advantages for the general public.'

In other words, it is a much easier and quicker process to cater for a comparatively small section of people than so to influence public opinion that measures will be taken which meet the needs of the whole community.

Again, the association for purposes of play of the workers in a particular factory tends to develop a spirit of *esprit de corps* and camaraderie among them.

On the whole, I think that the employer should steer a middle course between these two policies. Let him encourage communal effort, and if necessary help it financially, but do not let him rely upon it entirely. Where the public provision is inadequate, and there is no early prospect of changing it, let him see that provision is made for his own workers.

Our experience has been that it is amply worth while to encourage the organisation of a wide range of recreational activities in connection with the Works. It would weary the reader were I to describe the various clubs in detail, and I will only refer to a few of those which have proved especially successful. First, however, there are two rules which experience has taught us to follow with regard to all these matters. (1) Never seek to 'dump' a club or society on the workers because you think they will like it or that it will be good for them. Of course, there is no need

to wait for an articulate demand before doing anything. But begin by suggesting to a few active spirits that it might possibly be a good thing to start a particular club. Get them to discuss the idea among their mates, and tell them that if they find the club is wanted you will be willing to help them to establish it. I may add that some of the most successful Works Clubs have been started and carried on without any suggestion and with scarcely any help from the firm. (2) Never become responsible for making good a financial deficit on the working of a club. Discuss in advance what contribution, if any, it is reasonable for the firm to make, and then place the whole of the remaining liabilities on the members.

In this connection it may be worth while to state what contribution our firm made to various clubs and societies during 1920. The cost of the upkeep of playing grounds is included, but no rent is charged.

Club.	Membership in 1920.	Firm's Contribution, 1920.
Cricket	72 (47 men and 25 girls)	£44 5 7
Tennis	140	3 18 5
Brass Band	30	49 9 6
Bowling	60	29 12 4
Boys' Club	205	68 4 2
Football	65	71 0 2 ¹
Girls' Dinner-Hour Recreation		2 0 0
Hockey	125 (40 men and 85 girls)	37 7 7 ¹
Swimming (girls)	160	30 0 0
Fishing	70	0 10 6
Annual Sports	—	154 15 7 ¹
		£491 3 10

In addition to the help referred to above, the firm often arranges for a member of the Employment Department Staff to give secretarial assistance.

¹ These amounts are considerably higher than usual.

In the case of the following clubs and societies no money contribution is made by the firm :

1. Choral Society.
2. Fur and Feather Fanciers' Society.
3. Rounders' Club.

Of all the recreational facilities associated with the Cocoa Works, probably the allotments are the most keenly appreciated. Unfortunately, the constant building developments have disturbed allotment holders in the past, and this drawback cannot be fully atoned for by a money payment and the provision of a fresh allotment. Recently, however, further land in the vicinity of the Works has been acquired, and here it is fully expected that security of tenure can be given.

Altogether there were, in January 1921, 364 allotments for men, 31 for boys, and 122 for girls. Our experience has been that $\frac{1}{4}$ of an acre (345 square yards) is about the right size for a man's allotment. Occasionally a particularly active man will rent two allotments, but this is quite exceptional. The boys' allotments are 86 square yards, and the girls' 115 square yards. The rents are 10s. a year for men, 2s. 6d. for boys, and 3s. 4d. for girls. This includes the charge for water, which we have found it necessary to lay on in all allotment fields. The girls are provided with a garden shed, cold frames, and implements, for which they pay 1s. 2d. per annum.

In order to encourage a love of gardening among the girls, the services of a lady gardener were secured in 1919. She helps them with their gardens, and organises a horticultural show in the summer. It is doubtful whether girls' allotments would succeed without such help. Seeds, potato sets, artificial manures, etc., are bought co-operatively, through the

lady gardener, who also runs a communal seed-bed for raising seedlings, which are bought by the girls at a low price.

Another recreational activity which is much appreciated is the Works Dance, held in the boys' gymnasium every Saturday night, except during the summer months. This was initiated by a committee of employees, and the arrangements are under their control. About 200 are present every Saturday, and there is no doubt that the dances not only give a great deal of enjoyment, but afford a valuable opportunity for workers of all grades and from all departments to make acquaintance with one another.

I do not think any other clubs call for special comment. They are very similar to the clubs connected with other factories, and they all serve a useful purpose. The sports clubs could be considerably extended were more ground available. At present, the playing-fields provided by the firm comprise :

Sports Field, used for cricket, men's and girls' hockey, rounders, annual sports, etc.	4 $\frac{1}{2}$ acres
Men's Football Field	2 "
Juniors' Football Fields	3 "
Bowling Green	$\frac{1}{2}$ acre
Tennis Courts	$\frac{1}{2}$ "
Rose Lawn, used for Girls' Cricket Club and dinner games	$\frac{1}{2}$ "
Lawn, used for net ball, volley ball, etc.	$\frac{1}{2}$ "
Girls' Hockey Grounds (two)	2 acres
Total	13 $\frac{1}{2}$ acres

Some of these grounds are used all day on Saturday, now that it is a whole holiday for almost all the employees.

Two of the firm's motor lorries have been fitted with movable char-a-bancs bodies, and are let out on Saturdays to self-constituted groups of employees, who merely pay the running costs. The firm has a launch on the river which is let out on similar terms. All

through the summer months a number of week-end camps, some for boys and some for girls, are arranged in various places within a reasonable distance of York. The campers go out on Friday night and return on Sunday night. During the Works holiday week larger camps are organised—one for about 150 boys, and one for about 60 girls. Before the war a number of lads used to go to Belgium for a week during the summer holiday, and it is intended to revive this custom in 1921. Those visits, under the guidance of enthusiastic leaders, and preceded by lectures on the history and geography of the districts to be visited, were valuable from many points of view.

In addition to recreation for week-ends and evenings, games, dancing, and music are arranged for during the dinner-hour. During the winter, the big boys' gymnasium is used for dancing by a crowd of girls. In summer they often dance on the grass—to the accompaniment of a barrel-organ! The boys play football in the dinner-hour, and there is often music both in the men's and women's canteens. In the latter it is spontaneous, but in the former, since, I suppose, men are more reserved, it is usually arranged for in advance, once or twice a week, by a member of the Employment Department.

In reviewing all the recreational activities at the Works, perhaps the chief criticism I have to make is that the sports to which the greatest amount of energy is devoted are so organised that only the best players can play, while the rest either absent themselves or merely act as spectators. There is a growing feeling, and I think it is a right one, that the sports programme of a factory should include games in which all can take part. Some workers suffer from lack of exercise, others from exercise which is not adapted to them, and they would benefit by games suited to their physical capacity. A committee appointed by the Central Council is at

present carefully considering how their needs can best be met, and how those who have lost the habit of playing can be encouraged to develop it again. If only from the health standpoint, it is well worth while to encourage a large proportion of the workers, old and young, to take part in different games.

CHAPTER V

JOINT CONTROL OF INDUSTRY

THERE has of late years been a growing demand on the part of the workers to have a recognised share in the control of industry. I must briefly examine that demand, and ask why it has arisen, before I describe the steps we have taken at the Cocoa Works to meet it.

As I have already said, there are many different schools of thought among the ranks of Labour. The members of one school frankly desire the early overthrow of the capitalistic system of industry. They regard capital as something which has been filched from the workers, and hold that no share of the product of industry should go to the capitalist as such. They are divided as to how industry should be organised. Some are Syndicalists, who look to a rapid development of the power of trade unions until they are strong enough to organise a general strike, and to seize and subsequently control all the factories, means of transport, and other industrial enterprises. They would abolish the wage system altogether and conduct industry in future on a self-governing basis. Incidentally, they would do away with the existing Parliament and substitute for it a proletarian government, with functional instead of regional representation. The Guild Socialists are actuated by very similar principles, though they would adopt different means of applying

them. Another school of thought advocates an industrial system established on a Soviet basis. Again, there are the old-fashioned State Socialists, who would nationalise all the means of production and distribution, of course including the land. These together constitute the left wing of Labour. Those who have moved furthest to the left are to be found among the Syndicalists, Guild Socialists, and 'Sovietists,' if one may coin a word. The 'Centre' among the workers, and I think it is still by far the largest party, consists of men and women who have not worked out any theory as to the ultimate basis of industry. They would have no objection to the continuance of the present system if the conditions of the workers could be improved. They resent the glaring contrasts between the lot of the average worker and that of many of the 'idle rich,' and they also resent having to work under a system in the internal control of which they take no part. Their ambitions have been voiced by Mr. Gosling, who, speaking at the Trade Union Congress in 1916, said :

'We are tired of war in the industrial field. The British workman cannot quietly submit to an autocratic government of the conditions of his own life. He will not take "Prussianism" lying down, even in the dock, the factory, or the mine. Would it not be possible for the employers of this country, on the conclusion of peace, when we have rid ourselves of the restrictive legislation to which we have submitted for war purposes, to agree to put their businesses on a new footing, by admitting the workmen to some participation, not in profits but in control? We workmen do not ask that we should be admitted to any share in what is essentially the employer's own business—that is, in those matters which do not concern us directly, in the industry or employment in which we may be engaged. We do not seek to sit on the board of directors, or to interfere with the buying of materials, or with the selling of the product. But in the daily management of

the employment in which we spend our working lives, in the atmosphere and under the conditions in which we have to work, in the conditions of remuneration, and even in the manners and practices of the foreman with whom we have to be in contact, in all these matters we feel that we, as workmen, have a right to a voice—even to an equal voice—with the management itself. Believe me, we shall never get any lasting industrial peace except on the lines of industrial democracy.'

Finally, there is a section of workers, including a large majority of the women, who, although they are anxious for better working conditions, have no desire to control them.

This, very briefly, is my analysis of the present situation. But how has the demand for a greater share of control arisen? I think that it is the inevitable result of popular education and of the extension of the franchise. Men are no longer content to accept conditions unquestioningly. That, after all, is the attitude of a serf, rather than of a free man who has learned to read, and, often, to think. With the growth of trade unionism an ever-increasing number of workers are meeting together, asking whether the present working conditions are just and reasonable, and discussing their possible improvement. This is developing a strong class consciousness, and, whatever views men may hold as to the ultimate basis of industry, a certain share in its control is coming to be regarded by many as an elementary right of the workers. Just as through the vote they have an equal share with other classes in the government of the country, so, they are beginning to say, they should have a share in the government of industry.

It is true, of course, that to a great extent workers help to determine working conditions through their trade unions. But they are asking for something more. Trade union influence is brought to bear on

an industry from the outside, and often it can only be exercised on unwilling employers by the threat of a strike. A trade union usually enters the field of industrial action to remedy a grievance or to put right an injustice. The workers now wish to enter it at an earlier stage and in a different capacity.

Leaving aside those who frankly desire the immediate overthrow of the capitalist system, with whom the capitalist, *qua* capitalist, can obviously hold no parley, let us ask whether the demand for a definite share in the determination of working conditions is a reasonable one, and how far it can be granted without interfering with business efficiency. I think the majority of employers to-day regard it as reasonable—witness the development of Whitley Councils and Interim Industrial Reconstruction Committees, which now number over ninety. Save for a diminishing minority of employers who still hold that 'a man may do what he likes with his own' the demand is not regarded as revolutionary. On the contrary, most employers welcome any proposals which will allay the present suspicion and misunderstanding. But even among those there is as yet no consensus of opinion as to how far joint control should go, or by what administrative machinery it can best be exercised. Any definite conclusion must be the result of further experiment. Meanwhile, all over the country, employers and workers are feeling their way in the matter, and it is to be hoped that there will be a very free exchange of the knowledge gained in individual factories. To promote that end, I will outline our experience at the Cocoa Works. We recognise that we have much to learn, and, indeed, we have only taken the initial steps, although already we have made, and tried to remedy, a considerable number of mistakes.

JOINT CONTROL IN THE COCOA INDUSTRY

The question of control must be considered first with regard to the industry as a whole, and secondly with regard to individual factories. In connection with the first point, as mentioned in the chapter on Wages, there is no fully fledged Joint Industrial Council for the Cocoa Industry. It is represented on the Interim Industrial Reconstruction Committee, which deals with matters affecting the sugar, confectionery, and jam trades as well as the cocoa trade. This was set up in 1918, and when the trades concerned are more fully organised it will probably give place to a Joint Industrial Council. Meanwhile, the functions which it performs are very similar to those of the more fully developed bodies. The Committee consists of thirteen employers' and fourteen workers' representatives,¹ and its chief task has been to draw up agreements covering working conditions to be adhered to by the signatory firms. The trade unions who have signed the agreements are pledged not to approach individual signatory firms for any alteration in the conditions, which can only be changed by the national committee.

In addition to fixing minimum wages, the agreements entered into have dealt, among other matters, with hours of work, payment for six public holidays annually, and the granting of a week's holiday in the summer with wages paid. Firms employing over 75 per cent. of those engaged in the manufacture of cocoa and chocolates have signed the agreements; but no firms can be compelled to do so, the only inducement to sign being freedom from the necessity to negotiate individually on basic wages and conditions.

¹ Originally the number of employers' and workers' representatives was equal. Special circumstances made it desirable to add a further workers' representative.

JOINT CONTROL IN THE FACTORY

While recognising the value of the work done by the Interim Industrial Reconstruction Committee, if this were the full extent to which joint control went, it certainly would not meet the demands of the workers. In my opinion, far more important than a national committee of this kind is the development of a scheme for joint control of working conditions in the individual factory. But even with the best will in the world it is difficult to determine the best way of sharing the responsibility of governing the industrial side of a business with the workers without lowering efficiency. The fact is that if one could eliminate the psychological side of the question altogether, the ideal system of government from the standpoint of pure efficiency is absolute autocracy, always granting that you succeed in finding an ideal autocrat! In practice, however, the realisation of such an ideal would be impossible. Equally impossible, to take the other extreme, is the method of governing a factory by large committees. The problem is to find some *via media*, and it is the search for this on which so many employers and workers are engaged at the present time. I think it may truthfully be said that in the Cocoa Works the directors wish to give as much control to the employees as is consistent with full efficiency, and not merely to give as little as they are obliged to do. Of course, to consult the workers on industrial conditions is not a new policy in factories. It has been our custom to do so informally, and frequently, for years past, but latterly we have sought to establish a more definite system of consultation. This was begun some time before the appointment of the Government Committee, generally known as the Whitley Committee, and long before its reports were published.

I will not weary the reader by describing in detail

the experiments which we have made. Briefly, however, it may be said that in the beginning we set up a threefold system. First, there were sectional councils which were concerned solely with matters affecting clearly defined sections of the workers, all of whom were engaged on similar or closely allied processes. Representatives from sectional councils sat on departmental councils, which considered matters affecting a department as a whole, and departmental councils sent representatives to a Central Works Council, which dealt with matters affecting the whole factory. Experience showed, however, that this system was too complicated. Often the work to be done by the subsidiary councils was so trivial that the workers took but little interest in it, and felt that the whole scheme was somewhat artificial. Moreover, the total number of persons taken from work to attend the councils was out of proportion to the value of the ends gained. We have recently, therefore, abolished sectional councils altogether, and reduced the numbers on the departmental councils. There are fifteen departmental councils, each consisting of approximately equal numbers of the administrative staff and of rank and file workers, the latter elected by ballot of all the workers in the department who have been in our employment for six months or more and are over eighteen years of age. Neither membership of the council nor voting is confined to trade unionists, but, as a non-unionist would stand but little chance of election, it may be said that the committees are substantially trade union bodies so far as the representation of the workers is concerned. The trade unionists in each department nominate one of their members to act as shop steward, and he or she is an ex-officio member of the departmental council. The numbers on the councils vary, the idea being that there shall be a representative of each defined section of

workers, so that if any question arises as to particular conditions, someone will be present who can speak with knowledge of the kind of work affected.¹ So far as possible all grades of administrative officers are represented—directors, departmental managers, and the different grades of overlookers. The councils meet monthly, or more frequently if necessary, unless the shop steward and the chairman agree that there is no business of sufficient importance to justify a meeting. All meetings are held during working time; day workers are paid their ordinary wages, and members who are on piece-work receive their average piece-rate earnings during the time they spend in council meetings.

We have not yet had sufficient experience of departmental councils organised on the above basis to say with certainty whether the system is satisfactory, but as it is the outcome of two or three years' experience, we quite expect that it will prove successful. In the past, when the departmental councils were rather differently organised, a number of them worked exceedingly well, especially those consisting almost entirely of men. Matters of real importance were discussed, and there was no sense of artificiality. Some councils, however, notably those on which girls predominated, really did not amount to much; the questions raised at the meetings were often felt by both sides to be trivial, and but little interest was taken in the discussions.

I am, personally, still uncertain whether in a factory where every girl leaves when she marries, and consequently the average age of the female worker is low, councils consisting of girls will ever be worth while. As already stated, there is no strong or widespread demand among women workers for joint

¹ Including members of the administrative staff, ten councils have 12 members or less; the others have, respectively, 16, 20, 20, 24 and 38 members.

control. They do not wish for responsibility, but only for comfortable working conditions and an administration which is both kindly and just.

The Central Council consists of 27 administrative representatives and 29 workers' representatives, appointed by the departmental councils. It is held monthly, and the chairman is elected by the meeting and has no casting vote. There is no limit set to the subjects which may be raised either at the departmental or central council meetings, except that basic working conditions laid down in the agreement drawn up by the Interim Industrial Reconstruction Committee are ruled out. If either party desires the alteration of these conditions, they must apply to the National Committee. The Central Council could, however, request the National Committee to consider such alteration. All decisions of the councils, whether central or departmental, are subject to the veto of the Board of Directors on the one hand, and that of the trade unions on the other. Since, however, the councils consist of approximately equal numbers of administrative officers and rank and file workers, the Board of Directors and the unions would hesitate, without good reason, to veto a decision approved by a large majority. There are always directors present at the meetings of the Central Council (where the most important matters are discussed), and they often take upon themselves the responsibility of finally agreeing, on behalf of the Board, to matters settled in the council. If they are in doubt, they bring the matter up at the next directors' meeting, and inform the Central Council if exception has been taken to its decision. Similar action would be adopted by the trade unions if occasion should arise.

Probably the size of the Central Council will be criticised. Obviously, if it were much smaller, matters could be discussed in greater detail. On the other

hand, 29 workers is not a large number to represent a body of nearly 7000. The detailed work is done by sub-committees, and on the whole I think that the sense of joint control would be lessened if we were to decrease the representation.

With regard to joint control in the departments, now that in each of them a shop steward is appointed by the trade unionists, it is hoped that there may be much more frequent informal consultation with these officials, possibly in association with two or three directly interested members of the departmental councils. This would be an advantage with regard to a great number of matters which need quick decision, and which are not of such magnitude as to justify calling the whole council together.

We have had some difficulty in familiarising the workers generally with the activities of the councils. So far as the departmental councils are concerned, a summary of the minutes has been put on the departmental notice boards, but this hardly solves the problem. The work of the Central Council, however, is given due publicity by the insertion of its minutes in the Works magazine, which is given to every employee.

SPHERE IN WHICH JOINT CONTROL OPERATES

It would weary the reader if I were to describe in any detail the kind of subjects discussed in the departmental councils. Since, however, many employers are considering the subject of joint control, I may perhaps take an illustration. I will select the council of the saw mill and wooden box mill, which consists of four representatives of the workers and four of the administrative staff. The following is a list of some of the subjects dealt with by this council during the last year or so :—

1. *Working Conditions.*—Heating of rooms, light, ventilation, sanitary conditions, and comfort of workers generally.

2. *Safety.*—For example, the provision of gates at a railway crossing, and the provision of more prominent notices forbidding the cleaning of machines whilst in motion.

3. *Suggested Improvements.*—For example, (a) useful suggestions of a minor character for improvements in machinery; (b) provision of tool accessories for each operator; (c) the utilisation of waste wood; and (d) the use of more suitable nails.

4. *Transfer of Labour.*—Establishment of a committee to discuss with the management what men should be transferred from the department to other departments in the case of shortage of work.

5. *Complaints from Employees.*—For example, as to (a) not being put on to piece-work, and (b) pilfering by fellow employees in cloak rooms.

6. *Complaints by Management.*—For example, as to (a) men leaving in some cases before finishing time, and (b) inferior quality of work.

7. *Piece-rates.*—The establishment of a piece-rate Committee to deal with the fixing and alteration of piece-rates and adjustment of disputes with regard to such rates. The committee consists of two members of the administrative staff, the shop steward, and a worker representative from the section concerned in the piece-rate under discussion. The suggested rates are prepared and submitted by the management to the workers' representatives and after explanation they have generally been accepted. The basic day wage in the shop is fixed by agreement with the trade union, and the piece-rates must allow workers of normal ability to earn a prescribed percentage above the figure. The committee's duty is to fix rates for specific jobs which will enable such workers to earn the prescribed wages.

8. *Allocation of Work as between Different Classes of Workers.*—Very useful and important work has been done in this connection. One of the first suggestions put forward by the workers' side was that the boys on the box nailing machines should be replaced by girls, on the ground that it was a blind-alley occupation. This was agreed to. Acting on another suggestion, provision has been made in one section for limiting the number of apprentices to be taken on. As a result also of council discussions, arrangements have been made that boys are not to be put on as sawyers under eighteen years of age, and that in the selection of sawyers preference is to be given to boys who have worked for a proper period as 'pullers-off' on the sawing machines. Work has been classified as men's work, boys' work, and women's work respectively.

On the Central Council during the last year or two the following matters, among a host of others, have been discussed and settled.

1. *Length of Working-Week and Apportionment of Working Hours over the Week.*—The Directors offered to reduce the working week from forty-eight to forty-seven hours, day rates and piece-rates to remain as before. The decision was left to the Central Council, which decided to accept this offer. Later, when it was decided to offer to reduce the hours to forty-four per week, again without alteration of rates, the matter was put before the Central Council, and referred by it to the departmental councils for consideration. When the proposal was approved, the question of the allocation of the hours over the week was discussed. The Central Council decided against certain alternatives, and then submitted three final alternatives to a ballot of the whole of the workers, voting to be on the alternative vote system. The proposal voted for and carried out was that of the five-day week, though this is not the alternative which the management would have selected.

2. *Arrangements for the Annual Works Holiday.*—A committee was appointed which made certain recommendations, among others that the week to be fixed should be chosen by ballot of the workers. This was done.

3. *Appointment of Overlookers.*—A proposal was made by one of the departmental councils that, when a vacancy occurred in the overlooking staff of any department, the council of that department should have the right to make the appointment, subject to the final veto of the directors. After lengthy discussion at different meetings, the arrangement finally come to was that, when an overlooker is to be appointed, a meeting shall be held between the management and a small committee of workers' representatives. The manager submits the names of one or more candidates regarded by him as suitable, and the workers' representatives have the right to offer any objections, and to submit names on their own part. After frank discussion the appointment is finally made by the management. This arrangement has subsequently been extended to the promotion of overlookers to higher grades. A somewhat analogous arrangement, recently made, is that when in any department an administrative post is vacant, it shall be filled out of the department itself, if any person there possesses the necessary qualifications.

4. *Education.*—Proposals have been made from time to time, by the workers, for the provision of educational facilities for overlookers and for the rank and file. These proposals have, so far as possible, been complied with, and representatives of the workers have been associated with the administrative staff on the appropriate committees. At the special request of the workers, week-end conferences have been held at which problems affecting management and the relation between Capital and Labour have been frankly discussed by both sides.

5. *Interpretation of Industrial Agreements.*—It was found that questions as to the proper interpretation of the Industrial Agreements occasionally arose. These are discussed and settled by the Council where possible. If the management and workers do not agree, they are sent to the Interim Industrial Reconstruction Committee for decision.

6. *Conditions of Employment: Permanent Employment and Eligibility for Pension Fund.*—Until a short time ago, a distinction was made between temporary and permanent

employees, and eligibility to join the Pension Fund was limited to permanent employees who joined the staff before reaching a certain age. Difficult problems arose at the end of the war, and the whole question of the position of temporary men, and the age at which, and the conditions upon which, men should be allowed to join the Pension Fund has been the subject of exhaustive and useful discussion, ending in agreed proposals.

7. *Proposed Appointment of Works Psychologist.*—The approval of the Central Council was asked as to the appointment of a Works psychologist. His proposed functions were explained, and a committee was appointed to consider the matter. After lengthy consideration, the committee, in a report, recommended that the Council should agree to the appointment upon certain conditions; one of which was that the person to be appointed, and his sphere of work, should be approved by a joint committee. This report was ultimately adopted by the Central Council and a joint committee appointed to carry out its recommendations.

8. *Theft.*—A Committee was appointed by the Central Council to confer with the director concerned, with a view to discovering the best method of dealing with cases of theft, and of creating a sound public opinion on the matter in the Works. Ultimately, it was decided to set up a joint committee to deal with all cases of theft. The present arrangement is that this committee is to consist of six members, three being elected workers' representatives and three members of the administrative staff, with a Director in addition as chairman. There is also to be a panel of three more representatives of each side, upon whom the chairman of the theft committee can call in rotation if it is necessary to fill a vacancy at any meeting. If, for any reason, a case is referred back for further consideration, or if a delinquent appeals against a decision the case is to be reconsidered by a full meeting of the committee and of the panel. The decision of this body is to be final. So far, this committee has been very successful. It is interesting to note that on one occasion a decision of the committee was contrary to the views not only of the

chairman of the theft committee, but of the whole Board of Directors. Nevertheless, the decision of the committee was accepted by the Board.

9. *Unemployment Scheme*—The Unemployment Scheme, outlined elsewhere, was drafted by a committee partly appointed by the directors and partly elected by the Works Council. It is worked by a committee appointed by the Central Council, whose decision is final.

POSSIBLE FUTURE DEVELOPMENTS OF JOINT CONTROL

Let me now try to summarise the purpose the councils serve, and indicate the possible lines of development in the future.

The words 'control' and 'joint control' are ambiguous, and not calculated to give the best expression to the idea which we have in mind. I have continued to use them because they are so generally accepted. I should like, however, at the outset, to make a sharp distinction between executive work and the work of laying down policy and revising executive decisions. The former must be left to individual responsibility: without that, efficiency could not possibly be maintained. The latter can be performed with advantage by a committee, indeed, a Board of Directors is such a committee. When, therefore, we speak of sharing control with the workers, we are using 'control' in the latter sense of a determination of policy.

Again, such a share in control may take two forms. The workers may simply be taken into consultation, or they may be given a real share of responsibility. The adoption of the former course only will certainly not meet the demands of the workers. On the other hand, it would obviously be unwise suddenly to hand over any large measure of real responsibility to persons who had not been trained to exercise it.

I think the right course is to adopt both methods,

consulting the workers on all matters directly affecting them, and extending as rapidly as experience shows to be prudent the sphere of their real responsibility. The difficulties in the way of this are few, and the advantages are real. In our own case, I think that the establishment of the councils has certainly resulted in a better mutual understanding between the rank and file workers and the administrative staff. They afford an opportunity for the free and frank discussion of all kinds of questions concerning working conditions; and where requests made by workers are not conceded, the reasons for their refusal can be explained in detail. If the explanation is not accepted, the workers' point of view can be still further emphasised, and thus, whatever decision may ultimately be arrived at, both parties become familiar with all the arguments urged on either side. They afford, too, an opportunity for the workers to get an insight into the difficult problems with which management is constantly faced, and they tend to develop a sense of responsibility. They undoubtedly form a first step to the granting of such a share in responsible control as may be found practicable, and we find that we are able, with advantage to the business, steadily to increase the number and importance of questions in which the final responsibility rests with the councils.

If we look to the future, and rule out financial and commercial management as not yet within the scope of joint control, I think that the matters with regard to which it may suitably be exercised fall under four main heads. These are the application of wage-agreements made with the trade unions to special jobs or conditions in the factory, the improvement of processes and of works organisation, questions of works discipline, and 'welfare,' by which I mean all questions affecting the comfort and health and well-being of the workers.

As already stated, in the Cocoa Industry minimum wages are determined by the Trade Board or the Interim Industrial Reconstruction Committee, and it is becoming more and more usual in industry for basic wages to be settled on a national basis. It is doubtful whether it is really desirable for Joint Industrial Councils or Interim Industrial Reconstruction Committees to deal with this subject. Some of the most successful refrain from doing so, and there are distinct advantages in settling basic wage rates by negotiation between the Employers' Federation and the trade unions concerned. Certainly, this may be called joint control, but it is not the kind of control which the workers desire, being really only the organised play of economic forces. Works councils and committees are, however, perfectly suitable bodies to discuss questions of the interpretation of a national wage agreement with regard to any particular process or job, though this will not be their main function.

As regards the improvement of processes and works organisation, I believe that some employers, and others who have advocated the system of works committees, expected to reap valuable suggestions for the improvement of processes. I have never expected this. If a worker has a really valuable suggestion, he will voice it through other channels. If, as is the case in our factory, there is a suggestion scheme, with a system of prizes graded according to the value of the suggestion, he will make it through that. Otherwise, he will probably put it before his manager, or a director, in the hope of a suitable reward. Discussions have been raised by foremen and managers in our departmental councils, with a view to encouraging proposals for possible improvements in processes, and while I do not wish to minimise the value of suggestions which have been made in the course of such discussions, there is no doubt that they have not been of such value as

in themselves to justify the cost, in time and otherwise, of a system of departmental councils. While, therefore, the improvement of processes or organisation is a subject which may very suitably be discussed in joint committees of workers and the management, we must not expect to see any startling results.

As regards discipline, there is a considerable sphere of useful activity for councils in the future. I see no reason why all shop rules should not be drawn up by them, instead of being issued by the management, with or without consultation with the workers. It should be the duty of a council to formulate a complete set of disciplinary rules, covering time-keeping, punishment for various offences, such as theft, and so on. But it is not enough that the shop rules shall be mutually agreed upon. A great deal depends upon the way in which they are administered, and I think that the workers may rightly claim to have some voice in this matter. As already stated, in our own factory we have admitted their right to be consulted before anyone is promoted to an administrative post. This fact, although the ultimate appointment rests with the management, is a safeguard against the promotion of persons who would not administer shop rules justly. There remains the question of dealing with the case of any worker who believes that some injustice has been committed in the administration of discipline. It is not an unreasonable suggestion that in every works a disciplinary appeal committee should be established. It might consist, say, of two workers, two members appointed by the management, and an agreed chairman (from within the works), and would be a body to which any worker might appeal in a matter of discipline, and whose decision would be final. Some employers might suppose that this policy would weaken the power of the management, but I do not think that would actually be the case.

If a manager or other officer were not quite sure whether a man should be dismissed, or suspended, he might submit the matter to the disciplinary committee, and this would obviate any danger of the reversal of his decision on appeal. In other words, he would only act when he felt sure his action would be supported by an impartial body. Directors and managers need not fear the adoption of such a course, which, in my opinion, would tend to strengthen rather than to weaken discipline. If the suggestion outlined above were adopted, if all disciplinary rules were mutually agreed upon before they were enforced, if the names of candidates for administrative posts were submitted to a committee of workers before promotion took place, and if an appeal could be made to an impartial committee against any act of discipline which was considered harsh or unjust, the status of the workers would be sensibly raised, and there would be greater harmony in factories. The carrying out of these proposals would afford a valuable field for the activity of works councils.¹

With regard to welfare, this is obviously a matter for councils to deal with, and in connection with it there is a great scope for their energies.

All the matters with which we have been dealing

¹ Since the above was written, steps have been taken at the Cocoa Works to put into practice what is here advocated. All existing Works Rules are being considered by a committee of the Central Council, consisting of equal numbers of representatives of the workers and of the administrative staff. When a complete list of rules has been agreed on by the committee and confirmed by the central council, this will be signed by representatives of the workers and management and become operative, and it will only be altered or added to by mutual consent. Arrangements are also being made for the appointment of an appeal committee of two workers elected by the worker members of the central council, two persons appointed by the directors, after consultation with representatives of the administrative staff, and a chairman selected by these four. Anyone complaining of harsh disciplinary action may appeal to the committee, and its decisions will be final. It will be empowered to increase as well as confirm or decrease penalties.

so far fall under the head of 'working conditions.' So far as financial and commercial control are concerned, I doubt whether we can go any distance unless there is joint responsibility for the financial stability of a business.

Finally, the question will arise whether in addition to, or in place of, a share in responsibility in certain defined spheres, the workers should be represented on the Board of Directors. We have not adopted this course at the Cocoa Works, since it entails certain definite disadvantages. If, on the one hand, worker directors were appointed for a short time only, they would be handicapped at the directors' meetings, where long experience of the business, with its many problems, is essential to taking part usefully in the discussions. On the other hand, if, once appointed, they practically remained on the Board for life, they would tend to get out of touch with their fellow workers, and the purpose for which they had been elected would not be fulfilled. Moreover, they would be asked to consider a great number of questions concerned with the commercial and financial sides of the business, with which those whom they represented were not directly concerned.

Before concluding this chapter, I must add a word as to the relation of the Works councils to the trade union movement. When first we suggested the inauguration of councils at the Cocoa Works, our proposal was looked at very doubtfully by the trade unions, who thought that its effects might be to undermine their authority. The matter was carefully discussed with them, and eventually they were persuaded that the unions would not be weakened, if they had the power to veto any decision and to discuss it with the directors. In practice, there has been no opposition between the unions and the councils, and certainly the fears originally entertained by the former have not been justified.

CONCLUSION

WHEN acting as the Director of the Welfare Department at the Ministry of Munitions, it was once my duty to interview the director of a large firm, and ask him to introduce certain welfare conditions into his factory. He told me, quite frankly, that he regarded the whole thing as a fad. 'It's your hobby,' he said to me. 'Now, *my* hobby happens to be old china!'

That represents the attitude of one class of employers towards organised effort to introduce the best possible working conditions into factories. Another view is represented by an American firm well known for the elaborate arrangements made for the welfare of its employees. In the room where visitors are received, a large placard is displayed containing the two words—'*IT PAYS.*'

Here we have two widely divergent views. Where does the truth lie? I am inclined to think that the right verdict to display on a placard such as I refer to above would be—'It's the only way in which business can be successfully carried on under modern conditions.'

I am quite sure that the attempt to establish an ideal working environment is not the fad of a sentimentalist. Nor is it a counsel of perfection, which can only be adopted by a wealthy firm. We have travelled a long way since the days of those early factories so vividly described by Mr. and Mrs. Hammond in their classic work, 'The Town Labourer'

—days in which workers were regarded merely as instruments, to be used to pile up profits for the factory owner. The public conscience, powerfully stimulated by the trade union movement, is demanding that working conditions shall be humanised. This does not mean coddling the workers, or adopting a paternal attitude towards them. That would be almost as strongly resented by every worker of independent spirit as was the callous indifference displayed by the average employer in the early part of the nineteenth century. But though the workers refuse to be treated with benevolent paternalism, they demand that industry shall be so organised that proper consideration shall be given to their individual welfare. If they are to co-operate in producing a high output of goods, which will compete successfully in the world market, they rightly demand, in their working lives, conditions which will enable and encourage them to give of their best.

It will, I know, be maintained by some readers that the suggestions referred to in this book are too costly to be generally adopted. But similar arguments have been urged against every proposed improvement in industrial conditions, and events have proved them to be mistaken.

The fact is that, in connection with such industrial reforms as we are here considering, we are inclined only to emphasise one side of the account. The gross cost of improvements can be accurately gauged, but we cannot demonstrate, in uncontrovertible figures, the value of the various items which appear on the credit side. Nevertheless, we shall agree that, purely as a practical proposition, it would be worth a great deal to secure a substantial measure of industrial peace, and the cordial co-operation of the workers in rendering industry more efficient. These would be business assets of the very utmost importance.

But employers cannot secure them unless they are willing to pay the price. We can obtain industrial harmony, but only on certain terms. The question is whether the terms are too high, and I do not think they are. On the contrary, I believe that if satisfactory schemes of reform were carried through, both workers and employers would actually be better off. Those who shrink from such schemes because of the outlay involved are still thinking in terms of the old pre-war conditions which to-day have ceased to exist. I do not suggest, of course, that improvements should necessarily follow the lines indicated on the preceding pages, nor do I minimise the fact that they will cost money. But the point I want to make is that the expenditure necessary to establish good working conditions will not in the long run increase the cost of production. It will raise the industrial organisation to a higher potential; a greater cost will appear on one side of the account, a greater output on the other.

What is the alternative? It is to see industrial efficiency progressively weakened by strikes, lock-outs, and ca' canny, with all the other features of class strife and labour unrest. That is not a pleasing prospect, from whatever point of view!

The spirit of serfdom is gone for ever. The war removed the last traces of it. At present, industry is more like a field of battle than a field of human service. As I write,¹ every coal-mine in the country is idle, while the lack of coal is closing factories by hundreds all over the country, and queues of people wait anxiously to buy half a hundredweight of coal. A railway and transport strike was averted last week by a hair's-breadth. Hundreds of thousands of reservists have been mobilised to quell possible disorder, and squads of men, some in khaki, some not yet supplied

¹ April 20, 1921.

with it, march through our towns as they did in August 1914. And this is not a unique experience. Last autumn witnessed identically similar conditions. According to the *Ministry of Labour Gazette* there were in the month of February 1921, 112 strikes and lock-outs in Great Britain, involving a loss of 378,000 working days. How can we hope to make good the material losses of the war, or to raise the standard of comfort of the workers, when industry is such a bear-garden?

But why do these things occur? Why are men openly quarrelling, or sullenly grumbling, instead of working harmoniously together? If this is an inevitable outcome of the capitalist system of industry, one can understand the point of view of those who say 'Let us scrap it, and try to find something better.' But many of us are not yet convinced that turmoil, strikes, and lock-outs, with all their terrible waste of productive effort, are inherent in capitalistic industry. In any case, we believe that it is worth while, even under the present system, to seek out and remove the causes of these evils, so far as that is possible. It is as futile for the employer to rave against the idleness and intolerance of the working man, as it is for the working man to rave against the greed and selfishness of the employer. It may relieve their feelings, but it does not make for peace or progress.

Why is Labour restless and discontented? I have already referred to the psychological effects of the war, but Labour Unrest is not a post-war phenomenon.

If we desire industrial peace; if we wish men to get on with their work whole-heartedly, instead of 'devoting sixty per cent. of their time to doing their work and forty per cent. to doing the boss,' their real grievances must be removed. When that is done, we shall not be seriously troubled with imaginary grievances: for it is curious how these are apt to

disappear with the real ones. In the preceding pages I have indicated the principal conditions which must be observed if we are to secure industrial peace. First, there must be a basic wage which will enable men to live in reasonable comfort, and then careful adjustment of wages above this minimum, according to the value of the service rendered. The closest possible attention should be given to all wage questions, which must be treated from the standpoint of the individual concerned, and not in the mass,¹ and all grievances must be dealt with as soon as they are discovered.

I am aware that many industries, to-day, cannot afford to pay their least skilled workers a wage sufficient to enable married men to live in a decent house, and to maintain a household of normal size in physical efficiency, with a moderate margin for contingencies and recreation, and any attempt to force a materially higher wages bill immediately upon employers might even ruin the industry. But this is not to say that things should remain as they are.

I have not dealt, in this book, with legislative action in relation to industry; or I should have argued the case for making it a statutory duty, through Trade Boards or otherwise, for all trades to pay, *within a specified period*, say five or seven years, a wage sufficient to enable men to live in accordance with the above standard. Spurred on by this statutory obligation, I believe that practically every industry could so increase its efficiency as to meet the wage demands made upon it. Any industry which could not pay a proper wage, after being

¹ It may be urged that when wages are fixed nationally, as in the case of the railway men, there is no such need for detailed attention to the wages of individuals as exists in industries which have no definite national standard, and where men often work on 'piece.' But conversation with a group of railwaymen will soon convince one that, even with a national standard, many individual problems arise.

allowed a reasonable time limit, would be regarded as parasitic, and its failure to survive would be no loss to the State.¹

Already wages in thirty-eight industries are regulated by Trade Boards. I would urge employers on these Boards, as well as other employers whose wage rates are still unregulated by statutory action, to aid in hastening the day when low wages are a thing of the past. Not until then can we hope for, *or should we desire*, industrial peace. If only the workers in low-paid industries who are trying to secure higher wages felt that employers were endeavouring, no less earnestly, to achieve that end, there would be much less electricity in the air!

I refer to wages first because, until these are fixed on a basis which the normal workman regards as fair, it is futile to look for harmony. Wages, however, are only the foundation-stone of the industrial 'palace of peace.'

Next in importance to low wages as a cause of labour unrest is the economic insecurity of the worker's life. It is essential that this evil should be remedied, and I have suggested means by which an individual firm can, in large measure, meet the needs of the situation. That adequate unemployment insurance and old age pensions are costly cannot be gainsaid. But that is only one side of the picture. It is impossible to deny that the workers are right, in regarding as unjust the hardships which they suffer in periods of unemployment brought about through no fault of their own. It is impossible to

¹ This is true of practically all industries, but if it were really shown that agriculture as a whole, including both good and bad farmers, could not pay an adequate wage, steps to meet the situation would be necessary, since obviously we could not 'scrap' agriculture. But science has much in store for us in this field of activity, and it is by no means certain that agricultural workers must always be comparatively poorly paid.

justify conditions which condemn a man, after a long life of toil, to end his days in want, because he has never been able, even though thrifty, to lay aside enough for his old age. The waste of energy and of efficiency occasioned by these grievances is greater than the cost of removing them.

Turning to other causes of unrest, I need not dwell on the folly of allowing uncomfortable or unwholesome working conditions to continue. The remedy for these is comparatively simple. It is a great mistake to imagine that a factory must be palatial before it can be comfortable; what is needed is sympathetic consideration for the workers. In a word, act, in relation to all working conditions, as if your own children's comfort and well-being were involved. Expenditure is certainly necessary, but not always cash expenditure. Sometimes we need to draw more freely, not on our banking account, but on our imagination.

I come now to the worker's status. He resents the continuance of what some of his rhetorical spokesmen describe as 'wage slavery.' The question of giving Labour a share in the control of industry is one of immense difficulty, but it must be faced. The rapidity with which the demand for control has developed is striking, but not more striking than the growth of the desire to meet it on the part of employers. In this connection, however, it is essential to move with caution. Any rash procedure might lead to a serious lowering of business efficiency, which would be especially disastrous when we are endeavouring to establish the highest possible standard of real wages.

I have indicated some of the developments in this direction which I regard as immediately possible; but we shall only be courting disappointment if we fail to recognise that no very substantial share in the

control of business can be given to workers, unless they are directly interested in the prosperity and financial stability of the enterprise with which they are associated. I believe that some method of attaining this end must be devised, if we are to establish industrial peace. At present, although increasing prosperity in a business or industry is an advantage to the worker, because it provides a fund from which higher wages may be drawn, still, before he gets those wages there will be negotiations, in which employer and worker often represent opposing interests. In Chapter II. I have roughly outlined certain suggestions as to how the desired end can best be achieved, but much further time and thought should be given to the question.

Lastly, as a condition of industrial peace, I have emphasised the importance of what I may define as courtesy and consideration in industry. A great deal of unrest is due simply to the lack of these.

This brief review of the subjects we have considered, and their relation to industrial peace, will suffice to refute the charge that the activities described are the outcome of sentimentalism. But neither should they be viewed merely from the narrow standpoint—'Does it Pay?' Careful and systematic attention to the human and psychological aspects of industry is not something to be put on, or taken off, as freely as an overcoat. It is not philanthropy on the one hand, or cute hard-headedness on the other, that will bring peace. It will only come when Labour is convinced that employers generally recognise the human aspect of industry, and are anxious, not only to give the workers 'a square deal,' but to promote their individual welfare.

In all that I have written I have assumed that industry is conducted on a capitalistic basis. To query this would be to enter on a very wide field

of controversy. Personally, I have a perfectly open mind as regards the best mode of conducting industry in the future. But any attempt to change the industrial basis suddenly would be to bring about disaster, which, in a highly industrialised country such as Great Britain, might well be irretrievable. While, therefore, we are considering all possible future developments, do not let us neglect the present. There are many reforms which are urgent, on which a large measure of agreement already exists. Let all those who are responsible for the conduct of industry, while not shrinking from the contemplation of vaster reforms in the years to come, seek to deal promptly with those evils which admit of immediate remedy.

In conclusion, I would suggest that industry should be regarded, not primarily as a means of promoting the material welfare of groups or individuals, but as a great national service, endeavouring to realise three ideals. These are :

1. Industry should create goods or provide services of such kinds, and in such measure, as may be beneficial to the community.
2. In the process of wealth production, industry should pay the greatest possible regard to the general welfare of the community, and pursue no policy detrimental to it.
3. Industry should distribute the wealth produced in such a manner as will best serve the highest ends of the community.

APPENDICES

APPENDIX I

MEMORANDUM ON UNEMPLOYMENT INSURANCE DRAWN UP BY THE COMMITTEE OF EMPLOYERS AND LABOUR MEN

WE consider that the State should deal with this problem on effective and permanent lines. It should admit the claim of all adult wage-earners who are willing to work and capable of working to either suitable employment or adequate maintenance throughout their working lives, and it should satisfy that claim by legislation providing unemployment benefit varying with the needs of the worker and his family (with a maximum).

Our detailed proposals are as follows :

(1) *Definition of 'Insured Persons.'*—Subject to certain exemptions referred to later, the statute embodying the scheme should apply to all manual workers, and to salaried workers receiving not more than £400 a year, between the ages of sixteen and seventy. The exemptions should be those set forth in the Unemployment Insurance Act, 1920.

(2) *Rate of Benefit.*—The rate of benefit should be fifty per cent. of the average earnings of the insured person, with ten per cent. additional for a dependent wife, and five per cent. for each dependent child under sixteen, provided that the total benefit should not exceed seventy-five per cent. of the average earnings, nor should it in any case exceed £5 per week. In the case of seasonal or other exceptional trades, special provisions should be made for the

calculation of the earnings on which the rate of benefit is based. Benefits should be payable after three days' unemployment, and should be limited to one week's benefit for every six weekly contributions previously made; but in order to give the necessary sense of security from the beginning an adequate number of payments should be credited to all workers at the initiation of the scheme. The present limitation of benefits to fifteen weeks in any one year should be altered to one of twenty-six weeks. If the reactions sought are to be obtained we must aim at removing the *menace* of unemployment. We favour the limitation of benefit to one week for every six weekly contributions as a necessary safeguard against persons who are such unsatisfactory workers as to be practically uninsurable.

(3) *The Cost of the Scheme.*—We have made such estimate of the probable cost of the suggested scheme as was possible with the materials at our disposal. We place the figure at about fifty-six million pounds per annum, exclusive of the cost of administration.

(4) *Sources and Amount of Contributions.*—The contributions should be levied on the wage-earner, the State, and the employer. It is suggested that the worker's contribution should be at the rate of one penny on every complete ten shillings or part thereof of his earnings; that the State's contribution should be four million pounds annually, plus the cost of administration; and that the balance needed to enable the fund to pay the statutory benefits should be raised by a levy on employers. It is estimated that this levy would amount to two per cent. on the wage bill. That the scheme may be put into early operation and financed during abnormal trade depression, it is proposed that the employers' contribution should be fixed for a term of (say five or seven) years at an amount which it is estimated will enable the fund, if the worker contributes twopence in the pound on wages and the State its fixed contribution, to bear the statutory claims upon it. The State should then act in practice in the capacity of an Insurance Company. If there is a profit or a loss on the

seven years' working, the State should take the full benefit or bear the cost of this. The Government actuary should then re-assess the contributions for a further period of seven years on the experience of the previous term, the Government's contribution continuing to be the original figure of four million pounds, plus administration expenses. According to our estimate the cost of the scheme would be divided among the three parties during the first period in the following proportions:

State	.	.	4 million pounds.
Workers	.	.	15½ million pounds. ¹
Employers	.	.	37 million pounds. ¹

Our suggestion is that while the workers' contributions should be the same in all industries, the State, as soon as the necessary statistics become available, should have power to vary the employers' contributions in a given industry, according to the amount of unemployment in that industry.

(5) *Short Time.*—Under the Unemployment Insurance Act, 1920, paragraph VII., Clause 2 (b), those suffering from under-employment can claim unemployment benefit under certain conditions. In view of the increased benefits here proposed, the inducement so to organise short time as to comply with the conditions will be greater than under the terms of the Act with its comparatively small benefits. This fact has been taken into account in framing the above estimates.

(6) *Contracting Out.*—Contracting out is contemplated, as under the present Act, but in the present state of trade it is unlikely to take place on any large scale. An industry that contracts out would be required to collect the statutory rate of contributions from the workers, and to pay the statutory rate of benefit. The State would contribute at the same rate per worker as under the general scheme, and the employer whatever was necessary to provide the benefits.

(7) *Administration.*—We suggest that the method of administering the fund should be that set up under the Unemployment Insurance Act, 1920.

¹ These amounts will vary with the rates of wages.

We are advised that with certain greatly needed and practicable alterations in the administration of the Employment Exchanges it will be possible to prevent malingering.

The Scheme Summarised.—The chief points in our proposal are as follows :

- (1) Unemployment benefit takes the form, not of a fixed amount, but of a proportion of the worker's regular wage, adjusted to the number of dependents.
- (2) Whilst the worker's and the State contributions are fixed, the employer's contribution varies, being made to bear the residuary cost of unemployment in his industry.

The proposal is supplementary to the Unemployment Insurance Act (1920). That, and previous Acts, will have established the whole administrative machinery needed to work the proposal, which could thus be grafted on to the existing system.

Essentially the proposal is one to compel industry to create a *wages equalisation fund*, and to give employers an incentive to eliminate every removable cause of unemployment. It is suggested that not only would such a policy be worth almost any cost in the suffering which it would alleviate, but that it would prove in practice to be just as sound a policy financially as is a Dividends Equalisation Fund.

APPENDIX II

UNEMPLOYMENT BENEFIT SCHEME

ROWNTREE & Co., LTD.

Note.—This scheme has been amended in certain respects since it was first completed. The following was its form on July 4, 1921 :

OBJECT

1. The object of this scheme is to remove as completely as possible from the minds of the Company's workers any anxiety which they may feel through the possibility of unemployment through trade depression.

PERSONS ENTITLED

2. The scheme will come into force on 1st January, 1921, and will apply to all persons (male and female) between age 20 and pension age, employed by the Company on whole time service within the United Kingdom, who, immediately prior to their unemployment, have been in the employ of the Company for a continuous period of six months, or in the case of the Building Staff for a period of three years either continuously or broken by periods amounting in the aggregate to not more than two months.

Note.—To be eligible for benefit, such persons must prove that they have made, for the necessary period, the payment of 2*d.* per week provided for in Clause 13 (2).

UNEMPLOYMENT FUND

3. The Company will set aside on the institution of the scheme a lump sum of £10,000 to found the Unemployment Fund. It will also in each year commencing with the year 1921 set aside sums equal to 1% of its wages bill during such year, until the Unemployment Fund reaches £50,000, or reaches 5% of the wages bill for the time being (whichever is the greater). Thereafter the Company will set aside annually such sums (not exceeding 1% of the wages bill) as are necessary to keep the Fund up to the amount mentioned above.

FULL UNEMPLOYMENT BENEFIT

4. Subject to Clause 5, full unemployment benefit will be at the rate of :—

- (a) 50 per cent. of the average earnings of the unemployed person ; and
- (b) 10 per cent. additional for a dependent wife ; and
- (c) 5 per cent. additional for each dependent child who is under 16 years of age or is receiving full-time instruction at a school, university, college or other educational establishment,

with a maximum of 75% of the average earnings or £5 a

week, whichever is the smaller, and a minimum of £1 5s. a week.

5. The full unemployment benefit will be reduced by a sum, in the case of men, of 21s. a week, and in the case of women, of 18s. a week, these amounts being considered to represent the sum to which in most cases the State benefit could, whilst it continues, be made up for the contribution of 2d. a week mentioned in paragraph 13 (2).

Note A.—The amount of State benefit is 15s. in the case of men and 12s. in the case of women; the sum of 6s. per week is being paid as supplementary unemployment benefit by the union with the largest membership in the Works (in return for a weekly contribution of 2d.); and the figures of 21s. and 18s. are arrived at on this basis. It must be understood, however, that these deductions are made in every case, whether or not the sum in question, or a greater or less sum, is in fact received by the unemployed person.

The figures of 21s. and 18s. were increased to 26s. and 22s. when the State benefit was correspondingly increased, and again reduced when the State benefit was reduced, and it is anticipated that the same thing will occur in the case of future alterations.

Note B.—Assuming the average earnings of a man to be 80s. per week and of a woman 45s., the following will illustrate the effect of Clauses 4 and 5:

	Percentage of earnings.	Average earnings.	Gross figure provided for by Clause 4.	Deduction under Clause 5.	Amount of Supplementary Unemployment Benefit.
	%	s.	s.	s.	s.
Single man .	50	80	40	21	19
Married man with three children .	75	80	60	21	39
Single woman .	50	45	25	18	7

(a) A widower with five dependent children would receive the same as a married man with three; and a woman would be entitled to an additional 5% for each dependent child, but no extra percentage for a dependent husband.

(b) It will be noted that in the case of a single woman 50% of 45s. would be less than 25s., and therefore the minimum is substituted.

(c) Benefit is only payable in respect of a *dependent* wife or child.

6. The conditions for receipt of full unemployment benefit are:—

(1) That the unemployed person has made application for such benefit in such manner as may be prescribed, and proves that since the date of the application he has been continuously unemployed, and

(2) That he is capable of, and available for, work, but unable to obtain suitable employment, provided that a person shall not be deemed to have failed to fulfil these conditions by reason only that he has declined:—

(a) An offer of employment in a situation vacant in consequence of a stoppage of work due to a trade dispute; or

(b) An offer of employment at a rate of wage lower, or on conditions less favourable, than those generally obtained or observed in the district of such employment by agreement between associations of employers and employees in employments of the same nature as that of his usual employment, or, failing any such agreement, than those generally recognised in that district by good employers.

7. A person will not be deemed to be fully unemployed on any day on which he is following any occupation from which he derives remuneration or profit, unless that occupation has ordinarily been followed by him in addition to his employment by the Company and outside the ordinary working hours of that employment.

8. Full unemployment benefit will not be payable in respect of any period of less than one week, nor for longer

than a period or periods amounting in the aggregate in the case of each employed person to :—

- (1) One week for each two months, up to two and a half years, for which such person has been continuously employed by the Company immediately before his unemployment and after attaining 20 years of age, and
- (2) One week for each complete year, beyond two and a half years, for which such person has been so employed,

but :—

- (a) Full unemployment benefit will only be payable during such time as the unemployed person is actually receiving unemployment benefit under the Unemployment Insurance Act, or would have been actually receiving such benefit if the maximum period of benefit under that Act had not expired, but this paragraph will not apply to any person included in the 'Excepted Employments' mentioned in Part 2 of the First Schedule to the Unemployment Insurance Act, 1920, and
- (b) Any time during which a person is under this scheme disqualified for receiving full unemployment benefit shall be excluded in the computation of periods of unemployment, and
- (c) A period of full unemployment shall not be deemed to commence until the unemployed person has made application for unemployment benefit in the prescribed manner, and
- (d) Any person who, after leaving the employment of the Company, obtains other employment, shall not be entitled to any unemployment benefit after the expiration of a period from so leaving the employment of the Company calculated in accordance with paragraphs (1) and (2) of this Clause.
- (e) In the case of a person who, during the European War, joined His Majesty's Forces from the em-

ployment of the Company, and returned direct from such Forces to such employment, service in such Forces shall be included in calculating his period of employment.

Note A.—It will be noted that, while under Clause 2 service before the age of 20 counts as part of the qualifying period, under this Clause only service after attaining 20 is taken into account.

The scale will work as follows :

Duration of service after attaining 20.	Number of weeks' Insurance.
2 months	1
12 "	6
2½ years	15
3½ "	16
17½ "	30

It will be recognised, of course, that benefit is only payable if and so long as the conditions of the scheme are satisfied, and if and so long as a person is actually unemployed. If the period in a given case is 15 weeks and at the end of the first three weeks the person in question obtains other employment for 9 weeks and then loses it, then benefit would be paid for the first three and the last three weeks.

Note B.—The effect of Clause 8 (a) is that if, for example, the Employment Exchange stops the State benefit in any case because of some default on the part of the person concerned, then the supplementary benefit under this Scheme automatically ceases. However, if, for the sake of example, a person were entitled to benefit for 15 weeks under the State Scheme and for 30 weeks under this Scheme, then, after the expiration of the first 15 weeks and so long as the other conditions were observed, he would continue to receive the supplementary benefit under this Scheme up to the end of the 30 weeks. The same deduction of 21s would however be made, although he was in fact receiving no State benefit, and probably no Trade Union benefit. In the same way if, because of the amount of his salary, a person did not fall within the State Scheme, he would nevertheless receive benefit under this Scheme, but again in his case the full deduction of 21s. would be made.

SPECIAL EXTENSION

8a. Those persons who are discharged during the year 1921 shall, after the expiration of the original period of benefit provided for under Clause 8, be entitled to full unemployment benefit for an additional period equal to such original period at half the ordinary rate of benefit, but otherwise upon the same terms and subject to the same conditions.

Note.—This modification of the Scheme was proposed by the Company, in consultation with the Unemployment Committee, in view of the abnormal extent of unemployment at the present time and the consequent great difficulty in obtaining employment. It is not intended to make it a permanent feature of the Scheme.

The effect of it is that if a man is entitled under Clauses 4, 5, and 8 to 15 weeks' benefit at 39s. a week, he will, under this Clause, be entitled for a further 15 weeks to 19s. 6d. a week.

PARTIAL UNEMPLOYMENT BENEFIT

9. Partial unemployment benefit will be payable in respect of any period during which, owing to shortage of work through depression of trade, a worker actually works for an average of less than 90% of normal full time, such average being calculated over such period as may be prescribed by the Company. Time so lost in excess of 10% will be paid for at a rate proportionate to full unemployment benefit.

Provided that such payment shall not be made to any worker whose salary is not reduced during such a period.

Provided also that if a certain period has been prescribed by the Company for the purpose of calculating average time lost, and after partial unemployment benefit has been paid on this basis, the prescribed period is altered by the Company, then if the effect of such alteration is to reduce the average of short time, employees who have already received benefit on the basis of the higher average shall not be asked to refund it, but, on the other hand, if it is so altered as to increase the average of short time, the difference shall be paid to those employees.

10. Partial unemployment benefit will be reduced by a sum bearing the same proportion to the sums of 21s. and 18s. mentioned in Clause 5 as the time lost bears to a full normal week.

Provided that where the short time is organised in periods of less than a week, but in such a way as to entitle employed persons eligible under the Unemployment Insurance Act to payment of benefit under that Act, then the deduction to be made under this clause shall, instead of being a proportionate part of the sum mentioned in 4 (3), be an amount equal to one-sixth of that sum in respect of each day for which State benefit is paid to employed persons or would have been paid if the employed person had been eligible for benefit under the Unemployment Insurance Act.

Note A.—Clauses 9 and 10 are complicated provisions, but an illustration will help to explain them. The important thing to notice is that in calculating partial unemployment benefit regard is paid to the *average* amount of short time over a given period. This period is to be that prescribed by the Company, but in each case in deciding what period shall be prescribed the object in view will be to find out what is really the average time lost by the worker. For example, if an employee works three weeks and is laid off every fourth, then the prescribed period over which the short time will be calculated will be four weeks and the average time lost will be 25%. The period which will rank for partial unemployment benefit under Clause 9 will therefore be an average of 25% less 10%, or a net average of 15% per week; making over the four weeks a gross percentage of 60%. A simpler way is to say that the employee has, during the four weeks, lost 100% of a week, but that from this is to be deducted four times the average of 10% borne by him, leaving the same net figure of 60%. From this figure there is to be made the deduction mentioned in Clause 10. This would be four times 25%, or 100%, of 21s. and 18s. respectively.

If the employee were working two weeks out of three, then the percentage would be 33 $\frac{1}{3}$ % instead of 25%, and if he were working only one week in two, the percentage would be 50%.

The following illustrations will explain how partial unemployment benefit figures are calculated:

Assuming 33 $\frac{1}{3}$ % of short time by a stoppage of one week in every three, and average earnings, for a man, of 80s., and, for a woman, of 45s.

(a) *Single Man.*

The time lost in the third week is 100%, but from this is to be deducted three times the weekly average of 10%, or 30%, which is borne by the employee, leaving a net percentage of 70% of a week to be paid for under this Scheme. The percentage of earnings under Clause 4 in the case of a single man is 50%. The gross figure under Clause 9 will therefore be :

	<i>s.</i>	<i>d.</i>
70 % of 50 % of 80s.	28	0
From this is to be deducted, under Clause 10, three times 33½ %, or 100 %, of 21s.	21	0
Leaving partial unemployment benefit.	7	0

Assuming the person to receive Trade Union benefit at 6s., in addition to State benefit at 15s., his income over the three weeks would be :

	<i>s.</i>	<i>d.</i>
Wages—Two weeks at 80s.	160	0
Benefit—State	15	0
Trade Union	6	0
Supplementary	7	0
3)188	0	0
Average income per week, 78 % of average earnings, or	67	8

(b) *Married man with three children.*

In this case the calculation would be the same, save that the percentage under Clause 4 would be 75 % in place of 50 %, which would bring the supplementary benefit up from 7s. to 21s., and the average income to 84 %, or 67s. 4d.

(c) *Single Woman.*

In this case 50 % of 45s. would be 22s. 6d., which is less than the minimum of 25s., and therefore 25s. would be substituted for it.

	<i>s.</i>	<i>d.</i>
70 % of 25s. is	17	6
Deduct	18	0
Leaving supplementary benefit	nil	

Assuming the person to receive 6s. from her Union, her income over the three weeks would be :

	<i>s.</i>	<i>d.</i>
Wages—Two weeks at 45s.	90	0
Benefit—State	12	0
Trade Union	6	0
Supplementary	nil	
3)108	0	0
Average income per week, 80 % of average earnings, or	36	0

Note B.—The case which the second proviso to Clause 9 is designed to meet is as follows:—Suppose that it is decided that a department must work 33½ % of short time and that this is to be done by one-third of the employees being laid off each week, and suppose that those in the first week's group are laid off accordingly and are paid partial unemployment benefit on a 33½ % basis; and then it is found that the volume of work is greater than was expected and that it will be sufficient if the employees are off only one week in four, and the average is thus changed from 33½ % to 25 %; then, in the absence of this proviso, the employees who were off the first week would have been overpaid to the extent of the difference between 25 % and 33½ %. The effect of this proviso is that in such a case such men shall not be asked to refund this difference. On the other hand, if the average had been altered from 33½ % to 50 %, then the employees who were off the first week would have their partial unemployment benefit made up to the extent of the difference between a basis of 33½ % and a basis of 50 %. This proviso has been inserted since the commencement of this Scheme and as a result of difficulties in working.

11. No partial unemployment benefit shall be payable in respect of time lost during any given period in which the employed person shall, without leave, be absent on any day on which work is provided for him.

EXISTING UNEMPLOYMENT BENEFIT FUND

12. Employees who, as being only on the auxiliary staff, are members of the existing Unemployment Benefit Fund, will have the option of continuing that benefit and being excluded from this scheme. If, however, they decide to take advantage of this scheme, the existing Unemployment Benefit Fund (which will henceforth be called 'The Auxiliary Retirement Fund') will in their case apply only to retirement on reaching 65.

GENERAL

13. A person will be disqualified for the receipt of unemployment benefit :—

- (1) If he has lost his employment through his misconduct or misbehaviour, or has voluntarily left the employment of the Company or any other employment which he has obtained after leaving the employment of the Company ;
- (2) If he fails to prove to the satisfaction of the Unemployment Committee that he has for a period of six months immediately prior to the commencement of his full or partial unemployment, or for the whole period between the expiration of two calendar months from the commencement of the scheme and the commencement of his full or partial unemployment (whichever is the shorter) contributed to a Trade Union or other Society a sum or premium of not less than 2*d.* per week for the purpose of assuring a weekly or other periodical payment during his unemployment, or such other sum or premium as shall be sufficient to assure a weekly or other periodical payment equivalent to 6*s.* per week ;

Note.—The effect of this provision is that a person must show that he has paid for a certain period to a Trade Union or other Society (and in addition to the State Contribution) a sum of not less than 2*d.* per week towards additional Unemployment Insurance. This payment is to be made either :

- (a) For the six months immediately prior to the commencement of unemployment ; or
- (b) For the full period between 1st March 1921 and such commencement, whichever is the shorter.

If a smaller sum than 2*d.* per week will secure an additional unemployment benefit of 6*s.* per week, then the smaller payment will satisfy this condition.

The reasons for this provision are first, and chiefly, a desire to protect the position of the Unions, and secondly, a feeling that help should be confined to those who are prepared to make some voluntary effort on their own behalf.

- (3) If he fails to prove to the satisfaction of the Unemployment Committee that he has effected and kept effective a suitable registration at the proper Employment Exchange and has used his best endeavours to obtain suitable employment.
- (4) If he is in receipt of or entitled to any sickness or disablement benefit or disablement allowance under the National Health Insurance Acts, 1911 to 1920, or any compensation under the Workmen's Compensation Acts ;
- (5) If his unemployment is owing to a stoppage of work directly due to a trade dispute, whether at the Company's works or elsewhere, but such disqualification shall only apply so long as the trade dispute continues ;
- (6) If he has exhausted his right to unemployment benefit under this scheme ;
- (7) Whilst he is an inmate of any institution supported wholly or partially out of public funds or is resident, whether temporarily or permanently, outside the United Kingdom.

14. The Company may make and amend regulations, increasing or decreasing the amount of or varying the conditions as to unemployment benefit or for the administration of the scheme, but any regulations decreasing the amount or period of unemployment benefit or increasing the deductions therefrom or the period of employment qualifying therefor shall only be made with the consent of the Central Council or after three months' notice by the Company of the intention to make the same.

15. Unemployment benefit cannot be assigned or charged, and on the bankruptcy of the unemployed person the benefit would not pass to the Trustee or other person acting on behalf of his creditors.

16. Unemployment benefits will be administered by a Committee called 'the Unemployment Committee,' appointed by the Central Council and consisting of nine

persons (of whom at least two shall be women and one shall represent the outside advertising and depôt staff), whose decision will be final.

17. No person will be eligible for appointment on the Unemployment Committee unless actively engaged within the United Kingdom in connection with the business of the Company, and if any member of the Committee ceases to be so engaged his office will be vacated. Casual vacancies on the Committee will be filled by the Central Council.

18. The Company will be entitled to discontinue the scheme if an adequate scheme of industrial or national unemployment insurance comes into force, or may, on giving three months' notice, reduce or discontinue its contributions to or terminate the Fund, but such notice will not relieve the Company from contributing to the scheme up to the termination of such notice.

19. For the purposes of this scheme the masculine gender shall include the feminine, and :—

- (1) 'Central Council' means the Central Council at the Cocoa Works.
- (2) 'Earnings' means all ordinary wages or salaries paid by the Company to employed persons for services rendered and work done in the employment of the Company, but does not include payments for overtime except in such particular cases or class of cases as the Company may from time to time prescribe. In the case of a piece worker or an employee who has worked short time, his earnings shall be taken to be the amount certified by the Company as that which he would have earned during the period in question had he worked for full normal time instead of during the period actually worked by him.
- (3) 'Average earnings' means the average earnings of the employee in question during the quarter of a year immediately preceding the period of unemployment in respect of which unemployment benefit is payable to him (hereinafter called 'the

standard period'), provided that where the rate of wages in force during any period of unemployment shall be greater or less by not less than 10 % than the rate or average rate in force during the standard period, the amount of the average earnings shall for the purpose of this scheme be increased or reduced by an amount bearing the same proportion to such average earnings as the increase or reduction in such rate of wages bears to the rate or average rate in force during the standard period.

Note.—The purpose of the proviso to Clause 19 (3) is to secure that, broadly, changes in the rate of wages shall be followed by corresponding changes in amount of unemployment benefit. For example, if a person is discharged on the 15th April, his unemployment benefit would be based upon his average earnings during the quarter ending on 31st March, but if the rate of wages during that quarter were 100s. and on the 1st May this rate were reduced to 90s., then his average earnings for the purpose of calculating unemployment benefit would, from the 1st May, be reduced also by 10 %. In the same way, if there were an increase in the rate of wages, a corresponding increase would be made for this purpose.

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