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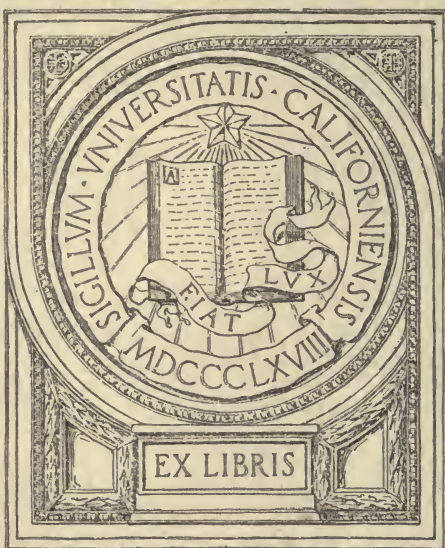
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THE LABOUR PARTY, 33, ECCLESTON SQUARE, S.W.1

# THE FAIR WAGES CLAUSE.

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## PREFACE.

At the Cardiff Trades Union Congress the following resolution was passed:—

“ 1. That this Congress strongly protests against the manner in which the Fair Wages Resolution of the House of Commons has been administered, both with respect to contracts accepted and direct employment by Government Departments, and instructs the Parliamentary Committee to endeavour to get the following conditions carried out by all Government Departments:—

“ (1) That all Government Departments shall supply to all authorised Trade Unions a list of firms invited to tender.

“ (2) That no firm proved to be paying less than the Trade Union rate of wages to all its employés in any of its establishments, or not observing the working conditions general in the trade or calling, or agreed on with employers in all its establishments, shall be allowed to tender. That where the bonâ-fides of any firm to be considered a fair firm be challenged, the onus shall rest upon the Government Department concerned to bring together the Trade Union and contractor's representatives to allow of both sides stating their case directly to the heads of such Department.

“ (3) That contractors shall furnish to the several Departments names and addresses of all sub-contractors, the same to be supplied to all authorised Trade Unions and published in the 'Board of Trade Journal.' Contractors failing to supply such information shall be struck off the list of firms allowed to tender.

“ 2. Further, the Parliamentary Committee be instructed to approach the Government with a view of securing the establishment of centralised control of all contracts in accordance with the following proposals:—

“ (1) The establishment of a Special Contracting Department attached to the Labour Ministry responsible for the issue of all invitations to tender for Government work.

“ (2) The Department shall compile a fair list of Government contractors for each trade, after consultation with Trade Unions. No additions to such lists to be made except proof be secured that the firm or firms habitually recognise Trade Union conditions on all work done in their factories, workshops, or offices.

(3) The Department shall deal with all objections against employers alleged to be violating the Fair Wages Clause, and shall make provision for imposing penalties on all firms proved guilty of paying lower rates, for observing conditions of employment less favourable to their employes than those established by signed agreement as between employers' associations and Trade Unions, or in any other way generally recognised in the trade or district where the work is carried out.

" (4) Where signed agreements exist fixing the rates of wages and conditions of employment for workpeople engaged on Government work in any trade or occupation, contractors or sub-contractors shall be under an obligation to exhibit in a prominent place, for the information of the employes, a copy of such agreement, along with a copy of the Fair Wages Clause, as supplied by the Government Department.

" 3. This Congress declares that the introduction or continuance of female labour on Government or other public work—formerly done by men—at lower rates than those recognised by Trade Unions is a violation of the House of Commons Fair Wages Resolution and opposed to the spirit of fair contracting; and demands that such firms be struck off the list of Government contractors; and, further, demands that the responsible heads of the various Government Contracting Departments be instructed by Parliament to refuse to consider applications for contracts from any firm which does not comply with these rates and conditions or debars its workpeople from joining or continuing membership of a Trade Union."

The Trades Union Congress General Council forwarded the resolution to the National Joint Council, which asked the Joint Research Department to inquire into the subject. The following report has been accepted by the National Joint Council:—

#### REPORT.

The Fair Wages Clause owes its origin to an agitation started in 1884 by the London Society of Compositors against Government contracts being given to firms which practically sweated their employes. It was urged that as the Government in its own dealings with the workers was expected to be a model employer it should also force firms which secured Government contracts to pay fair wages. The same argument applied, in fact, to all local and public authorities. By 1894 the agitation had so far succeeded that 150 local authorities had adopted a Fair Wages Clause of one kind or another for insertion in their contracts, and the House of Commons had also adopted a resolution (13th February, 1891) in the following terms:—

" That in the opinion of this House it is the duty of the Government in all Government contracts to make provision against the evils recently disclosed before the Sweating Committee, to insert such conditions as may prevent the abuse arising from sub-letting, and to make every effort to secure the payment of such wages as are generally accepted as current in each trade for competent workmen."

Subsequent criticism of the way in which the resolution was administered led to the setting up of the Fair Wages Committee in 1907 and the Report, issued in 1908, recommended various improvements and alterations in the working of the Clause then inserted in Government contracts.

The present form of the Fair Wages Clause is due to a resolution moved in the House of Commons on 10th March, 1909, by Mr. John Hodge, M.P., on behalf of the Labour Party. The Government put forward an alternative draft which covered practically the same ground, and in this form the resolution was carried.

The wording of the resolution was as follows:—

“ The contractor shall, under the penalty of a fine or otherwise, pay rates of wages and observe hours of labour not less favourable than those commonly recognised by employers and trade societies (or in the absence of such recognised wages and hours, those which in practice prevail amongst good employers) in the trade in the district where the work is carried out. Where there are no such wages and hours recognised or prevailing in the district, those recognised or prevailing in the nearest district in which the general industrial circumstances are similar shall be adopted. Further, the conditions of employment generally accepted in the district in the trade concerned shall be taken into account in considering how far the terms of the Fair Wages Clause are being observed. The contractor shall be prohibited from transferring or assigning, directly or indirectly, to any person or persons whatever, any portion of his contract without the written permission of the Department. Sub-letting other than that which may be customary in the trade concerned shall be prohibited. The contractor shall be responsible for the observance of the Fair Wages Clauses by the sub-contractor.”

In Government contracts the foregoing resolution is inserted as part of the Fair Wages Clause, which begins:—

1. “ The contractor shall in the execution of his contract observe and fulfil the obligations upon contractors specified in the resolution passed by the House of Commons on the 10th March, 1909, namely (resolution follows as above).”

In addition, other clauses are inserted as recommended by the Fair Wages Advisory Committee. These are as follows:—

2. EXHIBITION OF NOTICE AT WORKS.—The contractor shall cause the preceding condition to be prominently exhibited, for the information of his workpeople, on the premises where work is being executed under the contract. In trades where it is the practice the contractor shall also cause to be exhibited, or have available for inspection, a copy of any signed agreement determining the rates of wages and hours of labour commonly recognised by employers and trade societies in the district.\*

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\* This last part of the clause was added in 1921.

3. INSPECTION OF WAGES BOOKS, ETC.—The contractor shall keep proper wages books and time sheets showing the wages paid and so far as practicable the time worked by the workpeople in his employ in and about the execution of the contract, and such wages books and time sheets shall be produced whenever required for the inspection of any officer authorised by the Department.

4. FACTORY CLAUSE.—(For inclusion in contracts in certain trades.) All work executed under the contract shall be carried out at the contractor's own factory or workshop at . . . . or other place approved by the Department, and no work under the contract shall be done in the homes of the workpeople.

5. DIRECT PAYMENT OF WAGES.—(For inclusion in contracts in certain trades.) All wages earned by workers engaged on work under the contract shall be paid directly to them and not through a foreman or others supervising or taking part in the operations on which the workers are engaged.

In the course of the discussion on the resolution, in the House of Commons, in 1909, very valuable statements regarding the administration of the clauses were made by Government spokesmen. Mr. Buxton said, in the course of his speech:—

“ The Fair Wages Resolution applies, as a legal obligation, only to workers engaged on the Government contract in question. It would, however, not be the practice of Government Departments to keep on their lists of contractors firms who obeyed the letter of the clause by paying recognised rates on Government contracts, but who were proved to be notoriously bad employers in other directions. Still less would a Department give work to a firm who took advantage of the fair wages paid in Government work, to employ those same workers at a rate even below the normal in the output of non-Government articles—a practice that had been known to exist in sweated trades.”

Later in his speech he said:—

“ The contractor would be equally responsible for the conditions of labour under the sub-contract as he is under any contract himself.”

Finally, Mr. Buxton promised to set up a Fair Wages Advisory Committee\* consisting of representatives of the Departments with the Board of Trade representative as Chairman.

Mr. HARCOURT (Office of Works) said:—

“ The consideration whether those firms entering for Government contracts are in their private relations with their clients, and especially in their relations with their employés, what in my opinion can be regarded as good firms, is a very material fact as to whether those tenders would be accepted by the Department.”

\* This had been recommended in the Report of the Fair Wages Committee, 1908



Not only have the clauses drafted by the Fair Wages Advisory Committee been included in Government contracts since that date, but in September, 1911, the Local Government Board sent out a circular to all local authorities; Boards of Guardians, borough asylums, etc., drawing their attention to the resolution and clauses, and inviting them to insert similar clauses in their contracts in accordance with the recommendation of the Fair Wages Advisory Committee. The same provisions have been required, in fact, in all contracts involving the expenditure of public money. Thus, not only Government Departments but also local authorities and other public bodies such as the Metropolitan Water Board, Port of London Authority, etc., have made a practice of inserting similar clauses in their contracts.\*

Some authorities have adopted a better form of clause. Birmingham, for instance, has a much stronger one in operation, and no difficulty has ever been found in its administration.

The clause is as follows:—

### BIRMINGHAM CORPORATION FAIR WAGES CLAUSE.

#### GENERAL INSTRUCTIONS FOR COMMITTEES.

“Contractors tendering for or executing work under this Council must then and at all times during its execution be paying to the whole of their workpeople (except such as may be employed under special provisions agreed upon by the employers and the local organised bodies of workers) not less than the Trade Union or standard rate of wages in the several districts where their workpeople are actually engaged in the execution of the work, and must also be observing the hours and conditions of labour as well as the aforesaid rate of wages recognised by the associations of employers and the local organised bodies of workers in the various trades in the several districts where the work is being done.

“No contractor shall be allowed to tender for work who does not pay the Trade Union or standard rate of wages or observe similar conditions in his ordinary business.

“Should the Council have, in its opinion, reasonable grounds for believing that the above conditions are not being complied with the contractor shall be required to produce proof (to the satisfaction of the Council) of his compliance with the said conditions.

“The contractor shall not assign or underlet the contract, or any part of it, or sub-contract, except with the consent of the Council acting by its executive officer, and upon such conditions as it may think fit. The principal contractor shall be responsible, however, for all work done by such sub-contractor, and for its being carried out under the same conditions as if executed by himself.

“Where a sub-contractor is specially nominated by the Corporation, acting by its architect, or other executive officer, the principal contractor shall, when required by the Corporation, cause the sub-contractor to enter into the same obligations as regards wages and conditions of labour as are contained in the principal contract, and having done so shall be under no responsibility to the Corporation for the acts of the sub-contractor in these respects, but shall, when requested by and under the indemnity of the Corporation, enforce such obligations against the sub-contractor.

\* The Ministry of Health has no power to compel local authorities and public bodies to adopt such clauses. At the same time, where grants are made from the Exchequer the power to withhold grants may in some cases prove to be a strong weapon in the hands of the department concerned. In some cases also, the approval of a department is necessary before a local scheme can be adopted.

“Clauses embodying the above-mentioned conditions shall be inserted in all contracts for work, and contractors shall be required to signify their assent to them in writing. Failure to comply with any of the conditions set forth in such clauses shall, at the option of the Council, leave it within the power of the Council to cancel the contract. When any breach of these conditions shall have been proved to the satisfaction of a committee, a notification of the name of the contractor or sub-contractor so proved to have been in default shall be sent to every committee of the Council, and such contractor or sub-contractor shall not again be employed by any committee, unless the Council shall have given special leave.

“This instruction shall not apply to purchases of materials or patented articles, or of stores and miscellaneous articles.

“The several committees of the Council, when inviting tenders, shall notify these conditions to all persons or firms concerned.”

The London County Council has very elaborate provisions, including the recognition of Trade Union rates or, where there are no such rates, the setting-up by the Council of a minimum scale.

The Bradford clause contains a proviso that the contractor shall have paid the recognised rates for three months prior to the date of tender.

#### ADMINISTRATION OF THE CLAUSES.

As far as Government Departments are concerned every contract contains the specified clauses and these are legally binding on the contractor. The names of all firms receiving Government contracts above a certain value\* are published in the “Labour Gazette,” monthly, and in case of complaint by, or on behalf of, workers concerned, inquiries are made by the Department for which the work is being executed. If it is shown that the clauses are being violated action is taken and the firm may be struck off the list of those invited to tender.

In most cases in which the clauses are deliberately evaded the offence is generally not of a kind which can be easily detected, and the Trade Unions are thus given a great deal of work in tracking down the offender and in proving their case.

Before the war complaints regarding the way in which the Fair Wages Resolution was administered were numerous and widespread. Almost every year the Trades Union Congress passed a resolution of protest and deputations were sent to interview the responsible Minister. Many of these complaints and criticisms were undoubtedly well founded. Details of numerous cases have been examined which show that the Departments concerned did not always fulfil their obligations. During the war the situation was such that the Fair Wages Clause was disregarded, at first because of the national necessities, and later because Government control of work done for the State led to the fixing of wages by arbitration or by mutual agreement. Even where work was not “controlled” the scarcity of labour, the growth of collective bargaining, and the general rise in wages resulted in such an accession of strength to the workers that the Fair Wages Clause had to be invoked in few cases. Since 1918 the old position has been somewhat restored, at least as regards some industries. In many

\* £500.

cases, however, there are on hand such large stocks of goods that since the war no contracts for similar articles have had to be placed, and consequently the problem has not arisen in these industries. Where work has been done complaints have once more been made, and the Trades Union Congress is again making its annual protest against mal-administration. There is every reason to believe that with the revival of trade and the more extensive placing of Government contracts the volume of criticism will be as large as ever.

Following a deputation from the Trades Union Congress in 1920, the Minister of Labour announced some administrative reforms\* designed to meet certain objections that had been raised. These were:—

1. Early publication of names of contractors in the "Labour Gazette."

2. Contracting Departments to supply annually to the General Council of the T.U.C. a list of "approved tenderers," i.e., of firms on the contractors' lists maintained by the Departments.

3. Contracting Departments to bring together workers' and contractors' representatives in cases of dispute.

4. Names of sub-contractors to be published in the "Labour Gazette" where known to the Department.

5. Copies of collective agreements governing wages, etc., to be exhibited in contractor's works, where it is the practice.

6. Amendment to Fair Wages Resolution proposed, providing that a firm shall not be regarded as a fair firm unless it observes the principle of the resolution on its civil as well as its Government work.

The last proposal requires legislative sanction, and it has not so far been introduced. The others are in operation and constitute a useful measure of reform, though some of the principal difficulties remain untouched.

In one respect the progress made during the war and post-war periods should have simplified the administration of the Fair Wages Clause and put an end to former troubles, for there is now a much higher degree of organisation among the workers concerned while collective agreements are more numerous and more important. There should therefore be less dispute about recognised rates in these cases. It seems obvious that if in any trade employers and workers have agreed upon rates and conditions, either by national or by district agreement, no dispute need occur; the agreed rate and conditions should be observed by the Government Departments and by contractors. Experience has shown that this is not so. The Departments have in a number of cases refused to recognise rates which have been agreed upon by Trade Unions and Employers' Associations. In the building industry the National Wages and Conditions Council, composed of equal numbers of representatives from each side, regulates wages and conditions, and agreements are in force which provide for a division of the

\* See Appendix.

country into ten areas, each area having its own rates for the various classes of labour. These rates, however, are not being paid in all cases by contractors under the War Office and the Board of Works. In some districts groups of employers have been formed separate from, and in some ways antagonistic to, the national organisation (National Wages and Conditions Council). These isolated groups pay wages which are lower than those recognised by the national agreements and the Departments have accepted these lower rates as conforming to the requirements of the Fair Wages Clause.

The following instances illustrate this point:—

#### WAR OFFICE.

		Rate paid.	Area rate (national agreement).
		Per hour.	Per hour.
Aldershot .....	Painters .....	1s. 3½d. and 1s. 2½d.	1s. 5½d.
	Labourers .....	1s. 1d.	1s. 2½d.
	Brush hands .....	1s. 2½d.	—
Bury St. Edmunds.	Painters .....	1s. 4½d.	1s. 6½d.
	Labourers .....	1s. 2d.	1s. 2½d.
Devizes .....	Painters .....	1s. 5½d.	1s. 7d.
	Labourers .....	1s. 3½d.	1s. 3d.
Sheerness .....	Painters .....	1s. 6½d.	1s. 7½d.
	Labourers .....	1s. 3½d.	—
Salisbury .....	Painters & grainers	1s. 6d.	1s. 7d.
	Painters .....	1s. 5d.	—
	Labourers .....	1s. 3d.	—
Warminster .....	Painters .....	1s. 5d.	1s. 8½d.
	Labourers .....	1s. 3d.	1s. 4d.

#### OFFICE OF WORKS.

Sheerness .....	Painters .....	1s. 6½d.	1s. 7d.
	Labourers .....	1s. 3½d.	—

The Departments contend that they are not bound by the wording of the Fair Wages Clause to pay rates which have been nationally agreed, but only the rates which prevail in the district. The resolution is quite explicit, however; the contractor is bound to pay "rates of wages . . . not less favourable than those commonly recognised by employers and trade societies." Even if a local group has secured the agreement of its operatives to pay a lower rate this cannot be said to be the rate recognised by "employers and trade societies" so long as there is an agreement between a national association of employers and a Trade Union to pay a higher rate in the district. The clear intention of the resolution should be expressed in words which admit of no dispute, and the following amendment is suggested to the Fair Wages Clause with a view to the avoidance of such different interpretations in future. If the official view is allowed to stand it will mean that the Departments will be able to define a district as they please and to accept the rate paid by a bare majority of employers (even though they may employ a minority of operatives in the district) notwithstanding any national agreements between Trade Unions and Employers\*

Associations which would give a higher rate. The appropriate part of the clause as amended would be as follows:—

“ not less favourable than those laid down in collective agreements concluded by national associations of employers and workers, or, where such do not exist, than those commonly recognised,” etc.

Turning to another industry we find that complaints have recently been made against a firm of uniform clothing manufacturers who have failed to pay the standard rates to workers engaged on a Government contract, and—incredible though it may sound—against H.M. Clothing Factory, Pimlico, for an alleged non-payment of Trade Board rates to certain male workers. Generally speaking the existence of national agreements and the operation of Trade Board rates has eliminated much of the difficulty in the clothing industry.

A very important cause of complaint which has come into prominence since the war concerns the employment of women on men's work. It is not a new difficulty. Even before the war cases occurred, but they are now more frequent, as one would expect. When employers are forced to pay reasonable rates to men, while the rates for women are considerably lower, it is only natural that they seek to evade the obligations imposed by the Fair Wages Clause, and women are therefore employed to do the work normally done by male labour. This has occurred in the metal and clothing trades, to mention two instances. In a case which occurred before the war the Department concerned argued that there was no violation of the Fair Wages Clause and that it was therefore unable to interfere. But the words of the clause are “ the conditions of employment generally accepted in the district in the trade concerned shall be taken into account in considering how far the terms of the Fair Wages Clauses are being observed.”

The question of the substitution of female for male labour is clearly within the terms of this statement, and if the normal practice is for the work to be done by men there is a decided breach of the “ conditions generally accepted ” when female labour is introduced at lower wages.

In the case quoted, the Birmingham Tin Plate, Sheet Metal Workers, and Braziers' Society protested to the Postmaster-General against the employment of women by a firm making postmen's lamps, whereas the custom in the industry was for men alone to be employed on this work. There is in fact an agreement, to which employers' and workers' organisations are parties, that women shall not be employed on this work. The Post Office replied in the following words: “ He (the Postmaster-General) does not accept the view of your society that female labour should not be employed on Government work, and so long as Messrs. ——— comply with the terms of the Fair Wages Clause, he does not object to the employment by them of women to make postmen's lamps.”

It should be strongly urged that violation of normal conditions of employment is a violation of the Fair Wages Clause, whatever the Department may think of the inherent rightness or wrongness of those conditions.

Coming to the vexed question of sub-contracting it appears that in some cases a contract is sub-let several times, with the result that very

great difficulty is experienced in finding out who is really doing the work. A case has been quoted, in illustration of this point, where a Clyde firm sub-let a contract to a firm in the Isle-of-Wight, which sub-let it again to a Birmingham firm, which proved to be paying lower wages than were recognised as "fair." In this case the discovery by the Trade Union of the firm actually doing the work was quite accidental.

Complaints have in the past been made against Departments on the ground that they have refused to divulge the names of sub-contractors. In view of the fact that these names are now published in the "Labour Gazette" this difficulty should be largely surmounted, but the position is still very unsatisfactory in two respects. In the first place, the Department does not always ascertain the names of sub-contractors. It is very important that they should be known and published in *all cases*—if not for the Department's requirements then for the information of the Trade Unions.

Further, and this is a real grievance, the names are published too late in many cases. It has often happened that by the time the union has been able to take the matter up the work has been finished, or practically finished, and nothing could be done. The names should be sent at once to the Trade Unions and not left until the following issue of the "Labour Gazette" appears.

#### REFORMS NEEDED.

The composite resolution passed by the Trades Union Congress in 1921 contains a series of proposals for reforms in the administration of the Fair Wages Clause. An examination of these proposals follows:—

1. That all Government Departments shall supply to all authorised Trade Unions a list of firms invited to tender.

That no firm proved to be paying less than the Trade Union rate of wages to all its employés in any of its establishments, or not observing the working conditions general in the trade or calling, or agreed on with employers in all its establishments, shall be allowed to tender. That where the bona-fides of any firm to be considered a fair firm be challenged the onus shall rest upon the Government Department concerned to bring together the Trade Union and contractor's representatives to allow of both sides stating their case directly to the heads of such Department.

The first of these demands has been already conceded in the administrative reforms agreed to by the Ministry of Labour in 1920 (see page 7). It needs some tightening up, however. The list should be supplied to all Trade Unions interested in the matter, as well as to the General Council of the Trades Union Congress, and any additions made during the year should be notified at once.

The second demand, as far as it relates to the bringing together of the parties to a dispute, is also included in the same reforms of 1920. The remainder is a matter of interpretation, and a revised form of clause is suggested to deal with the point.

2. That contractors shall furnish to the several Departments names and addresses of all sub-contractors, the same to be supplied to all authorised Trade Unions and published in the "Board of Trade Journal." Contractors failing to supply such information shall be struck off the list of firms allowed to tender.

The necessity for this change is obvious. At present the Departments obtain and communicate to the Trade Unions through the "Labour Gazette," the names of some, but apparently not all, sub-contractors. All cases should be fully investigated and therefore all names should be obtained, both for the purposes of the Department and for those of the Trade Unions. Evasion of the clauses will be possible as long as the facts can be obscured by keeping the unions in ignorance of the details of sub-contracts. The names, moreover, should be sent to the Trades Unions immediately and not left to be published in the "Labour Gazette."

3. The establishment of a Special Contracting Department attached to the Labour Ministry responsible for the issue of all invitations to tender for Government work.

The Department shall compile a fair list of Government contractors for each trade, after consultation with Trade Unions. No additions to such lists to be made except proof be secured that the firm or firms habitually recognise Trade Union conditions on all work done in their factories, workshops, or offices.

The Department shall deal with all objections against employers alleged to be violating the Fair Wages Clause, and shall make provision for imposing penalties on all firms proved guilty of paying lower rates, or observing conditions of employment less favourable to their employes than those established by signed agreement as between employers' associations and Trade Unions, or in any other way generally recognised in the trade or district where the work is carried out.

The question of centralised control of Government contracts raises some difficult problems. From the point of view of economy and efficiency in buying and administration there should be either a Ministry of Supplies, as suggested by the Machinery of Government Committee 1918 (Cd. 9230), or else a Joint Contracts Board consisting of representatives of the Spending Departments. Enforcement of minimum standards of labour, etc., should, however, be kept in the hands of the Ministry of Labour.

There should therefore be—

(a) A Department of the Ministry of Labour, as suggested in the resolution, charged with the compilation of a list of approved tenderers, no firm to be admitted to the list except after consultation between the Department and the Trade Union concerned. This department would also investigate alleged violations of the recognised conditions.

(b) A Joint Contracts Board consisting of representatives of all the Departments concerned and dealing with the ordinary commercial aspect of contracts, the object being economies in buying and in administration (accounting, inspection, etc.).

(c) A Joint Sub-Committee of the Special Department of the Ministry of Labour and the Joint Contracts Board to discuss :

(i.) Proposed changes in labour conditions or alterations in the Fair Wages Clauses.

(ii.) Distribution of orders so as to regularise employment.

4. Where signed agreements exist fixing the rates of wages and conditions of employment for workpeople engaged on Government work in any trade or occupation, contractors or sub-contractors shall be under an obligation to exhibit in a prominent place, for the information of the employés, a copy of such agreement, along with a copy of the Fair Wages Clause as supplied by the Government Department.

This proposal has already been carried into effect in "trades where it is the practice" to quote the letter from the Ministry of Labour to the Parliamentary Committee of the T.U.C., 6th August, 1920. Copies of agreements should be exhibited prominently in all cases where such agreements exist.

5. This Congress declares that the introduction or continuance of female labour on Government or other public work—formerly done by men—at lower rates than those recognised by Trade Unions is a violation of the House of Commons Fair Wages Resolution and opposed to the spirit of fair contracting; and demands that such firms be struck off the list of Government contractors; and, further, demands that the responsible heads of the various Government Contracting Departments be instructed by Parliament to refuse to consider applications for contracts from any firm which does not comply with these rates and conditions or debars their workpeople from joining or continuing membership of a Trade Union.

This proposal is not to prohibit the substitution of women for men, but only the employment of women on such work at rates lower than those paid to men. Such a provision is necessary in the interest of men and women alike. Both the spirit and the letter of the Fair Wages Clause are evaded by the practice which is condemned in the resolution.

It should hardly be necessary to ask that contracts should not be given to firms which interfere with any worker's right to be a member of a Trade Union. The provision that no firm should be placed, or allowed to remain, on the list of tenderers until the Trade Union has been consulted would effectively guard against this abuse.

#### THE GOVERNMENT AS DIRECT EMPLOYER.

It need hardly be said that the Labour conditions which are laid down as a minimum standard to be adopted by contractors should be observed by the Departments when they employ labour directly. However, as, strictly speaking, the Fair Wage Clause is not involved, this question is not further discussed in the present Report.



## CONCLUSIONS.

On the grounds stated we conclude that—

1. Before the war there was a large volume of complaints, many of which were undoubtedly justified, against the administration of the Fair Wages Clauses.

2. Owing to the abnormal conditions ruling during and since the war period the amount of criticism is at present less than it will be when normal conditions are restored.

3. There is, nevertheless, considerable criticism of the administration in those trades which have again become subject to the operation of the clauses.

4. Examination of cases quoted shows that the Government Departments are violating the spirit of the clauses by allowing contractors to pay rates below those agreed upon by employers and Trade Unions; by allowing the substitution of women on men's work at rates lower than would be paid to men; and by the failure to publish or communicate full details of all contracts and sub-contracts.

5. The appended reforms are the minimum required to place the administration of the clauses on a satisfactory basis.

## RECOMMENDATIONS.

We recommend that—

1. The Fair Wages Clause shall be amended so as to provide that—

(a) Wherever national agreements between employers and workers' organisations exist the rates and conditions therein laid down shall be regarded as the recognised rates and conditions under the clause.

(b) A firm shall not be regarded as a fair firm unless it observes the principle of the resolution on its civil as well as its Government work.

2. A Government Contracts Department of the Ministry of Labour shall be set up to supervise labour conditions on Government contract work. In particular the Department shall, after consultation with the Trade Unions, compile for each trade a list of firms allowed to tender. Only those firms which are on the list shall be allowed to tender or receive contracts, and no firm shall be placed on, or be allowed to remain on, the list if inquiry shows that it is not observing the recognised rates and conditions. A copy of the list shall be supplied to all Trade Unions concerned.

3. Every firm which sub-lets a contract or sub-contract shall supply to the responsible Department the name and address of each sub-contractor. The Departments shall notify the Government Contracts Department of the Ministry of Labour, which shall thereupon inform the Trade Unions concerned. Time limits for notification shall be laid down in each case.

4. In case of any objection to or complaint against a contractor or sub-contractor the Government Contracts Department of the Ministry of Labour shall arrange a meeting between representatives of the employers, workers, and the Department itself to discuss the matters in dispute.

5. The employment of women on work normally done by men at rates lower than those which would be paid to men shall be regarded as a violation of the recognised conditions which are binding on contractors and sub-contractors.

Any attempt to prohibit membership of a Trade Union shall likewise be regarded as a violation of these conditions.

It is also recommended that the Parliamentary Labour Party be asked to consider the question of the Fair Wages Clause with a view to taking action in the House of Commons.

## APPENDIX.

## ADMINISTRATIVE REFORMS INITIATED IN 1920.

Ministry of Labour,

Montagu House, London, S.W.,

August 6th, 1920.

Sir,—I am directed by the Minister of Labour to refer to the visit of the deputation of your Committee to Sir Robert Horne on 5th February last, when certain resolutions were put forward dealing with the administration of the Fair Wages Resolution of March, 1909, and I am to state that, following upon the discussion which then took place, every effort has been made to ensure as early a publication as possible in the "Labour Gazette" of the names of firms with whom Government contracts have been placed. I am to point out, however, that contracts not exceeding £500 are in general omitted from the "Gazette."

The Minister has given careful consideration to the resolutions submitted on behalf of the Parliamentary Committee, and in this connection he has been in communication with the Contracting Departments, who have agreed that they will supply annually to your Committee, if so requested, a list of "approved tenderers," i.e., of firms who are on the contractors' lists maintained by the Contracting Departments. The Contracting Departments have further agreed that in cases of alleged non-compliance with the Fair Wages Resolution they will, where the circumstances of the case require it, as a matter of administration, bring together the representatives of the Trade Unions and the representatives of the contractor with a view to ascertaining from both sides the facts of the case. Arrangements have also been made that, wherever it is necessary for a Contracting Department for its own purposes to know the names of sub-contractors to a contractor, the names of those sub-contractors shall be published in the "Labour Gazette" subject to the limitations already existing, as indicated above, in the case of the principal contractor. Further, in trades where it is the practice, the contractor will be required to exhibit, or have available for inspection, a copy of any signed agreement determining rates of wages and hours of labour commonly recognised by employers and trade societies in the district. The Contracting Departments generally are taking the necessary administrative action to put these amendments into operation.

It has also been decided to propose an amendment to the Fair Wages Resolution to provide that a firm shall not be regarded as a "fair" firm unless it observes the principle of the resolution on its civil as well as its Government work. Such an amendment, as you are no doubt aware, requires Parliamentary sanction, and it has not up to the present been possible to find time to introduce the necessary motion into the House of Commons, but it is hoped that an opportunity will present itself shortly.

I am, sir, your obedient servant,

H. J. WILSON.

The Secretary, Parliamentary Committee of the Trades Union Congress, 32, Eccleston Square, S.W. 1.

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