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Source: *The Economic Journal*, Vol. 4, No. 13 (Mar., 1894), pp. 25-34

Published by: [Wiley](#) on behalf of the [Royal Economic Society](#)

Stable URL: <http://www.jstor.org/stable/2955865>

Accessed: 09-12-2015 23:12 UTC

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## THE COAL STRIKE AND A 'MINIMUM' WAGE<sup>1</sup>

THE recent strike in the coal trade, which after a duration of three months terminated in a truce at Lord Rosebery's conference on the 17th of November, has exceeded all previous conflicts between labour and capital, both in the number of the working population reduced to destitution and in the loss and injury inflicted on other important industries which depend upon coal for their operations. Coal is one of the first necessities of life in this country and the main source of our national wealth. With the abundance of this commodity which we possess in various parts of our island the consumption for trade and other purposes is only limited by the cost of its production. Of this the wages of the colliers and other labourers employed in getting it to the pit's mouth constitute two-thirds and upwards. It is just and necessary that these men should receive a liberal remuneration for their disagreeable and dangerous employment, but they cannot claim, nor could they secure in the long run, a higher rate of wage than would give them a fair remuneration compared with the earnings of other classes of labourers in our industrial community. Attempts to maintain a rate of wages in the coal trade above such a standard would be less likely to succeed than in many other trades, owing to its being more open to any labourer in want of employment than trades in which a longer previous training is required. We are living in days when the regulation of the price of labour by organised unions of labourers is permitted by the law and sanctioned by economic science, however jealously the law may still guard individual liberty, and afford its protection to the labourer, at least against personal injury, who claims to follow a course of action in the disposal of his labour of which his fellows disapprove, and however much the theorist of Mr. Mill's school of political economists may cling to the doctrine that competition between individual labourers and employers should be left to work out its con-

<sup>1</sup> [Our readers, who will hardly need to be reminded that Mr. Longe was the first of Mill's contemporaries to successfully attack the theory of the Wages Fund, will welcome the reappearance of Mr. Longe as a writer on economic questions.—EDITOR.]

sequences of good and evil without restriction. While there is good ground for attributing to the power of the Trades Union, when wisely exercised, the effect of preventing conflicts between capital and labour, we have still unhappily painful experiences of that power being exercised with a very different result, and when a conflict arises between these organised bodies and their employers in a trade of such magnitude and importance as the coal trade, a dispute as to a shilling or two in a labourer's week's wages becomes a national catastrophe.

The recent strike originated in the demand of the employers in certain districts of the coal trade to reduce the wages of the miners by taking off 25 per cent. from an advance of 40 per cent. which the men had obtained during about three years of exceptionally good trade since 1888 upon the standard rate at that period. The proposed reduction represented about 18 per cent. in the total wage, or a reduction in the average week's earnings of the more skilled miner from about £2 to £1 12s., and of the less skilled or day men from £1 8s. to £1 5s. To what extent this reduction would have affected the general weekly earnings of the miners was a very doubtful problem, as his weekly earnings would necessarily depend on the number of days on which he was employed as well as on the rate at which he was paid for a day's work. Nor could the amount of reduction, large as it was have had much to do with the action of the leaders of the federated miners, in resisting the proposal—no suggestion for a compromise was ever made by the representatives of the miners, either before or after the strike had commenced. The position they took from the first was that no reduction whatever could be accepted, and when the employers offered to substitute a reduction of 15 per cent. for the 25 per cent. the proposal was staunchly rejected. Whatever may have been the reasons which induced the federated coal-owners to demand a reduction in the rate of wages in June last, they evinced a full sense of their responsibility for this step in inviting the miners' representatives to have the question referred to arbitration. This mode of settling the question was persistently refused by them during the early stages of the conflict, and when after the strike had lasted some months they consented to the question being referred to a board of conciliation, they would only consent to this means of settling the dispute being resorted to on the condition that the men were first invited to return to work on the full rates current before the strike. The events of the first month of the conflict show that the original

idea of the leaders of the men was to force the employers to withdraw from their position at once by the display of big battalions. The evidence of the strength and justice of their cause was to have been the unanimity with which the entire mining population of Great Britain would rally round their standard. This grand conception was not realised. The canny Scot held aloof from the first. The Unions of Northumberland and Durham, with their 100,000 men, soon called off. South Wales and Monmouthshire, another 100,000, after a severe dissension fomented by the leaders of the Federation, determined to go on working under their sliding scale arrangement. South Staffordshire and the Forest of Dean took the same course. By the end of August the idea of a national strike had failed, and the movement presented the miserable picture of about half the trade starving themselves and others, while the other half were enjoying a good time of full work and high wages, caused entirely by the stoppage of work in the strike districts. The folly of supposing that the settlement of a dispute as to whether the condition of trade at a particular time or in the immediate future required a reduction in the price of labour could be facilitated by a strike embracing a large portion of the trade was very clearly shown in the progress of this conflict. The immediate effect of the strike was to raise the price of coal to an exceptional amount, while the continuance of a much diminished supply altered altogether the conditions by which the demand for coal would be determined in the absence of such a disturbance. The only result of this prolonged strike has been to show that if 200,000 miners abstain from producing any coal for three months the effect will be to diminish the supply to such an extent in proportion to the demand as to make it the interest of their employers to take them back to work, for a few weeks at all events, at the old rate or perhaps a higher rate of wages, until they have brought back the trade in the district at least to the condition it was in before the strike commenced, probably in a much worse condition owing to several of its former customers being driven away to other supplies. Such has been the result of the recent strike, and such is the result which the leaders of the miners represent to the men as a glorious victory.

Different remedies have been suggested to prevent a recurrence of such suicidal conflicts. It has been suggested that a gigantic coal trust should be formed to work the whole of the collieries in the country. Under such a united body of employers it is proposed that the wages question would be settled thus :—

‘The rates of wage to be paid in different districts would in the first place be determined by district committees, and the committee should be empowered to deal with the special features of each mine, so as to obtain as far as possible an approximately uniform scale of wages throughout the country. It would be laid down as an axiom that this scale should be calculated on a liberal basis as compared with other classes of labour.’ (Proposed Scheme of the late Sir George Elliot, *Times*, 20th Sept.)

A suggestion was made from a different quarter, that the property as well as the working of the collieries should be taken by the Government into its own hands. The proposer of this plan did not explain on what principles the wages of the miner should be determined if he became an employee of the State. It may be assumed, however, that he would be paid on the same principles as the wages of other Government employees, such as the artisans in their shipyards and ordnance factories, or the letter-carriers and other employees under the Post Office, are now determined. The profits of the coal department would be appropriated by the State for the benefit of the general community. The miner would be under no liability to have his wages lowered when coal was being sold at a low price, nor would any claim on his part be admitted to have his wages raised when the profits of the department were exceptionally large.

A third and less revolutionary remedy is that while the collieries of the country should continue to be worked by a number of private firms in competition with each other, the recurrence of strikes should be prevented by the establishment of a Board of Conciliation under the authority of the Government, to whom the question of the rate of wages, or any other matter affecting the relations between the employers and workmen within the area of its jurisdiction should be referred for adjudication. This proposal is represented by two Bills now awaiting a hearing in the House of Commons, and the principle of the arrangement has already been acted upon in the conference which was held at the Foreign Office on the invitation of the Prime Minister. Moreover, the establishment of such a Board for the purpose of adjudicating upon the question now in dispute between the parties to the recent strike, and any similar question which may arise in future, has been agreed upon by both parties as one of the terms of settlement.

Although these several arrangements would differ widely from each other in many respects, it would seem that the wages problem would be the same in each case except so

far as the area of jurisdiction might vary. The principles on which a Board of Conciliation could fix a rate of wages for the whole trade, would be the same as those on which the proposed national coal trust or the Government would act in determining the wages of their employees. The problem submitted to the Conciliation Board could be no other than the determination of a rate of wages which should be observed as a standard rate throughout the area of its jurisdiction, or the adjustment of different rates in different collieries, so as 'to obtain as far as possible an approximately uniform rate throughout the country.' In each case the competition of coal producers outside the area of jurisdiction, in this or other countries, would have to be taken into consideration, and such consideration might impose a material restriction on the rate which might be fixed in the absence of such competition. In neither case would the miners be precluded from demanding to have their wages raised, nor the employer or employers from demanding a reduction, but the rate to be altered by the Conciliation Board, as in the other cases, would be the general standard rate itself. No variation in the standard rate could be sanctioned to meet the needs of a particular employer, or to give the employees of one colliery a higher wage because they were enjoying a better trade than others.

The terms of settlement proposed by Mr. Pickard at the conference between representatives of the Coalowners' and Miners' Federations, held at Westminster on the 2nd of November, were as follows:—

(1) That the men resume work at the old rate of wages until April 1, 1894.

(2) That the minimum or standard rate of wages be 30 per cent. above the wages rate of January 1, 1888.

(3) That a Board of Conciliation be formed to deal with wages questions in the future from the above-mentioned date.

(4) That the Board, when formed, shall have power to determine the rate of wages on and from April 1, 1894.

Although there is a certain amount of ambiguity and inconsistency in these several proposals, they would certainly seem to imply that the rate to be considered and determined by the Board of Conciliation would be a 'minimum or standard' rate, or in other words, a uniform rate to be maintained throughout the districts over which the Board's jurisdiction extended.

Treating this proposal of the figure at which the rate should be fixed rather as a suggestion than as a restriction on the

jurisdiction of the Board, and passing by the difficult problem which the settlement of this figure will impose upon them, we can only see in these terms a proposal for a rate to be fixed by the Board of Conciliation on the same principles and with the same object as those which we have already noticed. The following passage gives a good deal of support to this view :—

‘ There has been a combined effort on the part of our workmen to obtain a full recognition of the principle that what is to determine the amount of reward they are to receive for their work is not to be the competition of a crowd of men each eager to obtain whatever is offered, but what in consultation one with the other they agree to be reasonable, and to be demanded by the actual needs of their life.’<sup>1</sup>

The term ‘ minimum ’ in Mr. Pickard’s proposals may have been used to enforce the principle that the rate to be established would be the lowest rate to which any employer would be authorised to reduce the wages of his workmen, whatever might be his temptation to do so in times of depressed trade, or to enable him to obtain a contract at a lower price than that at which it could be executed while he was paying the workmen according to the standard rate. Or it might be used to imply that the fixing of a standard rate would not preclude the miner from receiving an addition to his wages by way of bonus or otherwise under a separate arrangement which might be made between any particular employer and his workmen, without disturbing the principle of the standard rate.

The principle of a standard rate is not new to the coal trade. The rates current in 1888 and previous years were recognised by the Federated Coalowners themselves as standard rates in force at the beginning of that year and since throughout their collieries. The advances obtained by the miners upon that rate during the years immediately succeeding were granted by the employers not as an alteration or increase of that rate, but only by way of percentages upon that rate, and although employers might hesitate to accept as a minimum rate a rate which would be susceptible of being reduced in a period of depression, without depriving the labourer of a sufficient maintenance for himself and his family, it is clear that employers themselves in any trade which was not in a moribund condition (which is certainly a condition into which the coal trade of this country is not likely to fall for many years) would have a common interest with their

<sup>1</sup> See ‘ Problem of the Unemployed,’ by J. Murray-Macdonald, M.P., *New Review* December, 1893.



labourers in preventing wages being reduced to such an extent as would not only fail to give their workmen a sufficient livelihood, but would tend to diminish the supply of labour on which they would depend for the continuance of their trade.

It is this necessary limit to the reduction of wages, or, as it is sometimes expressed, to the fall in the price of labour, which excludes labour from those commodities the price of which can be regulated by demand and supply. A supply of any commodity can only be priced on this principle when it is less than the demand at *some* price, in other words, a supply which will be all purchased if the price is low enough to take it off. If all the labour in the market could be sold off at any price, that is to say, if all the labourers wanting employment could be taken into employment if they offered their labour at a sufficiently low rate (apart, of course, from any considerations as to the amount they required to support life), the problem of the unemployed would never exist. Boot and shoe makers out of work would be as rare to be seen as new boots and shoes lying about our streets because they could find no purchaser at any price. When this principle is applied to the wages of labourers, all that is meant is, that when the supply is increased in proportion to the demand, in other words, when there is an unusual number of labourers out of work, employers are, or ought to be, able to get their labour cheaper, though not necessarily with any intention or ability to employ more labourers because they can get them cheap. Nor, on the other hand, however large the surplus of labourers might be would they offer a lower wage than what was in their opinion sufficient to maintain the labourer while in their employment.

If the term 'minimum' rate was only used in Mr. Pickard's proposals in this sense, there could be no objection on the part of the employers to the principle of the proposal. Their objections would be aimed at the figure at which he proposes that this minimum rate should be put, either on the ground that such a rate would give more than a fair and reasonable remuneration for the miner's labour, or on the ground that at the present time such a rate could not be maintained without bringing about the closing of several collieries, and throwing a number of miners out of employment, or necessitating a general continuance of employment on short time.

The term 'minimum' rate, however, is used in connection with the sliding scale arrangement which is in force in a large part of the coal trade, and it might be inferred from the use of



this term in conjunction with 'standard' that the proposers intended to reserve to the miners some right to obtain advances upon the 'standard' rate in accordance with that or some other arrangement having a similar object.

Under the sliding scale arrangement a certain percentage on a datum price of coal or other product is fixed as a minimum rate of wage. This minimum rate the employer undertakes to pay, at whatever price below the datum he may choose to sell the product in times of depressed trade, and he further concedes to the workman the right of receiving a fixed share in the profits accruing to him from the sale of the product at higher prices in periods of brisk trade. Whether this concession is made merely as a sop to Cerberus, or as the grant of an addition to his wage which the workman has a right to claim, the employers in those districts in which this arrangement has been adopted have found a good return for their liberality in a more peaceful continuation of their trade operations than has been enjoyed by employers in other districts. The system has been established for many years in the collieries of South Wales and Monmouthshire, and in the iron and coal trades of South Staffordshire and Worcestershire. It has also been recently adopted in the coal trade of the Forest of Dean. It appears that the minimum rate in force in some districts was fixed about ten years since, and that since that time the miners have more than once obtained advances under the sliding scale amounting to 40 and 50 per cent. on the minimum rates, and which have given them higher wages than those represented by the 40 per cent. addition to the standard of 1888 in the Federation districts.

Under the sliding scale arrangement the men's unions are still maintained, but the most important officers employed on the part of the men, are not strike-leaders, but accountants, whose function it is to secure the fair working of the arrangement, by a quarterly or half-yearly examination of the masters' books, or the lists of prices at which they have sold coal so as to adjust the rate of wages from time to time to the selling price of coal.

This arrangement has been objected to by the leaders of the Miners' Confederation, on the ground that it involves the workmen in an undertaking to submit to a reduction of wage whenever it may suit their employers to reduce prices, and thus deprive them of all power to maintain a rate of wage above the minimum. Assuming that the minimum rate in such a scale is so low as to provide a barely sufficient wage with a full week's work, such an objection would be well founded, but if the minimum rate was

put at such a figure as to afford a fair and sufficient wage in times of bad trade, an arrangement which would give him a right to higher wages when prices rose would certainly be one which he might safely accept, although in such a case the workmen would clearly have no ground to claim such additions to their wages as a matter of right, any more than they would if they were all employed by one employer as in the supposed arrangements of the national coal trust or the Government coal department.

It would be foreign to the purpose of this discussion to attempt to deal with the difficult problem of the particular figure at which the proposed standard or minimum rate is to be fixed in settlement of the present dispute. If such a rate as that suggested by Mr. Pickard could be agreed upon as a standard rate to be observed, at all events in the immediate future, it is clear that it could only have the effect intended if the miners generally were able to obtain sufficient employment at that rate to earn the amount of wage it was calculated to provide. The discussion however during the progress of the strike of the question whether the miners were or were not gaining more than a 'living wage' under their present rates of payment brought out very forcibly the fact that the rate at which the miner is paid furnishes no evidence of his actual earnings. The question as to the amount of wages received by the miners in different collieries has turned almost entirely upon the number of days in which he has been employed, and the evidence brought forward to show that the earnings of the miners in many collieries were very small, went far to prove that the cause of those small earnings was the want of sufficient trade to enable the coal-owner to employ his men except for a few days in each week, and that the high rate of wages which the employer had to pay was the very cause of the dearth of employment from which the miner was suffering.

There seems, however, to be much ground to attribute the short time during which miners in many collieries are allowed to work to a great extent to the employer's practice of keeping a larger number of men in his employment than he can usually employ at full time, and dividing the work among them. The employers must be held mainly responsible for this condition of things, though there is a good deal of evidence that the miners themselves contribute to the evil by their preference to work only a few days in a week and 'play' the rest rather than earn a full week's wage by a full week's work. If a miner earns no more than a 'living' wage when he is paid at a rate which

gives six or seven shillings for a day's work, there would seem to be no more connection between the rate of a miner's wages and his earnings than between the barrister's guinea fee and his annual income. The system of paying the miner on the tonnage of coal raised to the pit's mouth may be advantageous to both the workman and his employer, but no standard rate however high can secure the maintenance of a 'living' wage if the system of employment does not secure to the workman several days' work in each week. If the miner was only allowed to go down the pit under a contract which would secure a full week's work to the employer and a full week's wage to the workman the wages problem in the coal trade would be much simplified. If on the other hand the trade is to be carried on under a system which keeps a larger number of men depending on employment in each colliery than can be fully or regularly employed, the fixing of a standard rate will do little towards improving his condition. It appears from the statistics given in the *Labour Gazette* for October that there was a gradual increase in both the output of coal and in 'the number of men employed in and about the coal mines' during each year from 1886 to 1891, and that during these years the number of men so employed in England and Wales rose from 450,297 to 562,608, and that the output rose from about 137,000,000 to 160,000,000 tons. During the next year, however, we find that there was a reduction in the output to the extent of nearly  $5\frac{1}{2}$  millions of tons, but that notwithstanding the diminution in production, the number of men employed was increased by 11,846. Whether or not the overcrowding of the trade has been the cause of the recent troubles, it is clear that a rate of wage which will give a good 'living' wage to all when the trade is such as to afford them full employment will soon cease to have that effect if the numbers of men depending on this trade are allowed to increase while the demand for their labour decreases.

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