SOCIALISM IN THE SIXTIES

LEFT

300

REDUNDANCY IN THE AFFLUENT SOCIETY

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THREE SHILLINGS AND SIXPENCE

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1. Introduction

ALMOST every day now we can read in the newspapers about a fresh outbreak of what has become known, perhaps euphemistically, as 'The Redundancy Problem'. A large aircraft factory is shutting down because the Government has changed its mind—a few thousand men will be looking for new jobs; a small chemical plant in X-shire is having to close because the parent company is rationalising production—150 people are thrown out of work; the Coal Board is to close more pits; the railway workshops are to be placed on Dr. Beeching's operating table for phase-one of his 'surgical' treatment of the railways; an old-established brewery in an old industrial area is closing down—not because people are less thirsty but because beer is now just as much part of business rationalisation as soap, toothpaste or even women's magazines.

And all of it adds up to that ugly word, redundancy. It's a pity we cannot find a more sympathetic phrase than one which connotes superfluous, uncalled-for and unwanted. But I suppose we might just as well have an unpleasant word for an unpleasant fact of life.

Behind the word may lie anything from temporary inconvenience to profound social upheaval and even prolonged distress and misery. Of course this is not a new phenomenon in capitalist society. The older generation of industrial workers know this well enough. But its form and character have changed markedly in our so-called affluent society. Being out of work, even temporarily, is very different nowadays to what it was when there were two million or so people standing in the dole queues. Yet that is scarcely the issue: for the man who IS out of work—sacked, dismissed, redundant, call it what you like—unemployment can still be a major blow. It is no consolation to him to reflect that there are not many others who are similarly placed.

Of course there are some 'experts' who will claim that redundancy is really the mark of a healthy, vigorous economy; that it reflects a society in a state of flux, with workers moving from job to job and competition operating along classic lines. It is rare to find among these 'experts' any one who has experienced real redundancy.

The Rate of Change

The growth of the 'redundancy problem', as distinct from the long periods of enforced decaying idleness which was pre-war unemployment, is the mark of a society that has grown richer, infinitely more varied and prolific. This society is not merely changing rapidly but *the rate of change* itself is surpassing most of our predictions. The quickening of this tempo makes the redundancy of many of our tasks as inevitable as the casting off of a pair of old shoes. It is a fact of life; harsh but inevitable.

The more rapid the rate of technical and social change the greater will be the strain on the nature of human relationships. This applies no less to day-to-day redundancy than to the less mundane question of space travel. It is all part of the same complex.

Already it is recognised that redundancy today is in many ways harder to bear than the pre-war long stretches of unemployment. Misery is easier to share when there is meanness and squalor all around. A social revolution in thinking, habits, taste, attitudes and family commitments separate the two periods of our modern history. Our legislators have not quite grasped this, nor have our institutions responded to it. They do not show that they have yet understood that redundancy is a problem that will grow with the speed of change, not diminish.

This growth is bringing bewilderment to workers and managements. Our institutions, of Government, industry and trade unions, have been incredibly slow to react to the challenge of change. But it has now to be faced because it is forcing its way in through the door. The price that will have to be paid if we wait till widespread unemployment fans out from the patches (concealed or otherwise) of redundancy that already exist will be the price of making a mockery of the affluent society.

2. The Problem

> 'Full employment means that unemployment is reduced to short intervals of standing by with the certainty that very soon one will be wanted in one's old job again or will be wanted in a new job that is within one's powers.'
>
> 'For men to have value and a sense of value there must always be useful things waiting to be done with money to pay for doing them. Jobs, rather than men, should wait.'
>
> —Beveridge in 'Full Employment in a Free Society.'

PART of the difficulty about tackling redundancy as an overall national problem is to identify its nature. It can develop from a variety of causes with no common denominator. Often it is temporary as is the case with many of the motor industry's lay-offs; seasonal as in the building or catering industries; or permanent as when the cotton industry was deliberately contracted. Again it can be caused by fundamental changes in the structure of the economy inducing 'structural unemployment' in one industry or, in its more extreme forms, widespread slump. Or it can arise from technical change and innovation, slower and less dramatic at first but ultimately no less decisive than structural change. 'Technological unemployment' is perhaps the principal challenge to any system of social security.

Structural unemployment stemming from a basic collapse in the economic system—the result, perhaps, of great changes in the economic relationships between Britain and the rest of the world—would obviously shake the foundations of any modern industrial society, and we are not now concerned with this apocalyptic question. Such a situation would demand crisis measures far beyond even a comprehensive State-run redundancy scheme. But structural unemployment in a less extreme form could easily arise as a result of Britain's association with the Common Market, in whatever form, or even as a result of our decision not to join the Six. British entry, for instance, would have an impact on shipbuilding, parts of the cotton textile industry, some mining areas, sections of the building industry, and printing and paper manufacture. Geographically the parts of the United Kingdom furthest from the Channel link would be most seriously threatened, partly because of transport costs and difficulties—Northern Ireland, Scotland, Wales and possibly the North-east Coast. In this way the structural shape of Britain's economy might undergo basic changes over a period of say five to seven years.

Technological Unemployment

Technological unemployment, on the other hand, can emerge from a variety of causes without any consistent pattern. Scientific developments in the nature of production, such as automation, which eliminates jobs or radically changes the work involved, is now one of the principal causes and, in the United States, is already regarded as the main reason for American's persistent high level of unemployment compared with European standards.

It is extremely difficult to measure the true impact of technological redundancy in Britain or Western Europe so far, because general economic expansion has been able to conceal it. Redundant workers are frequently reabsorbed within the same firm. In industries such as engineering where there is an acute shortage of labour—especially of skilled hands—there have been few really difficult problems up till now. Yet in many respects this is an unreal picture because the technical know-how for a rapid transformation in production methods is already available. All kinds of factors are holding up its application—principally the uncertain economic (and political) climate in the world.

In the United States technological development introduced in the investment boom several years ago is only just beginning to reveal itself in terms of *real* unemployment. The virtual stagnation of the American economy has underlined the problem though one can assume that this will apply only a temporary brake to the application of new technological developments which tend to carry their own specific momentum once the catch has been slipped. In any event it would be a great error of optimism to assume that the drive to reduce production costs—principally in respect of their labour content—will be suitably balanced either by existing levels of economic growth or by current attitudes on social planning. The creation of new jobs will more and more tend to require positive planning powers.

Then there are the processes of the business machine itself; rationalisation of industry involving take-over bids, mergers or 'arrangements' between separate companies and even the streamlining of the internal set-up within existing firms. Equally powerful as an influence on technological unemployment are the shifts dictated by social change itself—such as the emergence of new fashions, designs, tastes and demands, whether it is in motor cars, women's clothes or furniture.

But that is not to say that the two basic forms of unemployment—structural and technological—are mutually exclusive; indeed, the cumulative effects of technical change may induce structural upheaval, and vice versa. The more complex industry becomes, the more interdependent will be the separate national economies, as we can already witness, so that the problem of identifying and separating the two conditions of unemployment is likely to grow more difficult.

But there is a consolation: the impact of structural unemployment in a 'smaller world' is less likely to be as catastrophic as it once was unless the politicians ignore all the lessons of recent history. International economic movements are more predictable than they were because more people are aware of the danger-signs and conscious of the social and political pitfalls of ignoring them. This does not mean that we are insured against shocks. The fundamental uncertainties—or as Marx would have put it, 'the contradictions of capitalism'—are still with us. The experts are as divided about the underlying reasons for the Wall Street collapse as they are about the immediate future of the American economy. Yet it remains true that the knowledge and equipment available to us today, intelligently used, is capable of preventing or at least ameliorating economic catastrophe. The draconic results of pre-war structural unemployment are scarcely likely to be repeated if the economic 'indicators' are used effectively.

But these optimistic thoughts do not minimise the acute dangers inherent in swift technological change. Nor is the problem confined to the older, contracting industries like coal, cotton, railways or shipbuilding. The 'modern' ones can be hit equally hard as we have seen recently in motor cars, aircraft and even steel production. Of course, there are industries, traditionally conditioned to periods of redundancy—such as building, catering, distribution and the seasonal forms of service industries. For these the problem is simply a specialised feature of the total challenge which now faces the affluent society; the guarantee of *genuine* full employment and social security.

Government Control

The Government—and that means any Government in the modern State—has it in its power to expand or contract the economy almost at will. The threads of economic control ultimately all lead back to the nerve-centre of Government policy. It is immaterial whether this is due to the placing, or cancelling, of defence contracts, to credit policy, to fiscal or budgetary actions. There is no reason at all why a Government, equipped with the machinery of planning and controls necessary to manage a complex economy, should not be able to produce a redundancy scheme capable of insuring against the less extreme forms of structural, as well as technological unemployment. This should certainly be the objective of a Labour Government. The maintenance of overall full employment is not just an axiom now accepted by all political parties—however reluctantly by the Conservatives, it is a precondition for any civilised society. The problem which now faces our society is how to smooth down the ripples on the surface of full employment, which sometimes develop into larger bulges of social distress, as a result of shifts in the economy. If these ' shifts ' are due to a temporary lapse in demand the easiest, even if not always the most economic, solution is simply to share the reduced amount of work by slipping into short time or curbing overtime. This is not as wasteful, nor short-sighted, as some critics claim, either to management or workers. Provided the lull in work is not prolonged and there is a reasonable prospect of recovery, there is much to be said for keeping a labour force together and even insisting that it is part of the overhead costs in industry to bear *short-term* setbacks—provided they are short term. To talk as if this would be an ' unfair burden ' on management would be as reactionary as to question industry's responsibility to bear the cost of workers' holidays or shorter working hours.

The real difficulty arises when technological change, or public demand, forces more permanent changes in the pattern of employment. Quite often these 'ripples on the surface' mean the sack for thousands of workers. They may be concentrated in one unfortunate 'black spot' or spread over a number of places.

The chances of finding a new job quickly will invariably depend on where the unemployment occurs. If it is in a Midland town, or in the London area, the choice of alternative work can be wide, though this is not always true. But in Scotland, or the North East of England, or in South Wales, a 'redundancy bulge' can quickly amount to considerable hardship. A minority of the jobless, the skilled workers, may have no difficulty in finding fresh employment within days or certainly a few weeks. The majority, however, will not be skilled men, but semi-skilled or labourers for whom there is no great demand in their home area. The fact that there is a general scarcity of labour in a town 100 miles away is of little use if the redundant worker is married with a family, because those areas where there is a high demand for all types of labour are the very areas where the housing problem is most acute.

The Sense of Insecurity

This is the sort of vicious socio-economic circle which exists in Britain and it goes to the roots of the 'labour mobility' problem. It explains why the fear of the sack is still a frightening spectre to most workers, despite all the years of full employment and the Welfare State; it underlines the residual insecurity which remains deeply ingrained in the psychological make-up of the majority of workers, old and young. The older ones, especially, remembering the years which have scarred the minds of several generations; the younger ones, having heard what once happened to their fathers, are suspicious and, imprisoned behind a wall of Hire Purchase commitments, fear redundancy no less than the older workers, and in some ways, perhaps, even more.

An Affluent Society in which there is a wide choice of consumer comforts has made the average worker more, not less, dependent on *continuous* employment. It may also have raised his personal stature and determination to keep what he's got and when this comes into conflict with the underlying fear of what redundancy can bring—even for a brief spell of unemployment—the result is tension in industrial relations.

There is no doubt that this accounts for much of the restrictive practice 'mentality'—where it genuinely exists—and for a great part of the mistrust between management and worker. It also reflects the profound sense of injustice over the inequality between wage earners and the top strata in industry. Very few workers are unaware of the great inequalities in rewards for service, and this is most pronounced in cases of redundancy. A managing director whose services are no longer required generally receives a handsome 'golden handshake'; the worker who might easily have been with the same firm longer than the managing director may find himself out of a job with very little to show for *his* years of service. For all our social progress there remains two laws in industry which make an absolute mockery of Mr. Macmillan's irritatingly repetitive theme about Britain being 'One Nation' and classless. Over a large sector of industry there is still the assumption that labour is an easily expendable commodity. Often the moral standard seems still to be based on the 18th century concept of 'labour' as simply muscle-power, hands, which carries with it a minimum of social charge and less consideration than that given to mechanical plant. How else is it possible to explain the disparity between £10,000 or £20,000 or more given to a redundant director, the substantial sums set aside for plant depreciation, and the one, or perhaps two, weeks' pay given to a redundant worker? . . . or in many cases nothing at all.

But even if a redundant worker has received severance pay the problem is far from solved. It may be that his only opportunity to get fresh employment is to move home, with or without his family.If he leaves his family behind he has then to keep two homes provided for. That would soon melt away any severance pay, quite apart from presenting other difficulties.

If he takes his family with him, assuming it is possible to find a new home, the social uprooting can be extremely disturbing, as several social surveys have found. It often involves the break-up of family and even wider social circles; the children may be at a decisive stage in their schooling. The fact is that neither the nation's housing nor its education services are —or might be—geared to a society which is in a state of rapid change.

Mobility of Labour

One of the most extensive of recent social studies on redundancy was carried out by the Acton Society Trust in 1959. From the case histories of a group of redundant workers, mainly in the Midlands, it was found, perhaps not surprisingly, that there was a profound aversion to mobility where it involved moving home, though less where it meant merely changing industry.

The conclusion reached was that any policy to deal with the problems of redundancy could not simply rest on making it less economically difficult for the worker—either with severance pay, removal grants or other financial assistance—but in making it "less disagreeable" in terms of social uprooting. Plainly this is an argument in favour of taking work to the worker where possible, but there are instances where it is neither practicable nor desirable as we shall discuss later. In any event, it has to be remembered that the Acton study was made mostly in the Midlands where the competition for labour—even unskilled—is greater than in most areas. Even so the study revealed that in a minority—of some fifty households—redundancy meant considerable hardship and distress over a period of months during which time living standards were seriously impoverished and dislocated.

The New Job

There is a general impression that professional workers and executive grades often accept mobility as part of the 'normal conditions of employment' and that they are therefore less reluctant to move home. There is no great weight of evidence to prove this point and I personally would question it.

The experience of many companies has been that it is difficult to recruit younger—and even senior—management for factories in development areas, principally because of the 'social disadvantages'. The wives of management personnel are particularly reluctant to leave an established 'social circle' in exchange for pioneer work. Some firms have found it necessary to prepare the ground by helping to create the 'proper social climate' for management transferees.

In any case it is hardly a fair comparison to set professional and management-grade attitudes against those of the average manual worker. The former are 'staff employees' who invariably enjoy privileges of financial and social status within the firm out of the reach of the average manual worker. Firms with redundancy schemes normally have a 'top hat' or 'second tier' scheme for professional and executive grades just as they have for retirement pensions. It is precisely in these spheres that industrial class divisions reveal themselves so profoundly.

We have said enough to establish that the redundancy problem for the wage earner is not something which can be resolved simply by severance payments, however generous. More fundamental is the need to get the worker into a new job as quickly as possible at a skill which is not diminished by his change and to reduce to a minimum the interim period when his income may be subject to a sharp drop. This is obviously the aim of any social security programme, but equally it should be the objective of any enlightened broad economic policy which hopes to foster an expanding economy.

In extreme cases of prolonged redundancy, where older and unskilled workers are involved, the social programme may easily necessitate rehabilitation work, rather than the narrower concept of re-training. Any enlightened programme must allow for these instances even though they may be few.

Above all the problem involves national policy on housing, the location of industry, social insurance benefits, the re-training of workers in new and changing skills; in short, national economic planning.

No redundancy scheme can be really effective unless Government brings together all these strands by regarding the solution of the redundancy problem as part of an overall social and economic responsibility. That is not to say that industry should not carry its share of the burden. It should and, indeed, it must; but the short-term contribution from industry should serve to supplement the State responsibility, which is a long-term one of seeing the economy projected in the right direction and shape.

Of course, this is socialism and we are hardly likely to get it from a Conservative Government. Yet, as the Prime Minister's July speech indicated, even the Conservatives recognise that something needs to be done urgently about planning the economy, overcoming the bottle-neck in re-training workers and generally facing up to the challenge of change. The problem is presenting itself in the United States in an acute form where the 'lay-off rate' in manufacturing industry in the years 1947-59 has increased from 1.0 per cent to 1.6 per cent of the total labour force, which itself has expanded rapidly. The same trend can be observed in Britain though we appear to be at an earlier stage of the process.

3. The Present Situation

ESTIMATES of the number of workers who become redundant in Britain each year vary widely, and even wildly. Some put the total as low as 100,000; others, guessing at other extremes, have suggested one million. The Ministry of Labour is quite candid about the position; it has no accurate statistics. Nor does it have any figure showing the number of workers who experience unemployment during any year—even for a short spell. All we know from Ministry of Labour sources is that something like three million job changes occur every year, in manufacturing industry. But this figure includes job changes from all causes, including retirement, and the Ministry believes that redundancies, as such, account for only a very small part. I would estimate that our rate of redundancy is less than the 1.6 per cent of the United States and is probably as low as 1 per cent at the moment. If this is so, the annual rate would be about 240,000 workers. But the fact remains that we do not have an accurate picture of what is happening to our industries and just how many workers should be classified as redundant each year.

All the time there are profound movements of labour taking place in our economy. In the last decade the rate of change has increased measurably despite the apparent reluctance of workers to move, and there has been a very great shift of workers both geographically and between industries. In the years between 1950 and 1961, the movement of manpower in manufacturing industry produced this picture:

Mechanical engineering gained about 230,000 workers; motor vehicles and cycles 115,000; aircraft 125,000; paper, printing and publishing 110,000; radio apparatus 95,000; electrical appliances 90,000; electrical machinery 65,000. The principal fall was 125,000 in cotton textiles. Outside this field the main manpower losers were agriculture and mining.

Alongside this industrial mobility, which in itself may have involved only a minimum of home-moving, there has been a continuous and growing flow of population toward the South-eastern corner of the country and the Midlands. The result has been to increase the pressure in the already over-crowded conurbations around London, Birmingham and Manchester areas (inflating land and other prices) while at the same time accentuating the decline in other parts of the country—especially Scotland, Northern Ireland, parts of Wales and the North East of England.

Redundancy Schemes

While all this has been happening there has been a steady growth of redundancy schemes throughout industry. Allowing for possible overlapping, it is reckoned that between 3 and 3½ million workers are now covered by redundancy agreements in some form. In other words just short of one in seven workers in Britain are offered some protection—and it is usually only a minimum form—from the cold blast of a redundancy notice. Even if we take the top limit of the estimate, 3½ million, half of them are in the nationalised industries which, by and large, have the best schemes. There are of course some extremely advanced redundancy schemes in private industry, not always confined to the larger companies. But there is no fixed pattern; some offer compensation, advance notice and joint consultation; others offer compensation and advance notice; most offer very little.

The most recent attempt to assess more accurately the redundancy practices of British industry was the Ministry of Labour's survey of 236 redundancy policies—'Security and change' published in July 1961. This study was based on a sample of schemes in private as well as public industry. Only a quarter of the redundancy arrangements under review were set down in writing according to this publication and these were usually in the form of management circulars to employees. In a minority of cases the policies of the firms have been issued to employees in the form of a printed document. Typical of this method is the I.C.I. scheme called, significantly, 'Protection of Employment'. The system of notice and compensation for redundancy in I.C.I. is not the outcome of trade union agreements. I.C.I. drew up a scheme—which is certainly a liberal one—and offered it to the unions as an *arrangement*—not as an *agreement* which required union approval and signature. In fact it was accepted by the 26 unions concerned as an undertaking of what I.C.I. was prepared to do to offer job security to its employees.

The scheme is worth detailed attention to illustrate what some of the more enlightened companies are prepared to offer. The I.C.I. proposals set off with the preamble that it is the firm's intention to avoid redundancy and protect employment. The company proclaims 'that all practicable steps should be taken to avoid redundancy' and accepts the principle of consultation with the unions as early as possible if redundancy threatens. Dismissals, where necessary, are based on seniority—last in, first out, though this is not an unshakeable attitude. The terms of notice vary from two weeks after 1 year's service to 12 weeks after 15 years with the firm. In addition 'Resettlement allowances' are paid for 3 weeks after 3 year's service to 10 weeks for 10 years or more if the employee has not found a new job within the period of notice. And for those I.C.I. workers with five years' service the company makes ex gratia payments in addition to any other compensation. It is worth noting that I.C.I.'s rate of redundancy for 1960 and 1961 for its 76,000 industrial labour force averaged less than 2 per cent, and that was mainly due to the cancellation of a Government defence contract, and the closure of a factory owing to the falling off in the demand from South Africa for an I.C.I. product.

The I.C.I. scheme is a useful yardstick to have in mind when comparing the results of the Ministry of Labour's survey for the 236 firms whose redundancy policies were reviewed. Only 90 of them made provision for severance payments. In the main they were the larger companies—employing three fifths of the workers covered by the Ministry's survey, and they tended to give lump sums, related to length of service, rather than weekly payments. But 45 per cent of the firms under review, employing between them just over one fifth of the workers, had neither provision for severance pay nor for extra notice of dismissal. In only half the cases examined was there prior consultation with the unions or workers' representatives at factory level. It was also found that very few written redundancy schemes contain any reference to pension rights, though the usual practice where a pension scheme exists is for the firm to refund the employee's contribution, or offer him the choice of remaining in the fund and taking a reduced pension on reaching retiring age.

The Nationalised Industries

All the nationalised industries have some form of redundancy agreement and though they vary in quality they are, as a collection, easily the best thing we have. That is not necessarily because the compensation payments offered are generous—in most cases they are not—but rather that the public sector of the economy has acknowledged and understood the real challenge of the redundancy problem; to find new jobs for workers who are displaced and, where necessary, to re-train them and help to offset the financial and even social difficulties involved in moving home. It is in this respect that the nationalised industries' schemes score heavily over the private ones. A common thread runs through all of them—to strive to avoid redundancy; but where it is unavoidable, to give ample notice to the trade unions so that everything possible can be done to reduce hardship.

The Railways

The example set by the nationalised industries was in many ways a deliberate attempt to establish a pattern of enlightened employment practices for private industry to follow. The original Transport Commission agreement of February, 1958, stated hopefully: "The British Transport Commission and the Railway trade unions regard the staff redundancy arrangements for British Railways as setting a high standard for industry generally'. The example has been slow to percolate through private industry.

Now Dr. Beeching has been pushed into a fresh attempt to set a pattern as a result of the redundancy crisis precipitated by his own proposals to streamline the railways. The original conception of the Transport Commission's redundancy scheme was not designed to meet widespread redundancies but rather a readjustment from a system based on the steam locomotive to diesel-electric modernisation. Therefore only railway workshop redundancies were covered by severance payments under the original plan. The latest Beeching proposals are designed to meet a new and much more serious emergency.

The railways, more than the coal industry, seem likely to provide the first major test of an industry-wide redundancy scheme in full operation. It is as well that this is taking place in a nationalised undertaking, especially one in which Government policy has a direct bearing if only because the Treasury will, in the end, have to underwrite the financing of Dr. Beeching's redundancy. It puts real responsibility where it rightfully belongs: on the Government's doorstep.

Coal Mining

The most comprehensive attempt to tackle redundancy in a nationalised industry must surely be the Coal Board's policy. This provides for a severance pay arrangement as well as a large scale re-development plan for the transfer of miners from pits which are closing to the expanding coalfields.

The Board's scale of severance pay is not generous, despite the recent improvements announced by Lord Robens. But its principal aim is to relieve the burden of redundancy for those least able to weather the blow—the older miners. The notable feature of the recently improved Coal Board scheme is that it introduces a £1 a week pension for all redundant miners who have reached the age of 60 and have had 10 years' service in the pits —regardless of whether they find other employment. The second important improvement in the Coal Board scheme is to extend lump sum compensation to all redundant miners over the age of 51. Under the previous scheme pensions and lump sums were confined to miners who were retired off at the usual age of 65. Underground men received a maximum of £203 pay-off plus their pension; surface workers however had a maximum of only £89. These maxima may now be revised, but in any event Lord Robens proposes to extend lump sum payments, on a graded basis, to all redundant miners above 51, as well as providing weekly amounts. The weekly sums will be based on the now commonly accepted formula of two thirds the basic rate less unemployment benefit which, for an underground man, comes to £4 8s. 2d. a week. Of course the miner would receive unemployment benefit as well.

The lump sums increase according to length of service in the industry; the duration of the weekly amounts, however, decreases as the age scale rises so that a man aged 51 who was redundant, would be entitled to the maximum of 26 weeks benefit—but at age 64 the duration would have diminished to three weeks' payment because of the nearness to retirement.

None of this can be described as erring on the side of generosity, but against this, the Coal Board's allowances for miners who are transferred from declining to prospering coalfields is one of the most enlightened industrial programmes in the country. A deliberate attempt is being made to minimise redundancy by offering miners well-paid jobs in new pits and providing them with houses and special moving allowances. The Coal Board works with local authorities to build houses in the expanding coalfields to accommodate transferees. Local authorities set aside a proportion of their housing allocation to miners and the Board itself is currently engaged on a housing programme to build 7,000 houses.

The Board's social resettlement scheme, which was also recently improved, provides transferred miners with financial assistance to meet higher rents in lodgings or in rented houses. This aid is of particular assistance to men who move with or without their families from rent free or low-rented houses to houses with higher rents. The financial help is based on a diminishing scale of assistance up to 26 weeks.

The Board's scheme also offers: fare for the first journey and other travel expenses, followed by a 'settling in' grant, when the miner arrives, of 24s. 6d. and a weekly lodging allowance of 59s. 6d. for men separated from their dependents—who also have their fares paid when moving. The cost of removing furniture is borne by the Board, to which is added a £50 settlement grant when the miner and his family have found a new home.

The Airlines

Probably the most generous severance pay agreement of all is that of British Overseas Airways Corporation for its engineering and maintenance workers. It begins modestly with 4 weeks' pay for those with 3 years' service, but as length of service extends the payments grow more and more generous, on a sliding scale arrangement until those with 24 years' service are entitled to 48 weeks' compensation—that is almost one year. Even those with less than 3 years' service qualify for a £25 ex gratia payment. There is nothing quite like this elsewhere, but then B.O.A.C., like B.E.A., employ a smaller and much more concentrated staff—skilled as well as semi-skilled—than other nationalised industries.

The Cotton Scheme

The Cotton industry scheme is an exceptional instance of the Government moving into private industry with funds to expedite its contraction and re-organisation. Again it is not as an example of generosity that this scheme is worthy study, but as a blueprint for State intervention in the affairs of a declining private industry and therefore as a policy to counter structural unemployment.

Of course, the cotton industry had been in a state of steady decline for years when the Government proposed its £30 million plan to assist the modernisation of the industry and reduce its size. The reduction of 1959-60 was a short, sharp surgical operation. It brought the industry's labour force down from 222,610 in October, 1959 to 183,730 at the end of 1961 (it is now 165,000). Some of these workers did not qualify for the redundancy scheme but about 35,000 have received payments totalling £3½ million. The unique feature of the scheme agreed between the cotton employers and unions was the use of age as the criterion for compensation—not length of service. This was because there had already been so much contraction in cotton with workers moving from one closed mill to another that length of service in any one mill offered no satisfactory guide. Age was a much more reliable yardstick—in fact the only realistic one. This is a valuable precendent to have in mind—especially for declining industries concentrated in particular areas—as is cotton in Lancashire.

Private Industry Schemes—and Views

The overwhelming view in private industry, which is after all the dominant sector of the British economy, is that compensation for redundancy is a State responsibility. That is why there are so few industry-wide agreements. In some cases such agreements are actively discouraged by the central employers' organisation for the industry but in most instances the national bodies tend to take the passive attitude and leave it to individual firms to make up their own minds on compensation terms and even general policy towards redundancy. In a few cases lines of principle are suggested. But we shall discuss those more thoroughly later. What we discover on any analysis of private schemes is an amazingly wide variation in attitudes, principles and even compensation terms, though in the latter instance bare subsistence is the usual pattern.

The industry-wide agreements in general deal with broad principles, leaving the details to be settled by local negotiation. Agreements, or rather recommendations, have been made between employers and unions in the boot and shoe, rayon, silk, tin box, cement, chemical, furniture, glass, hosiery and pottery industries about length of notice. There is no consistent pattern to these agreements except that they all proclaim the principle of consultation, advance notice, measures to minimise dismissals and recognition of previous service if re-engagement becomes possible. Severance pay is accepted in principle with the amounts left for individual firms to decide. Possibly the most comprehensive industrial agreement in the private sector is the tinplate scheme which was first established in 1946, when it became clear that the old hand mills in South Wales would have to close down. The Tinplate Labour Fund was set up to levy 1d. for each 'box' of tinplate produced in the industry (a box is equivalent to one cwt.). By 1958 the fund had built up a very impressive sum—£873,000, of which £356,000 had been paid out in lump sums to tinplate workers based on a points system which took account of the grade, age and length of service in the handmills. Up to the end of 1961, 5,500 tinplate workers had received compensation from the fund. Some of the older workers have had up to £395 apiece though most have had much less than that. Now there is only about £100,000 left in the kitty.

Diversity of Treatment

The surprising feature about the schemes in private industry is their diversity. It even invades sections of the same group of companies. Unilever, for example, has within its empire companies with redundancy schemes, and some without. In fact one of the reasons Unilever do not publicise their schemes is because they are not common to all sections of the vast enterprise. The average Unilever scheme provides for severance payments of two-thirds basic pay (less unemployment benefit) for up to 13 weeks. There are other schemes which can give a month's pay for each year of service up to age 55, with a five-year service qualification. Above that age an employee qualifies for extra consideration because the prospect of alternative work diminishes. And at top management level, Unilever has a 'top hat' scheme with highly generous ex gratia payments—because, it is argued, management types find it much more difficult than the average worker to get another job at the same status.

Unilever have their own 'secret' method of assessing redundancy compensation. Publicly the company will admit to no fixed general yardstick of calculation. Payments may vary almost with every case, particularly among senior staff. Age and the prospect of future employment are the principal factors taken into consideration in assessing amounts. An employee aged 60 with 15 years' service will be treated more generously than one aged 40 with the same number of years service. Premature pensions are given when an employee, close to retirement age, is declared redundant.

One of the most fascinating sidelights on redundancy attitudes in private industry are the contrasting policies which ultimately determine which workers should go when the crunch comes.

Some firms stipulate that the first to go should be 'foreigners' or 'Italians'. One large rubber company lays down that workers of 'foreign nationality' should be among the first to go—claiming that this is 'at the insistence of the trade union'. In a metal firm, with 3,000 workers, a contract provides that Italians shall be the first to go. I have seen no written evidence which commits a company to dismiss coloured workers first, though I am satisfied that this condition does exist in some firms. The most commonly accepted factor for determining who goes first is length of service. But there are innumerable variations on this theme. A chemical firm with 47,000 employees lays down this priority: part-time women, full-time married women, foreigners. Then; last in—first out. Finally an assessment based on 'merit and value to the company'. It also differentiates between factory workers—who get one week's notice—and clerical grades who get one month's notice. This latter form of discrimination is not, of course, uncommon.

'Ability' is often used as a determinant; so too is age, standard of factory efficiency (the least efficient going first, of course). 'Time-keeping and workroom conduct, etc. being equal or nearly so (to) length of service' is the view of a food firm employing over 9,000.

The star example of judicious selection comes from a firm with an excellent redundancy scheme—a firm of printers in the Midlands with a staff of just over 100. Any worker who becomes redundant in this company receives a minimum of 3 months' pay plus non-contributory pension benefits, with no specified maximum. The decision about who goes first rests like this: unmarried persons; married persons with children over 15; anyone with an invalid wife, husband or child; anyone engaged to be married who is in the pension scheme; and finally—no dismissal for anyone with children under 15 or who may be expecting a child.

This firm's policy is to avoid redundancy at all costs—even to the extent of reducing overall wages by 10 per cent and directors' fees and senior staff salaries by 5 per cent before contemplating dismissals!

The Guaranteed Wage

The American Guaranteed Annual Wage principle has made little headway so far in this country. It has been discussed as a possible counter to the fluctuations in job security for motor industry workers, but there is no common agreement among the trade unions. Yet, since 1947, one large American-owned company in Britain has had a variation of the G.A.W. for its hourly paid staff with two years' service. This is Thomas Hedley, the soap firm, part of the American Proctor and Gamble group, which itself introduced the guarantee system in the U.S.A. in 1923. Hedley's guarantee employment for 48 weeks each year. This is done by guaranteeing a minimum of 48 standard weeks' work each year—employment, not wage rate. The point about that is that if work slumps it might involve transferring workers to other jobs, possibly at a lower wage rate. To cover itself against the possibility of a severe setback in trade, the firm's agreement carries a clause permitting it to guarantee only up to three quarters of the established working week, in bad times. Hedleys claim that since the scheme was introduced, overall labour turnover has dropped from 46 per cent to 18 per cent in 1961 (compared with the national average for that particular industry of 36 per cent) and for those of its workers covered by the guarantee plan it had dropped to 6.8 per cent in 1961.

To sum up; there are some extremely generous schemes in private industry and, in a small minority of cases, schemes which seriously attempt to cushion the social distress raised by redundancy as well as providing a financial cushion to bridge the gap between jobs. But they are few and almost always confined to the larger firms. Inevitably the greatest problem exists with smaller firms who have neither the finances, nor perhaps the will, to tackle the question. Even the majority of large companies tend to evade the thought till they are brought up against it—sometimes sharply. After all the most dramatic redundancy clash in recent years was the extraordinary sacking of over 5,000 workers by British Motor Corporation in 1956. This left a deep scar across labour relations in the motor industry.

The redundancy schemes in the nationalised industries were not drawn up to meet large-scale dismissals but to provide an insurance against localised unemployment and to establish at least the framework of enlightened employment practices which could be developed more generously as the need arose. They were also designed to set the pattern for private industry, and perhaps Government, to follow and improve on. This has not happened, save in a few isolated instances. But the time has plainly arrived for a major leap forward in all the spheres of industry, public as well as private.

4. The Position Abroad

HOW far is Britain behind most other industrial nations in providing protection against dismissal, either by law or practice? The evidence that we have fallen back is substantial. By general European standards the degree of protection for the dismissed worker as an individual or in a group, in Britain is small. In most countries of Western Europe legal cover is extensive and unemployment benefits higher. After the war it became axiomatic to assume that Britain's Welfare State was superior to anything anywhere else and this was probably true for a short period. It is certainly no longer the case. Western Europe strode ahead both in legal protection and social benefits, and the emergence of the Common Market with its elaborate social security schemes is only the crowning point of a steady post-war improvement in European labour relations.

In Belgium, Austria and Italy, legal cover goes back to the early years of the century, though at first these Acts were designed mainly to protect salaried employees. But they have since extended their cover to all workers. *Italy* provides one of the most impressive examples of this. As far back as 1924 a law was introduced to protect salaried workers. It provided for two weeks' pay for every year of service. In 1942, the law was extended to cover all workers, and in 1960 the severance pay was increased to compensate at the rate of one month's pay for each year of service. That was not all. Within the broad legal structure, which can be enforced through the courts, the central employers' and workers' organisations in Italy signed an agreement in 1950 under which an employee who has been wrongfully dismissed is entitled to re-instatement or compensation. The minimum is 5 months' remuneration—the maximum 8 months with the decision, in cases of dispute, resting with the court of arbitration tribunal. Of course, compensation for the unjust dismissal of an individual worker is altogether different from redundancy. Yet in Italy, to make the position perfectly clear, it is underlined by the stipulation that any compensation for the wrongful dismissal must be paid independently from, and in addition to, any severance allowance.

The legal protection for the individual in cases of wrongful dismissal is more widespread than redundancy protection.[1] In several countries

[1] In more than 70 countries dismissal procedures are regulated principally by legislation. I.L.O. Report, 1961.

specific compensation terms are laid down (see for source material; Report on *Termination of Employment*—International Labour Office, 1961).

In *Belgium* legislation (which dates back to 1900) now entitles both manual and salaried workers to minimum notice or compensation for loss of job. Manual workers are legally entitled to a minimum of seven days for a period up to six months in employment. After that, unless there is a specific clause inserted in the contract, the notice is two weeks; one month for those workers with ten years' service or more; two months after 20 years' service. Office workers with less than five years' service are entitled to three months' compensation; one year's notice after 15 years and rising to a maximum of two years after 35 years' service.

The essential feature of this legislation is that it compels an employer to give a minimum amount of notice.

Granting salaried, or white collar workers, more favoured treatment than manual and hourly-paid employees, is enshrined in the legislation of numerous countries. Apart from Belgium similar—though not so liberal regulations—exist in Austria, Brazil, Chile, Western Germany, Greece, Poland and Switzerland.

In *France* the only people covered by legislation for severance pay are professional journalists, though there are many collective agreements throughout industry which provide for redundancy schemes including the motor industry. But there *is* a legal code which lays down specific procedure to be followed when 'collective dismissals' are scheduled. The employer is under an obligation to consult with the Works Committee in advance (it is compulsory in every firm with more than 50 workers to have a Works Committee). Ordinances enforcing this procedure were introduced in France in 1945-46. Most collective agreements now spell out in detail the action which should be taken to avoid dismissals—reduction in hours, changes in work allocation, work sharing. Nor can management arbitrarily select the workers who are to be laid off. It must keep to the order laid down in the works' rules which, unless otherwise covered by a collective agreement, must include general provisions on the order to be followed in dismissing redundant workers. The chief considerations to be taken into account are: job qualifications, family responsibilities and length of service with the firm.

There is no legislation for severance pay in *Western Germany,* though by an Act in 1926 salaried employees with five years' service with the same employer are safeguarded by a provision for prolonged notice. More recently—in an Act of August, 1951—legal protection was extended to cover any 'unwarranted dismissals'. This was a straight piece of social legislation based on a text, negotiated and agreed between the German Employers' Associations and the German Confederation of Trade Unions (the T.U.C. of West Germany). The freedom of the employer to sack his workers without good reason was in fact legally restricted in order to increase the employee's social security. The assumption on which the legislation was framed was that since the loss of his job would seriously affect the *social* as well as the economic position of the worker and his family, the State should provide him with some protection against arbitrary dismissal.

Even more significant, perhaps, than these legal regulations is the system of unemployment and social insurance benefits which has been established in West Germany. The basic aim behind the system is to maintain living standards in the event of a worker becoming unemployed. Instead of unemployment benefit being a flat-rate amount, as in Britain, it is based on average earnings in the 13 weeks before the worker becomes unemployed. The duration of benefit is related to the period of paid contributions—26 weeks' contributions entitles the worker to 13 weeks' benefit; 52 weeks' contributions to 26 weeks' benefit, etc. The rate of benefit varies according to earnings so that those on lower levels get a higher percentage of their normal pay packet—at the very lowest level it can be almost 90 per cent.—but the average is more like two-thirds and at the top end of the earnings scale as low as half. In addition there are flat rate dependents' allowances. The contributions are raised direct from the employer and worker as are also, contrary to British practice, full health insurance contributions. In Britain of course all this is operated through the taxation system, and I am certainly not making a plea for the direct levy principle which has many disadvantages compared with our own system.

Sweden

Outside the comprehensive 're-adaptation' schemes of the Common Market, which we will discuss, the most advanced system for handling redundancy problems in Western Europe seems to have been developed in *Sweden*—where unemployment benefits are also related to earnings and administered by the trade unions. The core of the whole operation is the planning power vested in the National Labour Market Board—equivalent to our Ministry of Labour. The Board has secured an agreement under which firms threatened with closure, or proposing to reduce activity, give advance notice to the local office of the N.L.M.B., at least two months beforehand. Armed with this information it then takes steps to find alternative jobs; provide re-training courses at State-expense for workers who have to change their trade; make allowances for travel, removal and family inconveniences for workers who are compelled to find jobs away from their homes; and finally, but perhaps crucial to the problem, organises house building programmes. A separate National Board of Vocational Schools operates courses in practically every trade and where it is necessary to open a new course it will request the pubilc financing of building construction to house trainees. Sweden would probably claim that it has no 'national redundancy policy' as such; the claim would be justified because the nature of social and economic policy in the country simply absorbs redundancy problems as part of overall planning. The trade unions in Sweden help in this respect by making it easy, in fact automatic, for the transfer of a worker from one union to another if he has to change jobs. Union demarcation problems therefore offer no hindrance to the mobility of labour.

But the key to the whole situation is the fact that for 30 years Sweden has had a Social Democratic Government which has established a highly civilised and advanced social security system in which the unions play a leading role. These are aspects which make comparison with Britain so difficult. One is constantly reminded that the political shaping of a nation over a number of years provides a totally different atmosphere in which to operate.

The Communist Bloc

The same is true of course in the Communist countries where labour relations are covered almost entirely by legal codes. In the U.S.S.R., for instance, dismissals in connection with a reduction of staff in any undertaking can only be based on an administrative order. The whole of Soviet labour law is founded on statutory regulation.

The ' redundancy problem ' as such is not officially recognised in the Communist countries though this does *not* mean that there are not significant pools of unemployment which develop from time to time. The normal method of handling such a situation is to maintain under-employed labour until the State machine is ready to absorb it elsewhere. Obviously no Communist country has been entirely free from this situation, and in some of the more advanced industrial economies, like Czechoslovakia, technological redundancies, resulting from automation techniques, have become a major challenge to the economic planners Prolonged hoarding of unwanted labour is costly, wasteful, inefficient whether it is in a Communist or a capitalist economy. Forced transfer from one factory to another, or from one industry to another, even in the same town, is against the new-found enthusiasm for ' liberal methods '; and special incentives to transfer can play havoc with wage norms apart from containing the seeds of inflation. All this accounts for the fact that ' management techniques' are nowadays the most studied item in the industrial curriculum of Communist countries.

But with overall planning powers the State can decide in advance—at least, in theory—whether to retain workers in a particular plant even if they are not fully productive; or to transfer them to alternative work; or by long term integrated planning such as is now the practice in Eastern Europe, to re-shape the industrial geography of a country and the location of work.

The United States

There are virtually no legislative restrictions on an employer's right to fire a worker in the U.S.A. But there is a wide area of coverage for redundancy, under collective agreements in industry.

It has been traditional in American industry to rely more on collective bargaining than on State provision of benefits—whether for health, pensions or lay-offs. In fact the growth of the American system of Guaranteed Annual Wage agreements (or as they have been renamed, Supplementary Unemployment Benefits) reflected to some extent the low level of

State insurance benefits in the U.S.A. compared with European standards. There is no common Federal benefit, nor method of assessment, nor is there a Federal minimum duration period for unemployment benefit. Each State fixes its own payment levels and methods of calculation, normally based on a percentage of the current weekly wage, when the worker was in work. Dependents' allowances also vary. Minimum and maximum amounts are laid down with the lowest levels at both ends of the scale in the Southern States. Several of the States in the deep South have minima-maxima standards which are at a bare subsistence level. Private redundancy schemes are also much more rare in the Southern States than in the Northern ones, all of which reflects the cheapness of labour in the South (especially in the negro areas) and the weak organisation of the trade unions.

But enlightened redundancy policies are much more common in the U.S.A. than in Britain. Well over 2,000 agreements covering lay-offs and severance pay have been filed with the United States Department of Labour, whose record department puts to shame our own Ministry of Labour. About half of the larger manufacturing companies in the U.S.A. (employing the big majority of the labour force) have some type of severance pay arrangement and the practice is growing rapidly.

The Guaranteed Annual Wage System—or S.U.B.—which began in the motor industry owing to the pressure of Mr. Walter Reuther's United Automobile Workers, has now spread to steel, aluminium, rubber, agricultural equipment, glass, food and can-making industries. It is certain to spread further still. Recently in the Ford pay settlement the maximum duration for the supplementary benefits was raised from 60 per cent for 39 weeks to 75 per cent (inclusive of State benefits) or normal earnings up to a full year. One large company in the food processing industry has undertaken to give 90 days' notice of any shut down; a meat packing firm has agreed to pay about £23 a week to workers permanently laid off for periods up to 39 weeks, in addition to notice-time.

The Garment Workers, in a national agreement with the employers, have secured a scheme which provides for 48 weeks' pay at the top end of the scale plus lump sums for redundant workers. The employers will fund this scheme by paying one half of one per cent on all payrolls (about 5 million dollars a year) and the fund will be administered jointly by the employers and union. The garment industry has a high rate of labour turnover—about 17 per cent go out each year.

The astonishingly good schemes in American industry tend to overshadow much that is still extremely backward. Indeed the redundancy provisions in the United States are less of a tribute to the enlightened outlook of big business than to the militant campaigning of the American unions who have insisted on employers building up special 'contingency funds' in advance of actual redundancy. This was the great merit of Walter Reuther's 'break through' in 1955.

Common Market and the Coal and Steel Community

Clearly the most comprehensive attempt to get to grips with the redundancy problem has come from the European Coal and Steel Community which effectively laid the basis for the Common Market's re-adaptation plans. The E.C.S.C. could never have achieved anything, had it not been able to guarantee a measure of security to the workers displaced by the closure of mines and steel works as a result of the rationalisation process. The High Authority of the E.C.S.C. took over part of the cost of re-adaptation. It was given power to grant compensation of up to 90 per cent of wages to workers who lost their jobs; to pay part of the cost of re-training and re-settling miners and steel workers who had to move to a new job—and perhaps a new home. Member Governments did not have to pay back the grants but they did have to match them with an equal contribution of their own—unless the Council of Ministers decided otherwise. This overcame many of the obstacles to industrial re-development and workers' mobility and up to 31st January, 1962, the High Authority had made available over £15 million for re-adaptation schemes in aid of some 120,000 workers.* This is an impressive achievement though it met some snags. No amount of pressure has succeeded in persuading many Belgian workers to move into Walloon area and vice versa. Workers prefer to remain where they are, drawing generous unemployment benefits for which Belgium is renowned, rather than move to 'strange parts' even if jobs are available.

The E.C.S.C. experience in industrial rationalisation has provided a valuable guide for the larger Common Market which, so far at least, has not produced a major redundancy problem. It is true there are pockets of serious unemployment, for example, in Southern Italy, but these, in the main, existed before the European Economic Community was established. Even so, there is still a great deal of uncertainty about just how much redundancy is likely to occur when the Common Market moves nearer to its declared objectives and all the barriers are down. It is this uncertainty that accounts for the insistence by the British trade unions on a specific clause being written into the Treaty of Rome making full employment an obligation on all the countries if Britain should enter the Common Market.

The Common Market has now set up a Social Fund under the European Commission which will do much the same as the E.C.S.C. scheme—re-train and re-settle redundant workers and maintain earnings where workers are affected by factory conversion schemes. But the Fund will meet only half the cost of this—and act only at the request of the member Government concerned. This condition to the scheme of assistance limits the usefulness of the Social Fund. It has no powers of initiative over Governments and no authority to plan the location of industry unless the member Government takes the initiative. Again the Fund will only pay grants when the workers—who were redundant—are in full employment for 6 months after they have been re-trained and possibly re-housed, or after their old firm has been converted. In short a member Government

* See 10th General Report of Coal and Steel Community, 1962.

helping workers thrown out of jobs by the impact of Common Market economic changes will be taking the full responsibility, socially and financially. Only if the re-adaptation is a success will that Government be able to claim its fifty per cent grant from the Social Fund. At least that's how it stands at present.

The significant factor about E.E.C.'s Social Fund is the assumption that member States will want to draw out of the Fund as much as possible of their obligatory outlay. It is, after all, financed by the member States—under Article 200 of the Treaty—and this gives them an added incentive to recoup contributions. Experience so far suggests that the member countries are anxious to take the initiative in setting up projects which will qualify for 50 per cent repayment from the Fund after six months' qualifying period if only to make quite sure that other member countries do not monopolise the Fund's resources.

Still, the siting of new industries in areas of high unemployment or declining trades (such as coal mining) remains primarily a responsibility of national governments. Socialists will not quarrel with this concept, but it does raise obvious problems within the terms of the Common Market itself. The location of new industries may well hinge more on the profit motive than social factors. After all there is nothing intrinsically socialist about the Common Market. But the correct social planning of new industries should be fundamental to the re-location of industry and to the extent that the Common Market scheme does not underline this condition it must inevitably fall short of the ideal. This may sound like a counsel of perfection for there is no doubt that, on paper, at least, the Social Fund clearly contains the basis of a good scheme.

Moreover one is not arguing that the Commission *should* have more powers to impose industrial planning. The fact remains however that unless there is a coherent *social* policy behind the re-location of industry the inevitable process of rationalisation in the Common Market will simply repeat the errors now evident in Britain.

The Commission's leaders have already stressed the importance of 'taking work to the workers' as a principle of policy. The High Authority of E.C.S.C., for instance, undertakes expert studies of the economic prospects for such developments and its recommendations are likely to ensure, or at least greatly encourage, a firm to move in that direction since a High Authority economic report is usually regarded as a passport for the easy raising of a development loan. The Common Market has similar arrangements.

Last year—1961—was the first full year of effective operation for the Social Fund. It received appeals for aid from all six Common Market countries, except Luxembourg, for a total of just short of £10 million. That means the applicant States have spent the same again on re-training and re-settling their unemployed. Western Germany has drawn heavily on the Fund because of the influx or refugees into the Federal Republic—a feature which brought complaint from Italy whose own unemployment problem is worst of all. Still, with all its obvious flaws and with the real practical test still to come, the conception behind the Social Fund is the correct one; to attack the redundancy problem by re-housing, re-training and the alleviation of financial hardship to the unemployed. Where it falls down is in its inability to plan the location of industry and, where practicable, to take work to the worker. For specialists this is a crucial question since it is inconceivable that a properly regulated redundancy scheme can operate in isolation from an overall *social* as well as economic plan for national—and international—development.

5. The Conflict

Government—Employers—Trade Unions

STATE intervention of some kind is now widely accepted as an absolute essential if the redundancy problem is to be successfully handled. This is not simply a question of providing reasonable 'tiding over' payments for redundant workers but of shaping the entire national economy so that the prospect of continual employment, even if changing jobs, is always present. Intervals between jobs could be filled by re-training courses; encouraging workers to move from one area to another or from one industry to another, or both; the social re-planning of an area as part of a policy in which work is taken to the worker; or even a short period of plain idleness. Whatever it is, the object is surely to protect the living standards not only of the worker himself, but also of the family as a unit; to see that new work is found quickly and that compensation ensures that living standards do not collapse into hardship, even distress, while the search for a new job goes on. The Government has already gone some way to doing this both by recognising the need for taking work to the worker and for helping the worker to become more mobile in his search for alternative employment. The Conservatives, for all their protestations about the dangers of planning, are, in fact, quietly expanding the entire planning mechanism of central Government. The Board of Trade scheme of Industrial Development Certificates, with its special system of grants, is a case in point. It has the obvious fault of lacking real and positive planning powers, but even so it has succeeded in 'persuading' industry into areas of high unemployment where it would otherwise have refused to go. Pushing the motor industry into Merseyside is, of course, the principal achievement.

By refusing I.D.C.'s to firms wanting to expand in already congested areas, thereby steering them away, and granting inducements to get firms to open factories in development areas, the Board of Trade claim to have provided 70,000 new jobs in the past two years. The cost of these operations has been £70 million (according to the President of the Board of Trade) or £1,000 per job. Scotland has been the main beneficiary, having received £46 millions worth of 'inducement aid'.

The Ministry of Labour has its modest system of grants and allowances to workers accepting jobs away from home either for temporary transfer or permanent re-settlement. Quite recently these have been increased. The Ministry of Labour, in the administrative sense, does a great deal of immensely constructive work, but the Ministry, in the political sense, now carries less weight in the Cabinet than at any time since pre-war. This, in itself, is a reflection of the Government's complete failure to appreciate the potential role of this Ministry in the re-shaping of British industry.

The Ministry's recent booklet on redundancy—'Security and Change'—was a highly informative and well compiled document; a great deal of Ministry of Labour publicity and exhortation to industry, seeking to encourage firms to pay more attention to job security, joint consultation, redundancy schemes, is exceedingly valuable. One should not underestimate the contribution all this makes to industrial progress. Even the Minister himself, doubtless reflecting on the nearness of a General Election, is beginning to take a much wider interest in job security and redundancy. He has had talks lately with union leaders about widening apprenticeship schemes to absorb redundant railwaymen and miners. Mr. Macmillan has promised legislation laying down a statutory minimum period of notice. I am sure that the Government will attempt something like this because the principle of greater job security is now becoming an acceptable concept in many quarters[1]. No doubt it has electoral attractions. But there is no evidence to show that the Conservatives will edge very far away from their basic belief that legislation embracing all aspects of redundancy is undesirable—because it would interfere too much with the sacred right of industrialists to shape their own welfare; i.e., profit. This came out clearly enough when, on the eve of the Prime Minister's July speech, Mr. E. J. Hunter, the shipbuilding employer, and President of the British Employers' Confederation, spoke out against redundancy legislation. He argued that the problem was best left 'to individual employers to work out in consultation with their workpeople'. Mr. Hunter's speech was significantly timed and issued to the press by the B.E.C. itself, not by his own firm. One must therefore assume that this was the authoritative voice of the big employers.

While the B.E.C. is against legislation for redundancy payments, they are, as we shall see below, in favour of the State accepting responsibility for unemployed workers. To this extent there is a measure of conflict between Government and big business, with the former seeking to shift some of the economic burden of social and economic change on to industry and the industrialists—understandably, perhaps—wanting as little of it as they can reasonably get away with. But it is a matter of degree. Fundamentally they concur. Despite what Mr. Macmillan told the House of Commons in July,

[1] That such a proposal is imminent, has just been revealed in the press.

and in spite of the Government's supposed 'enlightenment' on job security, it still believes that industry itself must carry the main weight of responsibility for introducing severance schemes and that, with NEDDY's help, the upheavals of social and economic change will eventually fall into place without drastic interference by Government. This is the comfortable conservative theory about things emerging naturally from the industrial conflict.

The same kind of short-sightedness is adopted towards apprenticeship training, when almost every other Government in Europe has established State training schools for industrial courses. Part of the difficulty is that civil servants have little real knowledge about the condition of Britain's labour force; its mobility, its potential, its capacity. Only now is a Government study on the mobility of the labour force under way. The view is now held that there is a great deal more moving about than was imagined and that the British are not such an immobile nation as was once thought. Little is known about the problems of re-training, how easy or difficult it is for a worker to grasp new skills especially if he is in the 'problem age group'—between 40 and 55. A recent Working Party on the Manpower situation—set up by the Ministry of Labour—spot-lighted many of the problems about the shortage of skilled labour, the need for more training courses, the necessity for 'some control over the location of industry' etc., but none of these problems can begin to be solved till the Government accepts the responsibility for a *national* policy. That implies relating the need for changing skills, labour mobility and redundancy, to industrial location, housing policy, re-training, social security and even town planning.

The Employers' Attitude

The British Employers' Confederation, whose member associations employ something like three-quarters of the workers in private industry, hold strongly to the view that the State should carry the main burden of financial responsibility for redundancy—possibly through a different kind of social insurance scheme with graded unemployment benefits. This conception would throw the main burden of redundancy on those industries—employers and workers—where it is most likely to occur. B.E.C. encourage what they describe as 'good personnel policies'—and these include forward planning of labour needs; the longest possible notice if redundancy threatens, and consultation. But severance pay, they feel, is something that should be left to the individual firm depending on its circumstances. The same applies to industry-wide agreements. It is argued that these are unreal because the circumstances vary from industry to industry and, within each industry, between firm and firm.

Because there has been a general shortage of labour for most of the time since the war, employers tend to take the view that a worker simply has to cross the street to find a new job. So, they ask, 'Why should we pay severance money if we have to dismiss a redundant man? He can soon find a new job. And if there is a social problem arising—then that is for the Government to handle'. This attitude is not confined to the smaller firms nor even the less prosperous industries. One finds it extensively in engineering, and perhaps understandably in the prosperous sectors of engineering, like motor cars. In the motor towns employers will claim that the wage rates and earnings are so good in their factories that workers should provide for themselves against the risk of redundancy. They hold the view that the higher earnings in the industry are a reflection of the greater 'security risk' involved in working in it. This is probably why such a powerful organisation as the Engineering Employers' Federation has discouraged its members from adopting a redundancy policy as such—though it stresses the importance of avoiding redundancy. The Federation has given serious thought to the problem and several years ago set up a special sub-committee to consider the question. It came down against compensation. True there was little or no encouragement from the trade unions in engineering who are hopelessly divided over the best way of tackling redundancy. Nor is there any general agreement about length of notice or consultation in engineering; it is all left to individual circumstances with the result that a redundancy situation can, and frequently does, produce an atmosphere of crisis and conflict not only between workers and employers but also between shop stewards and union officials.

For this reason some employers take the extreme view that notice can be *too* long and in consequence affect the whole tempo of work in the plant and possibly infect the entire 'atmosphere' in the firm. By making this point, employers simply underline the fact that workers are entitled to something more than just their wages for work done.

Employers now realise this and the more enlightened ones even take it into account over earnings or bonus payments. But it is a different story when redundancy arises. The contribution which the individual worker has made to the achievements of the firm is invariably undervalued. He is regarded as a single unit of production and scarcely any account is taken of his contribution as part of this 'collective product'. Management tend to ascribe this product principally to their own techniques and investment policies, to their capital equipment and new machinery. They are wrong. The workers' contribution is the most vital factor of the lot.

But it is a contribution most frequently ignored—especially when there is rationalisation, either through a merger or a take-over bid. Here the principal concern is for economic efficiency and the human problems of the workers affected are too often taken as an afterthought.

The Unions

The failure of Government and of the bulk of employers to present a coherent policy for redundancy does not exonerate the trade unions from some of the responsibility for letting the subject go by default. Of course their dilemma has been that they could not decide whether to oppose it—or come to terms with it. Ever since the mass dismissal at the British Motor Corporation in 1956 there has been a deepening reluctance inside some unions to come to terms with an employer—except as a very last resort. This is still the official policy of unions like the Amalgamated Engineering Union and the Electrical Trades Union, and others. At the A.E.U. National Committee conference in 1962, the now well-established code of resistance to sackings was again endorsed; no overtime where redundancy is threatened; if this fails to spread the work sufficiently then the labour force should switch to the basic guaranteed week in engineering of 34 hours (from the normal working week with its basic 42 hours); and finally where management refuses to 'co-operate' then the union at local level—and national for that matter—should attempt to 'insist' on a shorter week. In practice, of course, the policy is more flexible than it sounds and doesn't always lead to a crisis. Management is aware of the A.E.U. line and frequently co-operates, deciding that this is the more judicious attitude to adopt. But sometimes, as in the famous case of British Light Steel Pressings, Acton, in 1961, the result is a prolonged and bitter conflict, with the union's national leadership lining up, however reluctantly, with the employers in order to combat unofficial strike leaders who were apparently convinced that they were upholding A.E.U. policy by fighting against redundancy or, rather, in this case, what was regarded as the threat of it. Of course the men's action was highly unconstitutional. But such refinements do not stop men who are convinced that an injustice is being done; and in the Acton strike it was not helped by the A.E.U.'s own split mind over redundancy. This was an extreme case which is said to have had all kinds of political undertones. One might doubt the more sensational allegations on that score. The truth is that where men fear for their jobs, whether they are ill-informed, misguided, or otherwise, there will always be suspicion, friction and, in the end, real trouble.

It may be that the only way out of the dilemma is for the unions to adopt a dual policy of resistance *and* negotiation. Since circumstances vary widely from case to case, there may be instances where outright resistance to dismissals is the correct policy—at least until management has been made to see the virtue of negotiation. It is because many union leaders recognised the weight of this view that no national policy has yet emerged. The attempt was made to produce a model agreement for redundancy by the Confederation of Shipbuilding and Engineering Unions, but this was dropped because of the basic conflict of view between those unions who were ready to negotiate such agreements and those who refused to tolerate the mere mention of the word redundancy.

One should not be too impatient with this latter view. There is a strong support for it on the factory floor and it is common to hear delegates at trade union conferences claiming that this policy has saved the jobs of tens of thousands of workers who would otherwise be on the dole. Consider the arguments used by delegates at trade union conferences and by workers on the factory floor against an easy acceptance of redundancy; 'compensation is no compensation for work'; 'Life in the welfare state is all right so long as you have a job—but as soon as that is threatened real trouble begins'; 'Why should the union make it easy for employers simply to "buy-off" surplus labour at the cheapest possible price?' 'It is our duty to protect jobs—not to bargain them away'.

There is a powerful group protective instinct behind the concept of work sharing and it is hardly in keeping with trade union traditions ('unity is strength') to dissuade members from practising it. Most trade union leaders know that real flexibility will never be attainable without an underlying security guarantee for the worker and that so long as the State evades its responsibility on this, a genuinely satisfactory redundancy scheme is impossible. More and more workers are moving from industry to industry within the great conurbations because in the semi-skilled and unskilled (if any worker is really unskilled) grades, the difference between one industry and another may be marginal. This is true of some skilled classes as well. The realisation that this is happening, and likely to be speeded-up as industry becomes more automated, has discouraged many union leaders from pursuing industry-wide redundancy agreements. They tend to prefer arrangements with individual firms. Moreover, it is also felt that an industry-wide pact, say in engineering, might establish minimum standards of severance pay which would quickly become the maximum. Better, it is argued, to obtain a good redundancy agreement from a prosperous firm and then use this as a blueprint for bargaining with other individual employers. For these reasons there is some hostility to a national industry-wide agreement among union leaders as well as employers.

This does not mean that the trade unions have simply shelved the problem on a national scale and are resigned to tackling it piecemeal. Most of the big unions are trying to think out a solution. Imaginative thinking has come recently from smaller organisations such as the Association of Supervisory Staffs, Executives and Technicians, whose research work laid the foundations for Mr. Jack Diamond's Private Member's Bill on severance pay.

Some time before the Prime Minister's July speech to Parliament it had been recognised by many Labour M.P.s that only Government action could cope with the redundancy problem both as it now exists and in its potential scope. This view lay behind the Bill introduced by Mr. Diamond, Labour MP for Gloucester. His proposal limited itself to providing minimum terms for severance pay, as a basis for any operation. He suggested a minimum of one month's pay for each year of service. Of course the Bill got nowhere and nobody expected that it would. But it performed a useful function by focusing attention on the legislative possibilities while the Government remained silent. The two large general workers unions are also taking the initiative in throwing up ideas on the subject. The T.U.C. itself has put down some views in a document drawn up for the economic committee of the General Council to help guide its thinking on the longer term problems facing the British economy. It courageously admits that some of the attitudes and practices of the trade unions—and, of course, employers—might impede change and expansion in the economy; that some sections of industry will contract (it suggests coal, railways, textile engineering, shipbuilding, furniture, pottery, wool, cotton and jute and agriculture as examples); that some sectors of the economy will grow more rapidly than others and the redundancy problem could be either a steady decline or a sharp collapse depending on the circumstances of particular industries. Then it states forcefully: 'Sympathy with workpeople who lose their jobs cannot obscure the fact that redundancy is going to occur whether the economy expands more rapidly or not . . . There is a case on economic grounds for speeding the contraction of some industries. Where an industry is obviously in decline it will often be much better to deal with the situation by a planned scheme of rationalisation than to let it crumble away.'

The T.U.C. document then sets down this guidance for trade union thinking: 'The planned contraction of an industry would be acceptable and indeed sensible (for unions) only if it was accompanied by adequate provision for compensating displaced workpeople and for placing them in new jobs. This could only be done effectively on a State basis; if the community wants the workpeople concerned for employment elsewhere, then it should be prepared to pay.'

Precisely. This is the essence of the socialist case for a national, State-sponsored, redundancy scheme closely integrated with an overall social and economic policy for expansion and re-development. The trade unions are perfectly justified to hold the view that flexibility without security it unthinkable; the employers are equally justified, guided as they must be by the profit and commercial motive, in taking the view that their responsibility for dealing with the redundancy problem can at best be a limited one; the general social and economic implications are too vast for any single group of employers, or any one industry, to tackle in isolation. But this does not release private industry from its burden. To this extent the Government attitude has some sound sense; industry itself cannot be relieved entirely from its share of financial responsibility. It would be an idiotic policy to throw the whole weight on to a State system and exclude private industry from its obligations. So long as private industry exists it must pay the price for existence, just as, in the T.U.C.'s words, the community itself, if it wishes to live in a prosperous and expanding economy, must be prepared to foot the bill for a redundancy scheme.

Special State Responsibility

There remain certain spheres of industrial change and upheaval which are specifically Government responsibility; for example, where its own policies directly or even indirectly lead to the creation of redundancy, as in defence. We have seen what can happen when the Government scraps a missile project or switches from one form of aero engine or weapon to another. Overnight thousands of workers are affected by a decision which may be due to Ministerial or departmental miscalculations—or even gross error. The muddle over the scrapping of the Blue Water missile is the most recent example of this. It should be a direct responsibility on Government to underwrite redundancy compensation payments to all workers affected by changes of this nature if no alternative work can be provided.

The aircraft industry as a whole is in the same category since it is largely sustained by Government and military orders. Less apparent, though no less justified in claiming Government responsibility, are basic industries like railways, coal mining and even important sections of civil engineering, especially those concerned with road and transport policy in general.

As a deliberate act of policy the Government seems intent on reducing the nation's railway services. It is not so much a question of making out a case for Government responsibility here—I believe that to be self-evident—but rather the *extent* of that responsibility. Dr. Beeching's recent redundancy proposals, though an improvement on an earlier scheme, are quite inadequate to meet the hardship that will arise. But the chairman of the Transport Commission is inevitably limited by the bleak financial situation in his own industry. He can moreover argue that his job is to provide an efficient railway system—it is for the Government to accept responsibility for the social repercussions. The Government must accept the social charge—not only to see that redundant railwaymen are adequately compensated but—and this is the crucial issue—quickly found alternative work.

The miners are in a similar position to the railwaymen, though their situation is less critical because the problem is not so widespread. Yet this makes the burden no less onerous for those who are involved, especially in those areas of already high unemployment like Scotland and the North-east of England. Lord Robens is now being compelled, by Government financial policy for the nationalised industries, to rush through a rationalisation campaign in the pits. The Government has imposed financial obligations on the Coal Board which leave it with no option but to hasten the closure of pits in the least profitable coalfields like Scotland, South Wales, the North-west and North-east. Surely this is a clear case of direct government responsibility.

The measures on job security proposed by the Prime Minister have already been described as 'Too late and too little.' But they are nevertheless welcome at least as a sign that the slow machinery of Government and the administration behind it is now wakening to the needs of a changing society. Neither the Labour Party nor the trade unions are in any position to pour scorn on these proposals until they have cleared *their* minds about the drastic changes which are required in current thinking over the problem of redundancy.

6. What is to be Done?

Proposals

WE live in an economy in which private interest controls four-fifths of industry and most of the commanding heights. It is true that the State plays an increasingly powerful role in determining the *shape*, if not the *ownership*, of the economy, and that this influence is certain to increase even if the Conservatives remain in power. It is one of the inevitabilities of life in a society growing more complex and integrated with each fresh technological advance.

Redundancy, like any other problem of industrial conflict, is closely related to the ownership and control of industry. The issue would be altogether simpler to handle if it could be resolved within the general pattern of socialist planning. Public ownership is the central condition for the widespread national economic planning needed to ensure social security and balanced industrial development. It seems to me that this should remain our principal objective.

More immediately we are faced with the continued existence of large and immensely powerful sectors of private industry, and although it is self-evident that only a national plan can provide real security for the redundant worker it would be wrong to allow private industry to escape its obligations for employing the bulk of the nation's manpower. The ideal solution would be to develop a scheme combining State aid with supplementary assistance by industry. This is easier stated than conceived.

The three alternatives would seem to be as follows:

1. A scheme operated completely by the State and financed out of contributions to the national insurance fund or a special Redundancy Fund. The advantage of such a system would be that the burden of financing redundancy compensation would not fall most heavily on the declining industries—that is, on those least able to afford it. The disadvantages include the real difficulty that there would be nothing to deter any firm from dismissing workers it did not need without having to consider any further obligation. The firm's contribution to the National Redundancy Fund based, say, on the number of its employees, would be largely independent of how many people it discharged, or only marginally so.

2. There could be a system of redundancy payments which placed the burden entirely on the firm or, perhaps, the industry. This might lead to widespread 'hoarding' of labour which would stifle economic expansion. Moreover, if it were related to the risk of redundancy in each particular firm, or industry, the cost to some would become prohibitively high. Such a system would compel private industry to plan its labour requirements with extreme care and propel firms toward concentrated 'forward planning.' Yet this form of planning is becoming more and more dependent on Government policies, so it would seem unjust, and probably unworkable, to throw the entire burden on to industry itself.

3. The most attractive proposition is certainly a twin-system of State and industry working a complementary scheme. The State would set the basic provision of higher unemployment benefits more closely related to average earnings. Industry would be compelled, by legislation, to fix a minimum term of notice (say one month); consult with workers' representatives in advance of any redundancy and provide severance payments. One method would be the establishment of a redundancy fund to provide dismissed workers with payments to make up the difference between State benefit and their average earnings prior to redundancy. For one month they might get full average earnings while they search for fresh work and then, to discourage malingering, payments could decline gradually in the succeeding two months to three-quarters the average earnings level. If the worker was still unemployed at the end of that period the State unemployment benefits would take over completely; and if re-training was

necessary to equip the worker for a new industry Ministry of Labour supplementary grants could help to overcome any financial difficulties.

This would provide a form of supplementary unemployment benefit similar to the system operating in the United States; the period of three months might be regarded as a minimum.

An alternative, in many ways preferable, would be a scheme to legislate a basic 'framework redundancy arrangement' which would entitle all workers to State unemployment benefits nearer to average earnings, with the Government being responsible for re-training and re-housing where necessary. In addition firms could be compelled to give a minimum of one month's notice to any worker with at least one year's service; advance consultation with a joint works council, or trade union negotiating committee made obligatory; and a basic severance payment of two weeks' pay for every year of service up to say five years with one month's pay for each year after that period. It is vitally important to protect the older worker who might be thrown out of work at the age of 45 plus, but before reaching the age when he might reasonably expect to draw an early retirement pension from the firm. Legislation for such a basic 'framework' agreement would not prevent trade unions seeking to improve on it at company level—or industry wide—through the normal processes of collective bargaining.

The financing of the higher unemployment benefits would be a straightforward operation through the National Insurance Fund. It is worth remembering that unemployment pay is less today than pre-war in relation to the level of earnings—the only valid guide. In 1938-39 the benefit for a man, wife and two children was 33s. a week against the average earnings level of £3 9s. Today the similar comparison is £5 19s. 6d. in relation to the average pay packet (October, 1961, *Ministry of Labour Gazette* figures)—of £15 6s. 10d. Pre-war, therefore, it was about half the earnings level, today it is two-fifths. Before the war unemployment benefits accounted for 23.4 per cent. of social insurance payments by the State: today they represent a little over 4 per cent. Of course, the situation is different, yet for those workers who *are* out of work today, social needs require that benefits should if anything be closer to the level of employed earnings.

There is possibly a case for new social insurance legislation which based unemployment benefits on a percentage of the individual's earnings. This would mean graduated contributions too, by employers and workers—against which the trade unions have strong objections. But there is nothing to prevent State benefits being raised nearer the current earnings level and retaining the present flat-rate contribution system so long as this is supplemented by legislation which compels industry to subscribe to additional severance pay schemes. The financing of these would be the responsibility of employers. The system could function either through a National Redundancy Fund, or separate industry-wide schemes administered jointly by employers and unions.

It would be necessary to build into such a system an Appeals machinery against unjustified dismissals. The combination of these provisions would make it costly for employers to dismiss workers—but not prohibitive. It would encourage long-term planning of labour requirements—without encouraging any extreme form of labour 'hoarding.' Holding on to a valuable and trained labour force, which is not fully productive, is neither economically nor socially wrong. It would, in fact, be wasteful and costly, apart from socially unjust, to disband such a trained labour force unless it became quite obvious that it could not be fully employed in the foreseeable future. Even then a judiciously planned recruiting policy can adjust the needs of a firm without large scale redundancy by allowing 'natural wastage' and retirements to reduce the labour force.

Of course it is necessary here to distinguish between short and long term declines in production. Quite plainly although work sharing is a perfectly reasonable and legitimate alternative to lay-offs for short term production changes it is no solution, for workers or management, in cases of long term decline. This is specially true when the decline reflects a permanent contraction in the industry as in the case of coal mining, railways or shipbuilding.

Once it has been established that the decline *is* long term—and the trade unions should be a party to joint consultation which establishes this—then a redundancy scheme should operate. In any event workers themselves have an intuitive sense when their industry is in long term decline. There is a natural and continuous drift away, particularly where alternative work is available.

One hears a great deal about labour 'hoarding' being more common in Britain than elsewhere. There is no evidence to support this view and, it was, in fact, rejected in a recent Ministry of Labour report on the manpower situation. One thing is quite certain; the existence of a legal obligation would persuade employers of the value of building up a National Redundancy Fund and of conducting an altogether more coherent manpower policy.

But this is really only one side of the picture. The fundamental issue, as I have tried to establish, is not the amount of compensation a worker should get nor even how he should get it—but the ease with which he can be found a new job. This is where the State plays its principal role.

Distribution of Industry

Most important of all is the distribution of industry. It is impossible to separate the social from the economic case to justify priority treatment for this. On the whole it should be obvious to anyone that it is desirable to retain 'natural communities' wherever possible by preventing social and economic erosion due to technological or structural changes. This means taking work to the workers. Of course there are cases where because of transport, industrial efficiency, national need and overwhelming economic considerations, it is necessary to bring workers into an already overcrowded industrial conurbation, such as London, Birmingham or Manchester. These instances should be the exception. Today they appear to be the rule.

Low factory rentals, Board of Trade grants, Ministry of Labour inducements to employers, are still insufficient to persuade many industrialists to venture into the remoter areas because they fear the high costs of transporting raw materials and getting their products back to the industrial centres, or ports. The Board of Trade system of Industrial Development Certificates has helped to curb the rush to London and the Midlands by requiring all industrial building of 5,000 sq. ft. and over to have a certificate. But this is not enough. Positive direction of industry is needed into places like Scotland, North East England, and Ulster, not just to mop up pools of chronic unemployment, but to even out the economic development of the nation.

There is a serious prospect of the country heeling over toward the south eastern corner if the current drift of population continues unchecked. It has been suggested that, by the 1980s, more than 20 million people may be living and working in the South East. The trend is already unmistakable. Between the middle of 1955 and mid 1961 there was an increase of 316,000 employed in London and the South Eastern Region (an increase of 5.9 per cent). To get a complete picture of what is happening one should add to that the figure of 255,000, which was the increase in people working in the Eastern and Southern part of the country, which would include the Home Counties. That was equivalent to a rise of 11.8 per cent. Together these two increases came to 571,000 out of a total increase in the working population of 965,000 during that period. Compared with these figures Scotland lost 10,000 workers between mid 1955 and mid 1961; the North West picked up a mere 11,000, Wales only 20,000 and the North East 35,000. Even in the Midlands, the next most prosperous zone to the South East, the increase was only 100,000—4.7 per cent of the whole.

At the end of May, 1961, the London and S.E. region held 25.3 per cent of the total number of people employed in Britain. This compared with 13.3 per cent in the North West; 10.9 per cent in the Eastern and Southern area (which, in any event, can be added to the south-easterly drift), 10 per cent in the Midlands, 4.3 per cent in Wales, 5.7 per cent. in the North and North East and 9.5 per cent. in Scotland.

This trend is not simply increasing—but the rate of increase is rising gradually. If Britain enters the Common Market there is every reason to believe the tempo of the drift will intensify. The South Eastern corner of the country, a near stepping stone to European markets, will become even more attractive to industry and workers. Unless the Government handles the problem with great firmness the situation could quickly deteriorate into chaos—in housing, travel and industrial and social relations. It is plain to see the vital need for a Government plan which involves everything from town and country planning and industrial development to transport and housing amenities. Moreover, none of these factors can be divorced from a national policy for redundancy. In the light of the figures quoted above industrial location certainly becomes a priority issue.

Housing

This is probably the next most vital aspect of the problem requirfoundations on which an enlightened redundancy policy can be established. A percentage of all new local authority houses should be set aside for industrial re-development purposes and a National Housing Authority set up with powers to finance and organise rapid building developments for expanding and new industries. Whether work is taken to the worker or vice versa, a housing policy is required which knits into the nation's general industrial development. A small experiment in this kind of planning is, of course, the Coal Board's housing scheme for providing homes for miners transferred from the contracting to the expanding coalfields. The Coal Board co-operates closely with local authorities in the mining areas which are expanding and a proportion of new houses are set aside for transferees. In addition the Board has its own Coal Industry Housing Association which builds houses for the miners. This is what is required nationally.

Training Schemes

Perhaps the greatest individual assistance which can be given to the redundant workers—severance pay apart—is by re-training him in new skills. The nation is critically short of skilled workers and the policy of the present Government—if it has a policy at all—appears to rely on the painfully slow growth of apprenticeship schemes in industry, to which the State offers hopelessly inadequate assistance. Apprenticeship courses should be freely available to older workers who become redundant and require training in new skills; the period of training should be considerably reduced, which it could be without any loss in standards. A Labour Government would need to set up industrial training establishments, through the Ministry of Labour, which would be serviced and manned by industry.[3] These would provide courses in new skills for all grades of older workers as well as younger apprentices. The trade unions might object to such sweeping proposals which would threaten demarcation lines and raise the horror of dilution. But the unions must face up to the future. They cannot possibly maintain their present restrictive atitudes towards craft training. It is true that these attitudes have been fashioned in the insecure atmosphere of a fiercely competitive capitalist society. Some unions would argue that they must be retained as long as that kind of insecurity exists. But this outlook would be inappropriate to the system of State-aided redundancy schemes outlined here. In any event new skills will emerge—indeed are already emerging—for which there is no existing trade union category in the rigid sense.

It would also be worth considering legislation setting up a Government appointed Board with powers to see that no unjustifiable obstacles were put in the way of legitimate entry into a trade. There is a strong case for linking this kind of operation with the general development of the education system so that closer ties can be secured between schools, industrial training centres and industry as a whole, for young entrants as well as

[3] See previous mention of the System in Sweden, page 18.

for adult re-training. But if the trade unions are to be asked to sacrifice their protective 'wall' in order to provide the economy with greater flexibility, then the community, which is the State, must be prepared to give the reasonable guarantees the unions are entitled to demand; that the security of their members should be underwritten by the State. Without these assurances it would be futile to expect the unions to co-operate—and in my view wrong of them to do so.

This may sound like an entire social programme; in a way it is, because anything less would be only a palliative. Redundancy itself is part of the whole character of social and economic change and unless we recognise this, the correctives we apply will always fall short of the needs. Automation, the extreme form of technological advance, is the outcome of a drive which has been developing since man discovered the use of tools; the drive to reduce the labour content of production. There is scarcely any need to underline the fact that we are now on the brink of astonishing changes in the methods of concepts of production and that these will induce quite new standards of social relationships. We have no precise time factors by which to gauge these changes because the very processes of measurement are themselves being transformed. In such circumstances who can deny that a policy designed to handle redundancy in the latter part of the 20th century cannot afford to overlook any social consideration? Socialism, in fact, is more relevant than it ever was.

7. Summary of Conclusions and Proposals

1. No redundancy scheme can be genuinely effective unless the Government brings together the various strands of national planning. These would include: location of industry, housing, social insurance benefits, retraining, and even town planning.

2. The best schemes to compensate for redundancy are in the nationalised industries where an attempt has been made to establish a pattern for private industry to follow. Some private schemes are very good; but on the whole very little progress has been made among private firms.

3. Compared with redundancy schemes abroad, British industry lags behind. In over 70 countries dismissal procedures are regulated principally by legislation. These countries include some of the most advanced industrial nations.

4. State intervention is essential if the redundancy problem is to be successfully handled. But private industry must shoulder its share of the burden since it employs the bulk of the nation's manpower. So long as private industry exists it must pay the price for existence.

5. A major extension of public ownership must remain the principal objective to provide the overall national economic planning essential to ensure social security and balanced industrial development.

6. The best solution in an economy which is four-fifths controlled by private enterprise would be a twin system of State and private industry providing complementary redundancy schemes.

7. There should be increases in unemployment benefits to bring them nearer average earnings. Pre-war benefits were half the average pay packet in industry; today they are two-fifths.

8. Two alternative schemes are worth considering for private industry. These would be an addition to increased State benefits. Firstly a system of supplementary unemployment benefits similar to the American model. This could provide a minimum of 3 months' pay to a redundant worker, starting at his normal earnings level and gradually reducing the payments to three quarters. When these payments ran out the worker would then revert to State benefits. Alternatively; a 'framework redundancy agreement' with a guarantee of one month's notice; joint consultation with workers' representatives and severance pay. The payments would be two weeks for every year up to 5 years, and one month per year after that. All workers with one year's service at a firm would be eligible. I regard this latter alternative as more attractive.

9. In either case legislation would be necessary to establish the legal right of a worker to these terms, but it would not prevent unions trying to improve them through the normal machinery of collective bargaining.

10. There is a case for graduated benefits—and therefore contributions—so as to ensure that standards do not fall sharply where a redundant worker is thrown on to State unemployment benefit.

11. Higher State benefits would be financed out of the National Insurance fund, which at the moment contributes only a tiny amount to unemployment benefits. Employers would finance their own schemes, which should be administered by a joint committee of employers and unions with an Appeals machinery against unjust dismissals.

12. The fundamental question is getting the worker into a new job with as little delay as possible. This is the State's main task. Board of Trade powers for the distribution of industry should be strengthened so that wherever possible work is taken to the workers.

13. A National Housing Authority should be set up with powers to finance and organise housing schemes in co-operation with industrial planning projects.

14. State-run re-training schemes should be established to provide courses for adult workers of all grades who become redundant and require training in new skills. Apprenticeship courses should be open to older workers of both sexes. The whole system should be controlled by the Ministry of Labour.

15. Trade Unions must re-assess their whole attitude toward apprenticeship and craft training. It would be worth considering legislation setting up a Government appointed Board to see that no unjustifiable obstacles were put in the way of legitimate entry into a trade. But the unions could only be expected to co-operate if they were given security guarantees for their members. This would be a State responsibility.

16. What this amounts to, in effect, is an entire social programme. Anything less would be incapable of tackling the problem effectively because there are so many strands to it.

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