

BRITISH INDUSTRIAL RELATIONS IN TRANSITION 1960-1990

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I- INTRODUCTION

Britain has the oldest industrial relations system as a result of its early industrialization. The industrial relations system has changed from time to time, and taken place differently in public and private sectors. In British context, trade unions have had a great role in the industrial relations system. Government has usually avoided intervening in employee-employer relations, with the exception of periods of crises and wars. These features made industrial relations system have created its own traditions that have totally been different from that of other countries. Also, it has been used as a model industrial relations system by the other countries whose systems have been generally shaped by law.

British industrial relations system has become subject to change and has been changed since 1960 s. Particularly general economic conditions and its reflection to industrial relations system led scientists and politicians to study on industrial relations system and its problems. Answers were vary for trade unions, employers, government and scholars. Although unions were not keen on changing the old system, managers and, particularly, government have been in favor of altering the system according to new circumstance. Governments and employers were agree that industrial relations system should be redesigned directly or indirectly, so that last thirty years have been spent for redesigning of industrial relations.

In this study, it will be studied that how British industrial relations system has been changed over past thirty years. The study is composed of three main parts. The first part includes the period of 1960 and 1970, second part includes

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from 1970 to 1979, and third part includes the period of 1979 and 1990. In each section, problems, solutions, ideas, and results will be examined.

II- THE PERIOD OF 1960-1970

1- GENERAL TRENDS

British industrial relations system has been subject to change since mid 1960s. The main idea was that government should involve to industrial relations. This idea was the results of Britain's economic problems in the 1960s.

After W.W.II, the idea of separation between economy and politics – laissez faire policy – began to change. Politicians and scholars were in favor of intervention to provide full employment and welfare state. Intervention was wanted by not only socialist but also liberal politicians and scholars. For example Keynes and Beveridge were liberalist. To some extent, these ideas affected industrial relations system because intervention required a closer link between economy and politics and less autonomy for both labour and capital. As a result of 'full employment capitalism', some scholars, for example, Kalecki said (1943) that 'full employment capitalism' would need 'new social and political institutions which will reflect the increased power of the working class' (MacInnes, J. (1987) 17-19, 21). So that social democratic consensus developed and implemented in Britain.

Social Democratic consensus or post-war settlement lasted until mid 1960s. There was no question about consensus, especially on industrial relations system which almost all British were proud of its feature of voluntarism. When Britain met economic problems especially unemployment, inflation, low productivity, decreasing overseas trade led to think about the source of problems that would lead to find industrial relations as the responsible of the situation. This idea was shared both Labour and Conservative governments.

During the 1960s, because of inflationary consequences of free collective bargaining and unofficial strikes, governments tended to limit unions bargaining rights. Moreover, in 1965, a Royal Commission, under Lord Donovan, was appointed to inquire industrial relations. The report's ideas were to follow voluntarist system. In contrast to the report, the government (Labour) produced its own proposals, namely White Paper on In Place of Strife, in 1969. The proposals included a twenty-eight-day cooling of period before strike take place, pre-strike ballots, and penal sanctions against unfair industrial practices. But, the government had to abandon the proposals because of strong oppositions of trade unions and their own supporters in Parliament.

II- DONOVAN REPORT

Donovan Report (1968) analyzed the industrial relations system at the work place level. According to the report, there were two industrial relations systems in the workplace: one was formal and the other was informal. "Donovan Commission was the first comprehensive inquiry of its kind since the Whitley Committee of 1918" (Wooldridge, E. (1989) 38).

Commission, generally speaking, offered voluntary procedural reform which consists of the extension of collective bargaining and formalization of domestic collective bargaining arrangement. The term "procedure" have been differently interpreted. What was the main aim of the report was that corporatism or bureaucratization of industrial relations. According to Goldthorpe, Donovan offered to bureaucratize the labour relations that was a managerial strategy to increase the control of capital over labour. In contrast, according to Palmer, Donovan was voluntarist but his voluntarism was based on avoidance of coercion, not an avoidance of state intervention (Palmer, G. (1968) 268-275). Indeed, during the Industrial Relations Act of 1971, Donovan expressed that "In industrial relations, 'law and order' can be created only by adequate collective bargaining arrangements". This clearly shows that he was explicitly in favor of voluntarism and opposite to legal enforceability (Wooldridge, E. (1989) 40).

Alan Fox and Allan Flanders' perspectives are different from that of others. They say that the problem is a result of conflict between formal and informal system. Formal system is affecting informal system and this lead to 'disorder' in the informal system. Unofficial strikes, wage drifts etc. are result of this conflict. Trade unions are not responsible to the present (1968) short comings of collective bargaining. The problem is the existence of "anomie" in the industrial relations. Therefore, collective bargaining system as a principal norm-creating institution in industrial relations should be used to eliminate "anomie" (Fox, A.; Flanders, A. (1969) 151-167).

More than two decades, Donovan report has been subject to dispute. One of the final judges on the report is that fundamental dichotomy between formal and informal industrial relations system has been largely removed in companies but not in the organizations so the informal system will be somewhere in the system (Wooldridge, E. (1989) 42).

III- THE PERIOD OF 1970-1979

In the 1970s, conflict had continued. Conservative government under Heath introduced Industrial Relations Act of 1971 and set a statutory incomes

policy. Most unions refused the law and miners' strike contributed to fall of Heath's conservative government.

Inflation, unemployment, and low production remained the main problem in the mid 1970s. Under these conditions 'social contract' between labour government and TUC took place in order to formalize their relations. With the contract trade unions would be able to influence government in turn for trade union restraints on wages and industrial militancy. Besides social contract, Labour government attempted to legislate industrial democracy by the Bullock Report in 1977. The report suggested union-based employee representation on the boards of large companies and "2X plus Y" formula. "The board should contain equal numbers (X) of shareholders' and workers' representatives and a smaller number (Y) of independent members, jointly chosen by the shareholders' and workers' representatives" (Clarke, O. (1987) 42). While employers were totally opposite to the report, trade unions responds were divided and most of all worried about consequences of participation.

In fact, the idea of industrial democracy was different in trade unions and in government minds. Trade union leader Hugo Scanlon expressed that "We think that industrial democracy can the best be strengthened by an extension of collective bargaining, to which we know no limit". So that the report could not be successful. A few years later, disagreement between labour government and TUC on the 5 % guideline for pay increases led to industrial action in the "winter of discontent" of 1978-1979 and social contract collapsed (MacInnes, J. (1987) 28-33).

IV- THE PERIOD OF 1979 – 1990

1 - CONSERVATIVE GOVERNMENT

When conservatives under Thatcher took office in 1979, a new era began for British industrial relations system. Conservative party set a stable program for the elimination of inflation and making markets work better which were its priorities.

In order to attain targets, Conservatives made radical decisions. First, they almost rejected social democratic consensus; second, they changed 'voluntarist' character of industrial relations by setting a tough legal framework; and third, they emerged company level industrial relations in place of industry wide and shop floor labour relations (Crouch, C. (1990) 326).

Although new policy was in favor of laissez-faire doctrine, it was different from classical nineteenth-century laissez-faire doctrine. In contrast to classical laissez-faire doctrine, now it included the notion of "social market" economy in which some government interventions are needed (Fox, A. (1985) 415).

2 – ECONOMIC CONDITIONS

Conservatives had to solve a large number of economic problems that could not be solved in the period of consensus and neo-corporatism. Unemployment rate began to rise in 1967, which had been around 2 % for 20 or so years, and reached 5 % in 1976, 12 % in 1985, and 9.5 % in 1988. Inflation was 12 % in 1982, it fell 3.3 % early in 1988. Although, recently, there has been some improving in Gross Domestic Product, it grew by 16 % between 1979 and 1987 which was less than that of OECD countries.

Manufacture industries have begun to decline because Britain began to lose international competition and its traditional markets. As a result of this development, Britain began to import manufacture products in addition to import of food and primary products, which had been imported %Crouch, C. (1990) 328). In contrast to past two hundred years, under these circumstances trade surplus turned into a deficit, and by 1987 exports of manufactures, by value, had fallen to 87 % of imports. The oil shocks of 1973 and 1979 had played a remarkable role in this process. The deficit was temporarily reduced by North Sea Oil incomes (Tower, B. (1989) 165).

The structure of industry and workforces have been subject to change. While manufacture industries have been declining, service industries have been increasing in Britain. Manufacture industries have also shifted their location from old industrial areas, Scotland, Wales, Northern region of England, and the West Midlands to the South East and South. Besides this, employment structure has changed in 1980s. The number of women workers has increased. It is estimated that women workers will share half of the total workforce in 1990s. At the same time, in 1986, they constituted approximately two-third of total flexible workforce (part-time, temporary and self employed workers) which were one-third of all employees at that time (Tower, B. (1989) 166).

These developments have created a negative environment for industrial relations because service industries workers are generally not in favor of unionization. Also, Flexible workforce and women workers are less interested in unionization. Furthermore, new manufacture locals have no trade union traditions that usually lead to weaken unionization. Generally speaking, economic conditions in 1980s have not been positive ground for unions and industrial relations.

3 – GOVERNMENT INTERVENTIONS

Government interventions have been two folds, political and legal. The implementation of interventions had been without concession and step by step basis that is the main feature of Conservatives' strategy. Although some

interventions were opposite to international standards, government had not given up its policies.

a – Political Interventions

Political or economic interventions included both the general macro economic policy of not taking action to reduce unemployment and the imposing of “cash-limit” on public sector pay which reducing the scope for political bargaining. With unemployment, government, wanted to push down strike and other sections of workers against to government or employer policy. Indeed, as a result of this policy, worker militancy was reduced and they did not obey unions’ strike calls in some important disputes. Cash – limit policy in public – owned companies limited bargaining areas of collective bargaining and trade unions demand for wages increases (Crouch, C. (1990) 330-331).

Although against international norms, conservative government continued to implement some norms related to industrial relations. Therefore, Britain has been condemned by ILO. Britain broke the international norms by remaining of the Fair Wage Resolution, against ILO convention 94, by banning of collective bargaining for teachers, against ILO convention 98, and by banning of trade union membership at the Government Communication Headquarters, against ILO convention 87. Condemnation of ILO has not affected the government policy as much as European Community’s directives. Government has been more sensitive to European Community than ILO (Dickens, L. (1989) 39-40).

b – Legal Interventions

Reducing trade unions power in collective bargaining and in institutions was the main aim of conservative governments. Therefore, government, by legislation, supported employers’ rights, increased individual worker’s rights, and reduced trade unions’ rights.

In order to intervene to trade union affairs, government has encouraged individual worker’s rights within the trade unions and given them right to join unions affairs including election of union government and union decisions on industrial, political and other actions. The Trade Union Act of 1988 requires all member of the leading bodies of trade union and the senior officials, to be elected at least every five year by secret ballot of the membership. The Trade Union Act of 1984 brought ballots for industrial action, union elections, and funds to financial political activity. The Employer Act also provided legal and financial assistance to individuals who want to exercise their legal rights against their union.

Since 1979, taking industrial action has been made easier to against trade unions’ industrial action for employers. For trade unions and workers, to take

industrial action has been constrained. For industrial action to be lawful it must be self interested and enterprise specific. Sympathetic solidarity actions were hit by these regulations.

Clearly, legislative supports to collective bargaining have been removed and non unionism has been promoted. For example, recognition of trade unions for collective bargaining is not a duty of employer. Furthermore, some traditional strategy and tactics such as pushing one employer to put pressure on another employer to recognize the union were made unlawful. Giving statutory rights to individual workers undermined union power in collective bargaining. Especially, removing closed shop and giving the right not to be union member reduced union power, increased employer power (Dickens, L. (1989) 41-45).

4 – THE INDUSTRIAL RELATIONS PARTIES

a – The State

Conservative government had different perspective and attitude to industrial relations from its previous. Its main policy was to give power to employers and to reduce government and unions' role in the industrial relations. Second policy was that to reduce trade union representations in national political life. With this policy, government showed that it was far away from the idea of neo-corporatism. However, government did not abolish all tripartite regulatory agencies. For example, Health and Safety Commission and the Advisory, Conciliation and Arbitration Service are still exist (Crouch, C. (1990) 340-341).

In British example, state as an employer is important because public sector has the largest number of employees and the practices of industrial relations are examples to the private sector. Until 1979, generally, government as a "model" employer had set a "good" example to private sector by encouraging trade unions, supporting collective bargaining, and offering a high degree of job-security. Since 1979, it has been another "model" employer by seeking to adapt private-sector, free-market idea to its own employment practices to the private sector (Fredmann, S., Moms, G. (1989) 25-26).

The privatization of public sector also intends both to get rid of union power in overall economy and to introduce free market environment to all parties.

b – The Employers

The Confederation of British Industry (CBI) whose members employ more than half of total workforce in Britain and Institute of Directors are important as representation of employers.

The Confederation of British Industry has not been totally against unions, but only against unreasonable use of trade union power. According to CBI, unions have too much power and employers are under pressure. The Institute of Directors has been supporting Conservative programs and refusing TUC offers. But neither CBI nor Institute of Directors has no authority over members which has led to different policy applications by employers.

One group employer has continued their industrial relations policies because of lack of evidence of changes. Another group employer has employed some industrial relations policies that were learned from Japanese and American firms' applications. The others have used new circumstances, labour market conditions, and political advantages in order to get rid of unions or to push them.

Public sector employers have not been hostile to existing of unions and unionization. In contrast, they have tried to set though, uncompromising industrial relations policies that have been created and supported by government (Crouch, C. (1990) 342-343).

c – The Trade Unions and Collective Bargaining

Trade union membership and density had grown between 1968 and 1979. Membership grew by almost a third, and reached 13.3 million in 1979. Trade union density changed from 44 % in 1968 to over 55 % in 1979. Since 1979, membership fell to 10.4 million and density fell to 42 % in 1987. Unions lost 2.9 million members.

The reasons of declining are related to economic situation; increasing service industries; increasing the number of women, white collar, and flexible workers; governments and employers hostile attitudes. Japanese and U.S.A. owned companies have also imposed union free industrial relations in Britain.

According to Socottish Development Agency's survey, U.S.A. owned establishments which high tech and electronics companies set up in the last ten years have been ununionised. Also, fast food industries such as Mc Donald, Burger King in Britain are non-union companies. TUC's general deputy secretary John Monks says that 'most of the latest American personnel techniques are designed to encourage workers to feel that unions do not serve a useful purpose' (Bassel, P. (1988) 47).

Trade unions developed five strategies in order to response union declining and to solve other problems. These are (1) to support Labour Party; (2) to merge with other unions; (3) to recruit new members in the fastest growing industries; (4) to improve services to union members; and (5) to revise trade union purposes (Tower, B. (1989) 180).

Collective bargaining is still the core of industrial relations system in Britain, although government interventions. Since 1979, not to recognize unions by employers; banning of sympathetic actions and closed shop; requiring ballots for strike and industrial action; and increasing union members' rights to force their unions have led to reduce collective bargaining power of trade unions.

Collective bargaining over wages, unions were unsuccessful between 1978-81. After 1983, wages increased faster than inflation and productivity. Bargaining over job losses, unions were generally unable to resist. In many cases, unions preferred to trade job losses for improved working conditions, pay, and skill levels for work force (Crouch, C. (1990) 333-335).

V - CONCLUSION

British industrial relations system has been subject to change since 1960. This has been compulsory rather than voluntary in order to response developments of internal and external economic and social conditions. Particularly, internal economic problems such as unemployment, inflation, low productivity have drawn political parties' attentions to industrial relations system. Donovan Report was a result of this kind of approach. Indeed, although the report's suggestions have not been implemented by any government, its findings have been used to regulate and intervene the industrial relations and to reduce trade unions' power in collective bargaining and in British political life. Trade unions in this transition have been a scapegoat for all problems, particularly inflation.

Besides economic factors, changes in industrial structure from manufacture to service industries and changes in workforce structure have contributed to decline trade unionism. Government interventions by law have accelerated trade union declining and transition of industrial relations. Trade unions in 1960s and in 1970s had strongly resisted to any change in the industrial relations. But since 1979 when conservatives took office under Thatcher, trade unions have lost their resistance. Conservative government set a step by step strategy and used law and political power to implement its economic and social policies. In Britain, industrial relations and its constituents have looked like to adapt themselves to new environment. In sum, as Hollinshead points out "... the last decade or so has been a time of significant change in Great Britain industrial relations, and a number of "sacred cows" have been slaughtered. Nevertheless, the basic institutional and legal framework remains intact" (Hollinshead, G. (1993) 150).

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