

# Labor-Management Relations in The United Kingdom

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**W**HAT is probably most characteristic of the system of organized industrial relations which has evolved in the United Kingdom is its voluntary character. With the repeal in 1946 of the 1927 Trade Unions and Trades Disputes Act the control exercised by the State over the activities of the trade unions by way of permanent legislation is slight, and no more than the trade unions themselves desire. The employers in turn have been placed under no legislative compulsion to bargain collectively with the unions, but few of them today would welcome a decline in union organization. Collective agreements cannot be directly enforced in the Courts but they are universally respected. The Government has increasingly used its influence to encourage both sides of industry to settle their differences peacefully but it has rarely sought to influence the outcome of negotiations. It has lent support to the voluntary system by such devices as the Fair Wages Clause in Government contracts and by filling in its inevitable gaps with statutory wage regulation in relatively unorganised industries, but all these measures have been designed to encourage and not to hamper the growth of self-government.

One of the consequences of this mode of development is the complexity and variety which exists in the structure of trade unions and employers' associations and in their joint arrangements for negotiation, conciliation and arbitration. Indeed at

first sight the system of industrial relations in the United Kingdom appears to be as untidy as life itself. As the *Industrial Relations Handbook* issued by Britain's *Ministry of Labour* explains:

"The voluntary joint machinery for the regulation of terms and conditions of employment has evolved according to the varying needs and circumstances of the different trades and industries . . . Even industries which are highly organised and which are carried on mainly in large-scale undertakings do not conform to any one type of wage regulation system."

Industries in which trade unionism and organised joint relations had come to stay (at least among manual workers) before the first World War have established their own particular methods of collective bargaining. They include coal-mining, metal manufacture, engineering and shipbuilding, railways, building, printing and boot and shoe manufacture, which together account today for some 6½ million employees or 30 per cent of the total employee population.

## Negotiating Machinery

**T**HE Whiteley Committee, which was appointed in 1916 by the Government to consider the relations between employers and employed, recommended the formation of Joint Industrial Councils in all well-organised industries to provide a standard type of permanent organisation with a written constitution and defined functions for the dual purpose of negotiation and consultation on matters of

mutual interest. In the main, this recommendation was only acted upon by industries which had not previously established joint machinery, and many of the Joint Industrial Councils which were formed failed to survive the post-war slump and the period of industrial conflict which ended with the General Strike in 1926. The second World War, however, led to a revival and extension of these bodies so that by the end of 1946, 111 of them were in existence. Some of the important fields of employment which they cover are: public administration, including national government and local authorities; public utilities, gas, water and electricity and transport, other than railways. But they also function in a wide diversity of industries, ranging from bricks, hosiery and chemicals to flour milling, and cover in all more than  $4\frac{1}{2}$  million employees.

Statutory wage regulations in the United Kingdom again probably cover as many as  $4\frac{1}{2}$  million workers. Agriculture, catering and retail distribution, the garment trades, laundries, privately-owned road haulage and a host of small miscellaneous industries are the main field of employment involved, although some of the workers in these trades are also covered by collective agreements. Agriculture and catering have been made the subject of special legislation, but the provisions are similar in principle to the Wages Council Act of 1945, which renamed and extended the powers of the former Trade Boards, first introduced in 1909. Wages Councils are composed of representatives of the employers and workers in the industries and a few independent members, all appointed by the Minister of Labour. On their recommendations minimum rates of pay and other conditions of employment are fixed by statutory order and become legally binding on all employers in the trade. The emphasis here is also upon self-government. The Minister of Labour, for example, is not himself empowered to determine the rates; he can only refer back to a recommendation of a Wages Council for further consideration if he is unwilling to confirm it.

The Ministry of Labour estimated, according to its record, that some  $15\frac{1}{2}$  mil-

lion workers out of approximately  $17\frac{1}{2}$  million employed in Britain's industries and services were covered either by voluntary negotiating machinery or statutory wage regulation by the end of 1946. Since then, the proportion has certainly not declined. The Ministry's total did not include all employees; for the whole of the civil employee population in the United Kingdom, including all salaried staffs and such unorganised occupations as domestic service was about 22 million at the end of March 1951. But, in any case, practically all manual workers and many non-manual workers have their wages or salaries regulated by some form of organised bargaining.

Despite the diversity of procedure, two main trends in the development of the voluntary system over the past half-century can be noted. The first is the shift from local to industry-wide bargaining. Today, in the majority of British industries, national agreements regulate most of the terms and conditions of employment. In building and railways they do so almost completely; in coal mining they determine minimum rates of wages, and in engineering they fix general wage increases but not district rates—to choose but a few examples. The other and more recent trend is the increasing acceptance of arbitration in the event of the two sides failing to agree. In the nationalised industries an obligation is placed upon the public boards running the industries to make such a provision in their agreements with the unions. Coal-mining and railways have their own arbitration tribunals, as has also the Civil Service. Others provide for reference to the Industrial Court, a standing tribunal set up by an Act in 1919. In contrast to the United States, arbitration has gained acceptance as a method for settling major disputes rather than in settling disputes arising out of the interpretation of agreements.

### National Arbitration

**A**FTER the outbreak of the second World War, a general system of compulsory arbitration was superimposed on the voluntarily agreed provisions for the settlement of disputes which existed in



many but by no means all industries. The 1940 Conditions of Employment and National Arbitration Order—often referred to as Order 1305—prohibited strikes and lockouts, unless the Minister of Labour, having had the dispute reported to him, failed to take action within three weeks to secure a settlement. It also established as a final authority for the settlement of disputes a Nations Arbitration Tribunal, consisting, for the purpose of any particular case, of three appointed members (including the Chairman) and two representative members, one from each of the trade unions' and employers' panels. The Tribunal was not intended to displace or to weaken the established practices of collective bargaining or voluntary arbitration. Under the Order the Minister was obliged to see that any existing joint machinery suitable for settling the dispute was used before referring the case to the National Arbitration Tribunal. Any awards or decisions made as result of such references by the Minister of Labour, whether under any agreed procedure or by the National Arbitration Tribunal, became legally binding.

The trade unions in the first place accepted this system of compulsory arbitration as a wartime necessity. They were not, however, in spite of their various criticisms, generally dissatisfied with its working. Many unions, particularly the smaller ones or those with a membership in poorly organised industries were thankful for the opportunity it provided to compel reluctant employers either to negotiate or to come before the Tribunal and be bound by its award. So it came about that there was no strong trade union demand for the withdrawal of the Order at the end of the War. The Trades Union Congress, though refusing to commit itself in favour of compulsory arbitration as a permanent arrangement, readily consented to its temporary retention in the post-war years in view of the economic difficulties which continued to confront the nation.

### Stoppages of Work

ONE of the results of the continued strengthening and extension of the system of collective wage regulation, to-

gether with the growing acceptance of the methods of conciliation and arbitration on the part of the trade unions, has been the decline in the number of working days lost in industrial disputes. The contrast between the extent of industrial conflict after the two world wars is striking: in the years 1946 to 1950 about 9½ million working days were lost through disputes as compared with 178 million in the years 1919 to 1923. Not that Order 1305 has prevented strikes from taking place. In the ten year period 1941 to 1950 there have been more than 17,000 stoppages of work in the United Kingdom, but nearly half of them lasted less than a day and most of them have been strictly local in character and of short duration. The average dispute involved less than 300 workers and lasted about four days.

Nearly all these strikes were, strictly speaking, "illegal" and "unofficial" (i.e. they had not been sanctioned or recognised officially by union executives). The problem, why unofficial strikes occur, has therefore come in for a great deal of public comment in recent years, much of which is ill-informed. For statements about the causes of strikes, as statements about the causes of wars, are likely to be wrong if they attempt some universal explanation. The remarkable fact about the strikes which have taken place in the post-war years is their concentration in particular industries, transport, coalmining, and, to a lesser extent, engineering and ship-building. The dock strikes have been the most dislocating and disturbing conflicts and have led on two occasions to the Government making use of its emergency powers, to employ troops to load and unload perishable cargoes. Whereas a quarter of a century ago a strike or the threat of it, probably on a national scale, was an essential part of the bargaining policy of trade unions, today it is often a form of local protest by a group of workers which may not enjoy the official support of the union.

An important reason for the retention of compulsory arbitration in the United Kingdom during the post-war years has been the need to combat the dangers of an inflationary wage-price spiral in conditions

of full employment. As the present Chancellor of the Exchequer pointed out in his Budget Speech this year:

"During the past few years of labour scarcity and the sellers' market, the workers have been in a position of unexampled strength and bargaining power. Had they considered only their own immediate interest they could have pressed their advantage home. On the other hand, there was little compulsion on employers to resist claims for improvement in wages and conditions when they knew that they could recoup themselves out of prices. . . .

It is not surprising that there should have been proposals from many quarters for minimising the potential dangers. That, for example, wages should be controlled by some central, independent authority, or that wages should vary in accordance with movements in the cost of living or by reference to some index of production or productivity. Some of these have their attractions, and some their merits. We spent a good deal of time and thought upon them, but they involve far-reaching risks and difficulties—some economic, some psychological. They would imply greater changes than either side of industry is at present willing to contemplate."

### Restraint in Wage Claims

**T**HIS attitude of the Government meets with the approval of the trade unions. Most of them have been willing to practice restraint in pressing wage claims, and to consent to this restraint being supported by compulsory arbitration, but they have been strongly opposed to the introduction of any form of governmental or public control over wage movements. The policy of voluntary restraint had a remarkable success for a time; the Ministry of Labour's index of full-time weekly wage rates which had risen by 6 points in the year preceding June 1948, gained but another 4 points during the following two years. But more recently it has been breaking down as a result of the rising cost-of-living, brought about in part by increased import prices. In addition the revision of Order 1305 is being considered. It remains to be seen whether the present system will be adequate to deal with the economic consequences of rearmament.

Full employment has undoubtedly helped to change the attitude of the trade unions towards production problems. They have become aware as never before of the extent to which an improvement in their members' standards of living depends upon their helping to improve industrial organisation. They have cooperated in the work of the Anglo-American Council on Productivity, which has opened up new

opportunities for a useful exchange of experience between those engaged in all kinds of industrial employment in the two countries. Illustrative of the change in attitude was the report produced by the team of ten trade union officials who were sent to the United States by the Trades Union Congress at the end of 1949; this suggested that:

"Where managements are progressive and seeking to use 'scientific management' techniques in a reasonable manner to step up production unions should be prepared to cooperate. If management try to be aggressive the need for effective trade union action is accentuated—not to the point of resisting new developments but to see that abuses are eliminated and that the inaccuracies of 'Scientific management' are not exploited at the expense of work-people. Where managements are not sufficiently enterprising and progressive, and are unwilling to step up efficiency or extend markets through lower prices, then unions must press them to do so."

The Trades Union Congress published the report without committing itself to an acceptance of all its views and recommendations. It has, however, appointed a member of its staff as a Production Officer and has started, as an experiment, its own training courses for union officers and shop stewards in production and managerial problems.

### Joint Consultation

**A**NOTHER post-war development in industrial relations closely related to the productivity drive, but not based exclusively upon it, has been the attempt to extend labor management relations beyond the negotiation of wages and conditions into the field of joint consultation. The nature and purpose of such arrangements have been admirably explained in the Ministry of Labour's Industrial Relations Handbook (Supplement No. 3):

"The foundation of successful joint consultation is willingness on the part of management to treat their employees collectively as an intelligent and responsible force in the undertaking able to play their part in the more efficient performance of the work, and to make their contribution to the solution of the problem of common interest which arise. Where this attitude is sincerely adopted by the management, it calls forth a corresponding spirit of interest and co-operation from the workers. While in very small establishments no special arrangements may be needed for this purpose, the advantage of having some kind of formal machinery of joint consultation in all firms employing a substantial number of employees is today generally recognised by good employers.



While practical suggestions for improvements in methods of production; or in organisation, will be, in themselves, of the greatest value, the most important and permanent advantage to be gained from successful joint consultation is the improvement of relations between management and employees within the undertaking."

In the case of the nationalised industries, the legislation placing them under public ownership, imposed an obligation on the management to establish—by agreement with the appropriate trade unions—joint machinery for the promotion and encouragement of measures affecting the safety, health and welfare of persons employed in the industries and for the discussion of other matters of mutual interest, including operational efficiency. In the private sector of industry the National Joint Advisory Council to the Minister of Labour, on which the trade unions and employers associations are represented, agreed in January 1947 to recommend the setting up of joint consultative machinery, where it did not already exist. This was subject to the qualification that it should be voluntary and advisory in character and that it should not "deal with questions relating to terms and conditions of employment which are ordinarily dealt with through the ordinary machinery of joint negotiation."

Inquiries made by the Ministry of Labour in 54 main industries showed that, by the end of 1949, 26 had agreed to recommend the establishment of joint committees in factory or workshop—13 of these had drawn up a model constitution for such committees—and 17 had decided that initiative should be left to individual firms and workpeople. A further 8 industries were of the opinion that the existing joint machinery was adequate for dealing with matters requiring joint consultation, and the remaining 3 had not yet reached any conclusion.

Labour management relations in the United Kingdom, by giving the maximum opportunity for voluntary negotiation and settlement to the parties concerned, have achieved certain valuable results. They are flexible, because such decisions can be more easily changed than those incorporated in legislation. The settlements achieved are more durable because they rest on consent rather than compulsion. A responsible attitude is encouraged and developed because the onus for settlement is placed on the parties concerned. These, indeed, are all propositions which hold good as the result of self-government in any democratic community.

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## *Socialist Utopia*

"It will be best, as soon as Parliament has conferred on the Government the necessary emergency powers, for it to meet as seldom as possible, leaving the Socialists to carry on. There will be no time for debating while we are busy building the Socialist Commonwealth."

G. D. H. Cole, in "Socialist Control of Industry."