Industrial Relations in Great Britain

A Survey of Post-War Developments

by

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In the following survey of the relations between employers and employed in Great Britain since the Second World War the author notes the comparative freedom from industrial conflict not only during this period but also during the whole of the last twenty years, and compares this period with the "period of turbulent industrial relations that culminated in the General Strike of 1926". This change, Professor Kirkaldy emphasises, cannot be ascribed to any fundamental alteration in the system or methods of industrial relations, which have remained essentially the same. "The change must be sought in an altered attitude of mind among the parties to industrial relations."

The author describes the structure of trade unionism in Great Britain and the methods in use for the adjustment of wages—collective bargaining, industrial arbitration and statutory regulation. He also discusses the role of the State, the growth of representative organisations of employers and workers and the development of collaboration between them and of the practice of joint consultation. He finds the outstanding feature of all the arrangements for regulating industrial relations in Great Britain to be the reliance placed on voluntary methods rather than compulsion; the success of such arrangements, he points out, depends to a great extent on "the existence of strong and well-disciplined organisation on both sides of industry".

THE history of industrial relations in Great Britain during the post-war period can be easily summarised. In the first place the period is one of industrial peace or, perhaps more accurately, of absence of industrial conflict. Secondly it is a period that has seen little essential change in the traditional structure and voluntary basis of industrial relations. Thirdly it is a period

in which new ideas and a new sense of purpose have actuated the centre of the system but have not yet permeated to the periphery.

Industrial Peace

There is no completely satisfactory index of the state of industrial relations. Statistics of industrial disputes are far from perfect in themselves and may conceal more than they disclose. Strikes may have little connection with industrial causes, and their explanation may have to be sought in political circumstances. Absence of strikes does not necessarily indicate industrial peace. It is equally consistent with denial of elementary human rights, with preparation for industrial warfare, or with a sullen truce following exhausting hostilities. Nor is industrial peace the end and object of industrial relations, although it may be an essential prerequisite for their attainment.

Nevertheless, the figures of time lost through industrial disputes provide at least a starting point for the examination of the state of industrial relations In only two of the last 20 years has the number of working days so lost in the United Kingdom exceeded 3 million. In 15 of these years it has been less than 2 million. Over the whole period it has averaged 1,850,000 working days per year, or substantially less than one working hour per worker per year. The loss of productive effort that such figures represent, directly or indirectly, is insignificant. They show, moreover, a remarkable stability in industrial relations, undisturbed by the most diverse conditions, during peace and war, during high and low levels of employment, during free collective bargaining and varying degrees of compulsory arbitration, when strikes were legal and when they were illegal, when labour was uncontrolled and when it was subject to direction.

The year in which the greatest number (3.7 million) of working days was lost was 1944, when strikes were illegal, arbitration compulsory, labour subject to direction, and unemployment practically non-existent. The year in which the next greatest number (3.4 million) of working days was lost was 1937, when each of these conditions was reversed. So, too, the year in which the smallest number (0.94 million) of working days was lost was 1940 and the year in which the next smallest number (0.96 million) was lost was 1934.

Such a lengthy period of calm and stability after the period of turbulent industrial relations that culminated in the General Strike of 1926 would seem to suggest some fundamental change in the system and methods of industrial relations. Strangely, how-

ever, the reverse is true. The basic principles on which the system is founded have altered but little. The change must be sought in an altered attitude of mind among the parties to industrial relations.

Growth of Representative Organisations of Employers and Workers

The basic conceptions of the system of industrial relations in Britain were firmly established by the end of the First World War and have altered in none of their essentials since. They rest on a wide degree of mutual recognition by representative employers' organisations and trade unions, which have built up a voluntary system of collective bargaining on an industry-wide basis. This system has been supplemented by the statutory regulation of wages in cases where the degree of organisation is insufficient to permit of collective bargaining. State intervention, in this as in other respects, has been designed to supplement and not to supersede collective bargaining.

The growth of collective bargaining has been stimulated by, and in its turn has stimulated, the growth of employers' organisations and trade unions. Collective bargaining has had its setbacks, notably in the distributive trades, where it has largely been replaced by statutory wage regulation ; but here it was a recent growth, without firm foundations in well-established organisations of employers and workers. On the whole both collective bargaining and statutory regulation have continued to expand at the expense of the so-called unregulated occupations, which now cover merely a fringe of the working population engaged mainly in clerical, commercial and domestic employment.

The expansion of employers' organisations is difficult to assess, as there are no published figures of the number of workers employed by the members of employers' organisations to compare with the number of members of trade unions. All indications suggest, however, that their growth has been considerable. In heavy industry the coverage is known to be almost complete. In nationalised industries there is, of course, no place for employers' organisations ; there is in each case but a single employer to negotiate with trade unions. In many of the lighter industries the ability of the employers' organisation to bargain collectively with the trade unions concerned and secure the observance of the agreed conditions suggests a high degree of organisation. On the whole it appears that in any industry there is a close correspondence between the extent of organisation of employers and that of workers. It is interesting to note—although in relation to the coverage of

the industries concerned it may not be of great significance—that certain companies of United States parentage which operate factories in Britain have not adhered to the appropriate British employers' organisation. They have preferred instead the method of their parent companies in the United States of dealing directly in regard to labour relations with the trade unions operating in their works. The structure of employers' organisations, unlike that of trade unions, is invariably by industry or some well-defined division of industry. The tendency—which developed during the First World War and has continued ever since—has been for the central employers' organisation for each industry to increase in importance and for district and sectional organisations to diminish relatively in importance where they have continued to exist. Certain industries still find it advantageous to deal with labour and commercial questions affecting the industry through a single central employers' organisation for the industry; others maintain two such organisations to handle these two types of question.

British employers also continue to reproduce at the centre for industry as a whole the dual nature of organisation that characterises many of the individual industries. The two main organisations dealing respectively at this level with commercial and labour questions—the Federation of British Industries and the British Employers' Confederation—have recently, after prolonged negotiations for a fusion, decided to maintain their separate identities. The British Employers' Confederation has found that in handling labour questions it is desirable to confine its membership to the central employers' organisation in each industry. Unlike the Federation of British Industries, it does not admit to membership individual companies; this difference of structure, although not an insuperable barrier, was certainly a hindrance to plans for amalgamating the two bodies. The British Employers' Confederation now comprises over 60 employers' organisations covering industries in which are employed some 70 per cent. of the industrial workers engaged in privately owned industry. In comparison with the pre-war position it would certainly appear that, apart from the defections resulting from the post-war nationalisation of certain industries, the representative capacity of the British Employers' Confederation has continued to increase.

On the trade union side the growth of organisation is easier to assess, since fairly complete published statistics are available. Total trade union membership has continued to grow until it has reached a figure of over 9 million (even after excluding members in overseas branches and some who continue on trade union membership rolls while serving temporarily in the armed forces). This trade union membership figure compares with a total of a little

over 22 million workers in civil employment, many of whom are engaged outside the field of what is normally regarded as trade union organisation. This great increase in trade union membership—it has approximately doubled in the last quarter-century—is no doubt the result of a large number of causes. Many of these are intangible and in their nature impossible of any accurate assessment, as, for example, the enhancement of trade union status and the successes of its policy. It appears clear from the whole of trade union history, however, that one of the most important conditions for a high level of trade union membership is a high level of employment such as has existed in the war and post-war years. Another factor that has had its influence, though it is particularly difficult of assessment, is the vigorous closed-shop policy pursued by the trade unions in certain industries.

The British trade unions have been rather sensitive about the use of the term " closed shop " to describe their policy. They have felt that the term has unpleasant associations and have preferred to talk of their policy as one of securing 100 per cent. organisation of workers into bona fide trade unions. The policy—by whatever name it is called—has had a considerable measure of success, particularly in some of the nationalised industries, where the trade unions concerned have been able to conclude agreements in respect of certain grades of workers that only trade union members will be employed. In private industry too, although open agreements to that effect are less common, there are many informal understandings which are no less effective. Various preferences to trade union members in regard to promotion and non-dismissal in case of redundancy are also commonly found in practice. Agreements by which the employer undertakes to collect trade union subscriptions and pay them over to the trade union are extremely rare in Britain, though such an arrangement has been made in one of the nationalised industries and has no doubt played its part in maintaining trade union membership in good standing.

Trade Union Structure

The expansion in trade union membership has been accompanied by a continuous decline in the number of trade unions and a corresponding increase in their average size. There are still, however, over 700 separate unions, and the average membership is therefore only about 13,500 ; but such is not by any means the typical trade union in the sense of the type of trade union to which the majority of workers belong. Two-thirds of all the trade unionists are concentrated into 17 trade unions, each with a membership of over 100,000.

Despite the great increase in the total membership and average size of trade unions there have been few fundamental changes in trade union structure. They still present a curious mixture of craft, industrial and general unions, which can be explained only in terms of their history. It is true that certain of the craft unions have opened their doors to the semi-skilled and even unskilled workers in the industries in which the bulk of their skilled members are employed. Thus, on paper at least, they have become wide enough to constitute industrial unions for the industries concerned. The general unions, however, have shown no inclination to surrender their traditional right to organise such workers. Nor, except in the nationalised coal industry, have the craft unions abated their claims to represent workers exercising the craft in other industries where the process workers are organised into industrial or general unions. The only industry where anything approaching complete trade unionism on an industrial basis has been achieved is the coalmining industry. There the general unions have little foothold, and the National Union of Mineworkers has been able, in agreement with the craft unions, to bring into its membership the maintenance craftsmen.

Such a mixed basis of trade union structure leads to considerable difficulties in effective collective bargaining but these have to some extent been alleviated by the formation of federations of the trade unions operating within particular industries. Some such federations have little function beyond that of providing the means for the central negotiation of wages with the employers' organisation in the industry concerned. Occasionally they perform wider functions and have assisted in regulating the difficulties of inter-union relationship involved in the existing system of trade union structure.

The question of trade union structure is one to which the Trades Union Congress has devoted repeated attention in recent years. The strength and the limitations of the Trades Union Congress as the central body of trade unionism in Britain are perhaps best demonstrated in its handling of this question—and that of trade union wages policy, to which reference is made later in this article. The Trades Union Congress remains completely unchallenged as the central trade union authority. No rival body based on different political, racial or religious affiliation or a different theory of trade union structure has been established, nor has there been any serious suggestion in recent years that such a body should be established. For many years there have been no notable defections from the membership of the Trades Union Congress either by resignation or expulsion. And so, of the total trade union strength of a little over 9 million, 8 million workers, organised in 183 trade

unions, are affiliated to the Trades Union Congress. Moreover, the Trades Union Congress maintains working arrangements with certain of the largest non-affiliated trade unions that organise national and local government employees.

Such unity is the more surprising when one recalls the diversity of size and structure among the individual trade unions brought together by the Congress and the close relations between that body and one of the two great political parties in the country. The explanation of this apparent paradox is perhaps simpler than appears at first sight. On the political side, conflict between socialism and communism, which has been a cause of division in certain other countries, has up to the present been of minor importance in Britain. In certain trade unions, and particularly at the local branch and workshop level, Communist activities have been of concern to the trade union movement. This is witnessed by the various appeals and warnings issued by the Trades Union Congress, especially to the local trades councils. These bodies consist, in the main, of local branches of affiliated trade unions and act as local agents in various matters for the Trades Union Congress. So far as other political parties are concerned, the Trades Union Congress has exhibited neither resentment at trade unionists being members of them nor unwillingness to co-operate with them on industrial matters when they have formed the government of the day.

This willingness to co-operate is, of course, an essential corollary of the demand long since conceded by all British governments for consultation with the Trades Union Congress on matters affecting workers in their industrial life and, indeed, in a much wider sphere. It can manifest itself in ability to differ from, as well as agree with, any political party, including the Labour Party. Although it has never really been in doubt in recent years, it was expressly reaffirmed by the Trades Union Congress in October 1951. After the General Election, in which a Conservative Government was returned, a statement was issued which read in part— .

> It is our long-standing practice to seek to work amicably with whatever government is in power and through consultation jointly with Ministers and with the other side of industry to find practical solutions to the social and economic problems facing this country. There is no doubt, therefore, of the attitude of the T.U.C. towards the new government.
>
> In joint consultations and in all other activities it will be our constant aim and duty to ensure the steady progress and betterment of the general condition of Britain and of our people. We shall continue in that duty under a Conservative government.
>
> Since the Conservative administrations of pre-war days the range of consultation between Ministers and both sides of industry has considerably increased and the machinery of joint consultation has enormously improved.

We expect of this Government that they will maintain to the full this practice of consultation.[1]

The unity of the British trade union movement centrally, despite the structural diversity of its constituent trade unions, is explained by the fact that the Trades Union Congress has consistently refrained from any endeavour to impose uniformity of structure. The matter has been discussed on numerous occasions at the annual meetings of the Congress, particularly at the instance of certain unions which have taken the view that the number of unions should be reduced to a minimum and that the basis of organisation of trade union structure should be the industry. The Trades Union Congress, however, after extensive and prolonged examination of the question, has recognised that it is futile to attempt to impose a uniform structure. It has concluded that, while trade unions should strive for closer unity, and while schemes of amalgamation, federation and joint working should be developed wherever possible, basic alteration of trade union structure is impracticable. It is this very recognition of the limitation of its own authority as a voluntary body that has enabled the Trades Union Congress to enhance that authority.

Wages Policy

The central organisations of employers and workers dealing on behalf of industry as a whole with labour matters—the British Employers' Confederation and the Trades Union Congress—do not participate at any stage in the actual negotiation of wages and other conditions of employment. Both, however, have extended their activities in a consultative and advisory role without interfering with the autonomy of their constituent organisations. In the absence of public statements it is not possible to give any detailed information of the action taken in this regard on the employers' side, but the advice tendered by the Trades Union Congress to its members and the effect of that advice on their wage policy during and since the war are well known.

This advice has been closely connected with government intervention in the field of wage policy. It is important to bear in mind—and perhaps it is insufficiently realised—that at no time during the Second World War or later has there been any actual government control of wages. The inflationary dangers of uncontrolled wages in the peculiar circumstances of the period have of course been realised. The Government has preferred, however, to attempt to remove some of the inflationary causes, to issue

[1] *Report of the 84th Trades Union Congress, 1952*, p. 300.

such advice and guidance as seemed reasonable and politic, and, for the rest, to place the responsibility for wage policy fairly and squarely upon the parties themselves, i.e., employers and workers and their organisations.

The cost-of-living subsidies operated during the war, and to a less degree since, were an attempt to reduce the reasons for wage demands. The physical controls on the engagement and movement of labour were an attempt both to ensure that labour was available for vital war needs and to prevent the building up of wages by competing demands. The compulsory arbitration of the war years can in no way be regarded as a wage control. It operated only in the event of failure by the parties to agree on wage demands. The parties were never prohibited from making such agreements as they thought fit.

This policy of giving advice and guidance to the parties was closely associated at the outset with other government measures to counteract and control inflationary tendencies. In July 1941, a document entitled *Price Stabilisation and Industrial Policy*[1] was issued by the Government, in which the Chancellor of the Exchequer was quoted as stating, in relation to the policy of subsidising food prices, " I hope that we may thus create conditions which will enable the wages situation to be held about where it now is ". This policy of advice and guidance, of appeals and exhortation, of avoiding any direct control of wages, continued throughout the war and into the post-war period. It is still, indeed, government policy today ; but it may be regarded as having reached its culmination in the government White Paper of February 1948 on personal incomes, costs and prices.[2] That document, despite many qualifying phrases, can be summed up in its own words : " In present conditions, and until more goods and services are available for the home market, there is no justification for any *general* increase of individual money incomes ". The policy of moderation and restraint thereby enunciated, in its general principles if not in all its details, obtained for a time at least the qualified support of the trade union movement through the Trades Union Congress ; but that position could not be held indefinitely after the conclusion of the war. Here again we find an instance of the growing influence and authority of the Trades Union Congress and, at the same time, of the limitations that are a necessary part of the unwritten constitution of such a voluntary organisation if it is to survive as a united and representative body.

[1] Cmd. 6294 (London, H.M. Stationery Office, 1941).

[2] *Personal Incomes, Costs and Prices*, Cmd. 7321 (London, H.M. Stationery Office, 1948).

The mere fact that the Trades Union Congress was able to deal at all with such a question, which intimately affects the policy of its members, is almost a revolution in the extent of its authority over the last quarter-century. The undoubted restraining effect of its action on wage demands is a further demonstration of its increased influence. Nevertheless the policy caused strains and stresses within the trade union movement and afforded opportunities to disruptive and unofficial elements to defy trade union authority. These factors led in 1950 to the abandonment of declared support for wage stabilisation ; since then there have been changes also in government policy affecting stabilisation of prices and profits, which was at the basis of Trades Union Congress support for wage stabilisation. Meanwhile the government policy of exhortation to restraint and moderation in wage demands has continued and has not been entirely ignored. An acceleration of the rate of wage increase was to be noted after the 1950 decision of the Trades Union Congress. There are indications, as the following figures show, that this has again slackened off as the cost of living has become more stable.

Date	Interim index of retail prices	Index of wage rates	Index of earnings
1947 : June	100	100	100 [1]
October	101	102	105
1948 : April	108	105	110
October	108	107	113
1949 : April	109	108	115
October	112	109	118
1950 : April	114	110	120
October	115	111	124
1951 : April	121	118	132
October	129	122	136
1952 : April	135	128	142
October	138	131	147
1953 : April	141	135	152
August	140	136	—

[1] Apr. 1947.

Collective Bargaining

The actual negotiating machinery by which this process of wage adjustment has been achieved varies considerably in detail from industry to industry. So far as collective bargaining, however, is concerned, the typical pattern is that of national negotiations at irregular intervals between a single trade union or, more often, a group of unions operating in the industry concerned and a national organisation of the employers in the industry. These national

negotiations usually relate primarily to time rates of wages. The adjustment of the rates of workers on systems of payment by results follows in accordance with well-established procedure. The proportion of workers who are paid wholly or partly on systems of payment by results has shown only a moderate increase, although less is now heard than formerly of formal trade union opposition to such systems. Rather is it found that refusal to work systems of payment by results (and also overtime) is used from time to time as a weapon in the trade union armoury in preference to strikes. This new weapon was forged in wartime, when strikes were illegal, and was used to some extent without official trade union sanction. It has continued to have a certain measure of popularity since it can on occasion be as embarrassing to the employer as a strike and much less costly to the worker. This is especially so in the case of unofficial action which would not be sanctioned by trade unions and would therefore not entitle participants to strike pay.

The gap between women's rates of wages and those of men has continued to narrow in the process of collective bargaining. On the basis of June 1947 = 100, women's rates had risen to 140 in July 1953, while men's had risen to 134. In earnings, however, the position has remained more stable. Taking April 1947 = 100, women's earnings had risen to 143 in October 1952, while men's had risen to 145.

The results of collective bargaining have also narrowed the gap between the wage rates of skilled and unskilled labour. This is largely because of the practice commonly followed in wartime, and still continued in many cases, of applying flat-rate advances in wage rates to skilled and unskilled alike.[1]

Industrial Arbitration

One notable development in recent years is the increasing use of arbitration. The fear has frequently been expressed in the past that increased emphasis on arbitration for the settlement of wages and conditions of employment would undermine the system of collective bargaining. The fear is not without some justification. It was the British railway companies' experience of the effects on collective bargaining of the arbitration provisions in the Railways Act, 1921, that caused them to terminate these provisions in 1934. Elaborate arbitration provisions in the legislation of some relatively undeveloped countries can be seen at the present time to be hampering the growth of responsible collective bargaining.

[1] See the article by A. L. Bowley in *Journal of the Royal Statistical Society*, 1952, p. 502.

The recent development of arbitration in Britain, however, does not seem to have been at the expense of genuine collective bargaining. It has developed to a considerable extent, both on a voluntary and a compulsory basis, to deal with cases which the parties have genuinely endeavoured—and failed—to settle by collective bargaining. In such cases it can be said to have replaced not collective bargaining but strikes and lockouts or, at least, the sullen acceptance of terms which one party or the other felt unsatisfactory but did not for the moment propose to take to the test of hostilities. It has also developed to some extent on a compulsory basis—mostly in cases affecting small unorganised employers—where there has been failure to negotiate with trade unions. In such cases it can be said to have developed again not at the expense of collective bargaining but of unregulated conditions of employment. It has also, for the greater part, developed as the result of pressure of public opinion. Industrial relations in Britain have always been peculiarly sensitive to public opinion. Both sides of industry sense the unwillingness of the public to tolerate industrial stoppages and the pressure of public opinion to submit unresolved differences to impartial settlement. Neither side, under present conditions, shows any desire to carry industrial disputes to the length of forfeiting public goodwill.

It is, of course, notable that the development of arbitration in this way in Britain has taken place almost entirely during a period of rising wage levels. Whether over the long term it can continue to develop without adversely affecting voluntary collective bargaining and what its chances of success are likely to be if there should be a period of falling wage levels are questions which can hardly be answered at the present time.

It is common to refer to the system introduced in Britain during the Second World War and continued with modifications up to the present time as compulsory arbitration, but this is really a misnomer. It is compulsory only in the sense that arbitration can be demanded at the instance of one of the parties without the agreement and consent of the other and that the award is binding on the parties until varied by subsequent agreement or award. In other words, arbitration takes place only failing agreement between the parties and only then if sought by one or other of the parties. There is not, and never was, any barrier to the parties deciding the matters in dispute for themselves by voluntary agreement. Indeed the Orders instituting the system and regulating the procedure have throughout emphasised that recourse may be had to the arbitration tribunal only after any voluntary negotiating machinery has been applied and its provisions have been exhausted.

The system of compulsory arbitration was introduced during the war with the agreement, and indeed at the request, of the British Employers' Confederation and the Trades Union Congress. It was decided, with the agreement of these two bodies, that strikes and lockouts must not be allowed to impede the war effort and must therefore be prohibited under legal penalties. It was accordingly necessary to provide means for determining unresolved industrial disputes. The means so provided took the form of the National Arbitration Tribunal, which was set up in July 1940, and to which at the request of either party the Minister of Labour was required to refer such disputes. The Tribunal was composed of "appointed" (i.e., independent) members and employers' and workers' representatives; but the latter were also independent in the sense that it was not the practice to select for the hearing of a dispute employers' or workers' representatives from the industry involved in the dispute. This system of compulsory arbitration continued throughout the war and until August 1951; during that period the National Arbitration Tribunal heard and determined over 2,000 cases.

Although during the period of the war 109 prosecutions involving over 6,000 individuals were instituted for illegal strikes, it would be a mistake to suppose that the infrequency of strikes during that period was wholly, or even largely, the result of their legal prohibition. The prohibition proved difficult of enforcement by means of penalties even during the war and impossible of enforcement after it. Moreover, the withdrawal of the prohibition in 1951 has not been followed by any noticeable increase in the frequency or severity of strikes. The few attempts after the end of the war to enforce the prohibition demonstrated that such provisions, far from preventing strikes, were likely to foment them and to undermine the position of trade unions that endeavoured to observe the law. In any event the prohibition had been based on consent and could no longer justifiably be maintained when, as happened in 1951, the Trades Union Congress requested that the matter should be reviewed.

The result was the replacement in August 1951 of the National Arbitration Tribunal by the Industrial Disputes Tribunal, a body similarly constituted and with much the same powers, but with this notable difference in the law—that strikes and lockouts are no longer illegal. The concept of compulsory arbitration is retained in that either party to a dispute (i.e., an employer, an employers' organisation, or a trade union) can demand arbitration on a dispute that cannot be settled by agreement, and that the award of the Tribunal becomes an implied term of the contract of employment until varied by subsequent agreement, award or negotiations.

The Industrial Disputes Tribunal had, in the first two years from its establishment to August 1953, heard and determined over 400 cases—about the same number of cases per year as were dealt with by the National Arbitration Tribunal. The importance of the individual cases dealt with by both tribunals has varied enormously. Some cases have related to the whole of an important industry; others have affected a few workmen in the employment of a single employer.

An incidental but not unimportant provision of the arbitration Orders is that which enabled first the National Arbitration Tribunal and now the Industrial Disputes Tribunal to extend the scope of collective agreements so as to require an employer in the trade or industry concerned to observe its terms even though he had not been a party to the collective agreement. This provision may have done something to strengthen collective bargaining and to prevent its decisions being undermined in industries that are notoriously difficult to organise either on the workers' or the employers' side or both. There are, however, cases where it has proved insufficient for this purpose and where, as for example in some sections of the distributive trades, the machinery of collective bargaining has broken down and has had to be replaced by statutory wages councils.

Alongside this development of compulsory arbitration the war and post-war period has also seen a significant growth of voluntary arbitration. Voluntary arbitration is almost entirely an offshoot of collective bargaining. There were in pre-war days a number of industries where it was the practice—either in virtue of agreements to that effect or by long-established custom—to submit to arbitration any matters on which the parties were unable to reach agreement by their own system of collective bargaining. Such arrangements were perhaps most frequent in industries where in fact they were infrequently used because the parties were able in most cases to settle their affairs without outside intervention, for example, in most sections of the iron and steel industry. The forum to which disputes were referred under such arrangements was frequently the Industrial Court, a permanent court of arbitration established under the Industrial Courts Act, 1919. Often, however, the parties to disputes made use of other facilities for industrial arbitration provided by the State under the Industrial Courts Act or under the earlier Conciliation Act of 1896.

Arrangements of this nature for voluntary arbitration continue to operate in many privately owned industries. They have been adopted also in some of the nationalised industries, e.g., electricity supply, and in government industrial establishments. Another type of voluntary arbitration is that which does not make use of

the facilities provided by the State; instead, the parties have themselves set up arbitration tribunals. Typical of such arrangements are the National Reference Tribunal for the Coal Mining Industry, set up in 1943 before nationalisation and continued since then by agreement between the National Coal Board and the National Union of Mineworkers; the Civil Service Arbitration Tribunal; and the arbitration powers of the Chairman of the National Conciliation Board for retail co-operative societies.

One distinction between such voluntary arrangements and the compulsory arbitration procedure before the Industrial Disputes Tribunal is that the awards in voluntary arbitration have no legally binding force. The issue, however, is one of little practical importance because voluntary arbitration takes place only if both parties have agreed to submit their dispute to arbitration; by agreeing to do so they can be assumed to intend to accept the award; in practice they invariably do so. Indeed the distinction between compulsory and voluntary arbitration has become of less importance since the legal prohibition of strikes and lockouts (which operated from 1940 to 1951) has been abolished. It is true that the awards of the Industrial Disputes Tribunal become part of the contract of employment of the workers concerned and are therefore legally enforceable. A strike or lockout, however, to compel the other side to accept different terms is no longer prohibited; but such strikes and lockouts do not in practice take place in cases that have been referred to the Industrial Disputes Tribunal. It may well be thought, therefore, that even so-called compulsory arbitration—apart from odd cases where it has been used by trade unions to bring to heel recalcitrant employers who have refused to negotiate with them—is in effect voluntary arbitration. The arbitration may be sought by one party only but the award is accepted and applied by both. The future of industrial arbitration—compulsory as well as voluntary—seems to depend on the continued willingness of the parties to accept arbitration as a method of settling otherwise unresolved disputes; the real test of that willingness—which there has been no occasion to apply in recent years—will come if there should again be a period of falling wage rates.

Statutory Regulation of Wages

It has been shown that the growth of state intervention in the form of compulsory arbitration cannot be regarded as equivalent to government intervention as a means of implementing a government wages policy. Rather is it—like voluntary arbitration—a means provided by the State for supplementing collective bargaining, for supplying its deficiencies and remedying its failures. The same

can be said of the statutory regulation of wages by means of wages boards and councils, which now regulate the wages of more than 3 million workers. These bodies are no more subject to government direction and control, or even guidance, than are the parties to collective bargaining or the members of arbitration tribunals. It is true that their decisions, except in the case of the agricultural wages boards, can be referred back to them by the Minister for reconsideration, but he cannot himself amend them. They operate only in spheres where there is an insufficiency of organisation among employers and workers to enable them to settle wages and conditions of employment by collective bargaining.

The trade boards, which were formerly the main instrument of statutory regulation of wages, have been replaced by wages councils under the Wages Councils Act, 1945, but their constitution, procedure and functions have not been materially altered. They still consist of representatives of the employers and workers in relation to whom the council operates and of independent members, who endeavour to reconcile the views of the different interests on the council or, failing such reconciliation, decide between them. The proposals of a wages council, when confirmed by the Minister of Labour, are compulsorily enforced and must be observed as a minimum by all employers covered. However, workers are not prohibited, individually or collectively, from seeking to secure higher wages than those determined by the wages council.

In addition to the old trade boards, set up at various dates from 1909 onwards and now converted into wages councils, a number of new wages councils have been established since the war, all in the distributive and allied trades and mostly as the result of the breakdown of collective bargaining arrangements in these trades. A further considerable extension of statutory regulation of wages has also taken place as a result of the enactment of the Catering Wages Act in 1943. Wages boards have been set up under that Act, similar in constitution and functions to wages councils under the Wages Councils Act, to deal with the various sections of the catering industry, such as hotels, restaurants, cafés and works canteens.

The field in which statutory wage regulation operates also includes agriculture, where two wages boards, one for England and Wales and one for Scotland, exercise similar functions. The powers of these two national agricultural wages boards were strengthened during the war by transferring to them most of the wage fixing functions that had previously been exercised by county and district agricultural wages committees. That position has been confirmed and made permanent by post-war legislation. An interesting distinction between statutory wage fixing in agriculture and in other sectors of the economy is that the wages fixed by the

agricultural wages boards do not require ministerial approval before becoming operative and enforceable.

This system of statutory wage fixing embodied in the Wages Councils Acts, the Catering Wages Act and the Agricultural Wages Acts has operated on the whole without undue controversy and with fairly general acceptance. With few exceptions it is supported by the employers and workers in the spheres in which it operates. During the parliamentary debates on the various legislative measures dealing with the subject the hope was generally expressed that the system would lead to a growth of organisation among employers and workers and so enable the system to be superseded by collective bargaining. This hope cannot be said to have been realised in practice. In the whole history of statutory wage regulation there have in fact been only two instances where this has been achieved—in the furniture manufacturing industry and the tobacco industry, where collective bargaining machinery has developed to such an extent as to permit in the post-war period the disbanding of the wages councils that previously existed.

Certain sections of the catering industry provide an exception to the general rule that the system of statutory regulation of wages works smoothly. There has in fact been considerable controversy in these sections regarding the suitability of the system and its effect on the economy of the industry and on the services it can render to the public. The legislative history of the statutory regulation of wages in Britain throws an interesting light on this controversy. The modern system of statutory regulation of wages began with the Trade Boards Act of 1909. Since then Parliament has passed numerous Acts on the subject. On only two occasions has opposition to these legislative measures been carried to the length of a vote on the second reading in the House of Commons—the stage in parliamentary procedure where approval of principle is customarily expressed. One of these occasions concerned the Agricultural Wages Bill of 1924, and the opposition on that occasion was not to the principle of statutory regulation but on the question of whether or not statutory regulation should be decentralised. The other occasion concerned the Catering Wages Bill of 1943. The Bill was introduced by the wartime Coalition Government, which in effect represented all parties, and yet a motion for the rejection of the Bill mustered as many as 116 votes against 283.

The reflection suggested by an examination of these events is that the statutory regulation of wages, although, like compulsory arbitration, mandatory in form, depends for successful operation on consent in the broadest sense. If the system is acceptable to the parties and to the community, it will work with reasonable chances of success whether it is mandatory or voluntary in form. If it is

not so accepted, it will operate under severe handicaps; it will lack the spirit to make it work. Co-operative effort is necessary for success in industrial relations; co-operation must be given; it cannot be imposed even by a legislative majority in a democratically elected Parliament.

State Intervention

The system of regulating wages and conditions of employment in Britain outlined above is based on the maximum of liberty to the parties and the minimum of state intervention. Indeed liberty is carried so far that no statutory obligation is imposed to recognise or negotiate with trade unions. This is a liberty that is seldom exercised, but its existence presents a striking contrast with many other countries. The system affords the parties, if sufficiently organised to undertake the task, complete liberty to settle for themselves by collective bargaining the wages and conditions of employment in their industry. The State offers the parties facilities to enforce their agreements against unorganised or recalcitrant minorities within the industry. The State further offers the parties facilities for impartial settlement by arbitration of questions that they cannot themselves resolve. Only when the parties are not sufficiently organised to undertake the task of wage fixing does the State intervene by way of statutory regulation of wages, and such intervention is frequently at the request of the parties themselves.

In these instances of state intervention two things must be emphasised. First, there are no barriers to well-organised employers and workers settling their own affairs; the State intervenes as it were reluctantly and because of the failure or insufficiency of voluntary arrangements. Secondly, state intervention must be clearly distinguished from government intervention. Wages boards and councils and arbitration authorities are no more subject to government control and direction than are the parties themselves. The legislation and Orders under which these bodies are set up gives no indication even as to the principles or considerations upon which their determinations are to be based. They receive no more guidance as to government views on wage policy than do the parties to collective bargaining and are in no way more bound by these views.

In these circumstances the oft repeated and rarely satisfactorily answered question arises—on what considerations do arbitrators and statutory wage fixing authorities reach their decisions? The difficulties of supplying an answer in Britain may seem to be increased by the consistent practice of these bodies,

at least in recent years, not to state reasons for their decisions. It is perhaps just as futile to attempt any general answer to such a question as it is to attempt to assess the fundamental considerations that determine the results of collective bargaining. The most, indeed, that can be said is that the decisions are based on a consideration and balancing of all the relevant factors and arguments. Which factors are relevant and what weight should be given to each of them are matters that will vary from time to time and no doubt also with the adjudicator. It is only possible to suggest that in recent years perhaps more weight has been given to arguments based on advances in the cost of living and comparisons with wages paid to other grades of labour and in other industries than to arguments based on ability to pay. Such a tendency is perhaps natural at a time of high levels of employment but unless exercised with reason and moderation can accentuate the inflationary tendencies in such a period.

Collaboration between the Central Organisations of Employers and Workers

Joint machinery for dealing with labour questions is not now confined to matters of domestic concern to the individual industries. Wider questions of general labour policy, legislation and administration were not, however, before the outbreak of the Second World War, the subject of regular joint consideration between the British Employers' Confederation and the Trades Union Congress. Official arrangements for collaboration between these bodies had been slow to develop. Their constituent organisations had been extremely reluctant to entrust them with any powers that might diminish their own freedom of action. The " Mond-Turner " Conferences of 1928, between a group of employers acting in their individual capacity and representatives of the Trades Union Congress, proposed at that time the establishment of a National Industrial Council with wide terms of reference, to be composed of representatives of the Trades Union Congress, the Federation of British Industries and the British Employers' Confederation. The Trades Union Congress was prepared to accept these proposals ; the employers' organisations were not. The substituted arrangement agreed on for *ad hoc* discussions between the Trades Union Congress and the two national organisations of employers on matters of common interest had little result and had fallen into desuetude before the outbreak of war.

Although it may seem that an opportunity was thus missed of an advance in industrial co-operation at a critical level, it is doubtful whether the time was yet ripe and whether the leaders

on the two sides of industry, who at that time were genuinely working for a new spirit in industry, would have been able to keep the support of their followers in the detailed collaboration that they contemplated for the work of the proposed National Industrial Council. The 1928 overtures were probably premature ; but they proved a turning point in industrial relations and were followed by more intimate and personal contacts between leaders on both sides of industry at the national level. There was thus built up mutual respect and understanding on which wartime arrangements for collaboration could be established on a surer foundation.

The imminence of war produced a new urgency for arrangements for co-operation at the centre between employers and workers. Moreover it enabled those on both sides of industry who were convinced that such arrangements were long overdue to carry their point. The British Employers' Confederation in July 1939 proposed that, in the event of war, a national committee of employers' and workers' representatives should be established under government chairmanship to ensure the most effective use of labour. After joint consultations with the British Employers' Confederation and the Trades Union Congress the Minister of Labour set up in October 1939 the National Joint Advisory Council, consisting of representatives of these two bodies, with himself as chairman, to advise the Government on all matters in which employers and workers had a common interest. That body and its executive committee, known as the Joint Consultative Committee, were reconstituted in 1946 and now include also representatives of the nationalised industries. Although the purpose of these bodies is to advise the Minister of Labour and to provide opportunity for consultation between the Government and industry, they do more. They ensure a close, regular and official contact at the centre between the two sides of industry that was previously lacking.

Consultation and collaboration at this level have not, however, been confined to labour questions. Once again major developments arose out of war conditions and, in this case too, involved not only the central organisations of employers and workers but also the Government. The National Production Advisory Council on Industry, and the regional boards for industry, which work in conjunction with it, are derived from wartime bodies set up to advise the Government on production problems and measures for ensuring the maximum use of industrial resources. They consist of representatives of the government department concerned with production problems, of the central employers' organisations, including the Federation of British Industries and the British Employers' Confederation, of the Trades Union Congress, and of

the nationalised industries. Thus at the centre the pattern in regard to arrangements for consultation and collaboration on production matters presents a certain parallel with that relating to strictly labour questions.

Further evidence of co-operative effort at the centre for higher productivity has been seen in the activities of the Anglo-American Council on Productivity. This body was responsible for the visits of 47 industry teams and 19 specialist teams and expert groups from Britain to the United States to study American methods. The British side of the Council was composed of representatives of the Trades Union Congress, the British Employers' Confederation and the Federation of British Industries. These bodies made substantial contributions from their own funds to the cost of the activities and programme of the Council. Much of its revenue, however, was derived from government grants charged against the counterpart fund, i.e., the sterling receipts in payment for goods supplied under Marshall Aid. The period of Marshall Aid as envisaged for the Anglo-American Council's activities ended in June 1952, and the Council has now been wound up.

A new British Productivity Council has, however, been established, which can be regarded as the successor of the British side of the Anglo-American Council. It too has been extended to include representatives of the nationalised industries. Its stated object is " to stimulate the improvement of productivity in every sector of the national economy ". It has formulated a programme largely consisting of local and regional activities for that purpose. The success of its efforts will have to be judged in the future. In the meantime it provides a further interesting example of the will of the central organisations representing both sides of industry as a whole to co-operate nationally for greater efficiency and higher productivity, without regard to doctrinaire considerations of the form of ownership and control of industry.

Joint Consultation

At the industry and factory level, however, the procedure for dealing jointly with production questions falls at the moment far short of the complete machinery that has been developed at these higher levels for the joint handling of labour questions. Apart from the nationalised industries there are few instances of effective arrangements formally established at this industry level for joint consultation on questions of production, efficiency and development. The absence of such formal arrangements does not, of course, mean that no consultation takes place at this level. It is well known that there are many and close contacts on a personal basis between

prominent trade union leaders and leaders of industry, in which the plans, policy and prospects of industry are discussed. Indeed, it is possible that even on the trade union side such informal and unofficial methods are preferred in certain cases to more formal arrangements. This is particularly so where a trade union may wish to be consulted and informed but prefers not to be committed on managerial decisions. The method also avoids inter-union difficulties as, for example, where an industrial union operating in an industry desires to be consulted but does not wish to share the right of consultation with other unions that have a foothold in the industry.

Formal consultation at this level was contemplated by the Industrial Organisation and Development Act, 1947, which provided for the establishment on a statutory and compulsory basis of development councils for individual industries. Proposals for setting up such councils were in many cases strenuously opposed on the employers' side. Some of those that were established have been abandoned ; in a few other cases voluntary bodies have been set up instead, which include employers' and workers' representatives but not the independent members who were an essential feature of the constitution of the development councils contemplated by the Act. However desirable co-operation in industry may be, it has been concluded that co-operation cannot be secured by compulsion. The Industrial Organisation and Development Act is now to all intents and purposes a dead letter ; here again compulsion in industrial relations has been rejected.

At the factory and workshop level general interest in joint consultation on production matters, which grew to such heights during the war, has since languished. The reasons for the comparative failure of joint consultation are complex and the more difficult to understand in view of the increasing interest of employers' organisations and trade unions themselves in production and efficiency questions. At the factory level it is the practice to blame apathy where active opposition cannot be detected ; but apathy is a symptom rather than a cause. Employer opposition at the factory level can in some cases be traced to lack of conviction of any real benefit to be gained. Trade union enthusiasm has in some cases waned because the arrangements, based as they must be on industry lines, have cut across trade union organisation based on a more complex structure. There have been cases, too, where trade unions have been concerned at the tendency of the workers' representatives elected at factory level to pursue lines to the left—or even occasionally to the right—of official trade union policy. Possibly, however, the greatest barrier to the real success of joint consultation on production and efficiency

questions has been the failure of the new conceptions that actuate industrial relations at the centre to permeate to the workshop level. Misapprehensions still persist in the workshop as to the fundamental purpose of arrangements for joint consultation. Too often it has been regarded by workers as a means of fobbing off claims for a new system of ownership and control of industry; too often it has been regarded by employers as a first step towards the realisation of such claims; too rarely has it been accepted by both sides as a means of securing the maximum efficiency and productivity of industry under private or public ownership and control. The concept of "workers' control" that lies behind these misunderstandings is no longer the official policy of the trade union movement, if it ever was. It has recently been condemned by the Trades Union Congress General Council as a policy coming from a minority of trade unionists with "out-of-date ideas about industrial relations". Nevertheless, it is remarkable how persistent it has been with that minority and what a hindrance it has proved to a proper approach to questions of joint consultation at the factory level. But at this level, no less than at the industry level, it would be a mistake to conclude that workers or their representatives are not consulted. There are some outstandingly successful committees of various kinds and with various terms of reference engaged in joint consultation at the factory level. There are, too, as at the industry level, many instances of close contact on a personal and unofficial basis between management and trade union officials in which the plans and policy of industry are fully discussed. There are cases here, too, where such methods are preferred by both sides to more formal arrangements. The guarantee that the British worker will be consulted about the plans of management depends not on any legal right but on the strength of his trade union organisation and on the close personal contacts that have been established, in practice rather than on paper, between management and trade union officials. The British worker sees little reason to worry himself about the plans of management when he pays a trade union official to safeguard his rights and interests. Such an attitude may remove some of the spontaneity and enthusiasm of joint consultation as a means of ensuring abundant production. It accounts, however, for the absence of any serious demand in Britain for compulsory works councils or other imposed forms of joint consultation.

The increasing interest, within their own organisations, of employers and workers in production and efficiency questions is evidenced in various ways. Much larger funds are now being devoted to industrial research associations; increased interest is

shown in inquiries into the human problems of industry; trade unions and the Trades Union Congress itself are developing productivity departments. Trade union activities in this field can be regarded as having both an educative and a protective purpose. They are directed to educating their officials and members to the need for higher productivity and the benefits that will result from it and are also intended to ensure that their officials will have sufficient understanding of the principles of efficiency methods to be able to protect their members from exploitation under them. Assurances on the latter point are, of course, essential to the success of any campaign for improved efficiency. It is interesting to find that realisation of this has caused at least one large company to invite trade union representatives to attend the training courses in efficiency methods that it has instituted for its own executives.

Voluntary Methods

The outstanding feature of all the arrangements for regulating industrial relations in Britain is the extent to which reliance has been placed on voluntary methods and the slender degree to which compulsion has entered into the system. The success of such a system depends to a great extent on the existence of strong and well-disciplined organisation on both sides of industry. It depends even more on an abundance of good will, a common philosophy as to the purpose of industry and a genuine desire to make the system work. The individual employer—particularly in matters impinging on managerial functions—is inclined to a more hesitant point of view about sharing his functions than those on whom the responsibility for management rests less directly. The trade union leader has been a leader in this at least—that he has been quicker to adjust himself to a new conception of trade unionism than has the rank and file. The fault has perhaps been one of a mistaken conception in the past of trade union education; it has dwelt too much on past grievances and too little on future hopes. Memories of past struggles of the trade union movement for the right to exist and be recognised have more emotional and organisational appeal than exhortations for co-operative effort towards an efficient and expanding industry.

The events of 1926 and their aftermath did, however, as already suggested, provide a turning point in industrial relations in Britain —not in the system and methods but in the attitude in which they were operated. Disillusionment among the workers over the policy which had led them into the General Strike and its failure to achieve any tangible results afforded the opportunity to some of the more far-sighted trade union leaders to denounce revolutionary,

obstructive and non-co-operative trade union aims and to proclaim a policy of active participation in—

> . . . a concerted effort to raise industry to its highest efficiency by developing the most scientific methods of production, eliminating waste and harmful restrictions, removing causes of friction and avoidable conflict, and promoting the largest possible output so as to provide a rising standard of life and continuously improving conditions of employment.[1]

The ideals thus proclaimed did not revolutionise industrial relations overnight. There were many barriers of hostility, timidity and suspicion to be overcome and many of them indeed still remain. The absence of strikes in the years immediately after 1926 may have resulted as much from disillusion and exhaustion as from any new spirit in industrial relations. But freedom from industrial hostilities provided a period in which the seed thus sown could germinate. Strikes are like wars : each contains in itself the causes of the next. Both are habit-forming and contagious, and the only way to be rid of either is to have a long period of peace in which the habit can be forgotten and the disease eradicated. The industrial and economic climate was for a time after the debacle of the 1926 General Strike unfavourable to strikes. The events of that year and the period that led up to them produced a revulsion of feeling which was strong enough to reverse a tendency and afford a breathing space. The opportunity thereby granted was grasped by a number of men of good will, not for spectacular developments but for the building up of personal relations between the leaders of the two sides of industry.

The spirit of tolerance and forbearance thus generated in high places was not always understood or appreciated at lower levels of either side of industry but it was sufficient to carry the industrial truce over to the outbreak of international war, when patriotic motives prevented strikes and indeed accepted their legal prohibition. A period of over a quarter of a century of almost complete absence of strikes has afforded Britain a unique opportunity of demonstrating to itself and to the world that the method of the strike is outdated and outmoded. It will be able to do so, however, only if it can build up for itself as effective means for the promotion of efficiency and productivity as it has for the settlement of wages and conditions of labour and if the new spirit at the centre of industry can manifest itself effectively in the workshop. Industrial disputes are unlikely to be permanently eradicated unless industry can afford continuing material advancement to those engaged in it. Only an expanding, efficient and productive industry can offer such a prospect.

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[1] W. M. (now Lord) CITRINE, General Secretary of the Trades Union Congress : article in *Manchester Guardian*, Supplement, 30 Nov. 1927.