



F248  
R649

7962939  
5

# Labour Market Issues of the 1970s

Edited by  
D. J. ROBERTSON  
and  
L. C. HUNTER



E7952939

*Published for*  
*The Scottish Economic Society*  
by  
OLIVER & BOYD  
Edinburgh

OLIVER AND BOYD

Tweeddale Court, 14 High St.  
Edinburgh

A Division of Longman Group Ltd.

These papers were first printed in *Scottish Journal of Political Economy*, Vol. XVII No. 2, June 1970, and were available to subscribers to that journal in that form. They are here reprinted for a wider audience under the title—*Labour Market Issues of the 1970s*.

© 1970 Scottish Economic Society

All rights reserved

No part of this publication may be reproduced, stored in a retrieval system, or transmitted, in any form or by any means, electronic, mechanical, photo copying recording or otherwise, without the prior permission of the Copyright Owners.

ISBN 0 05 002318 7

Printed by  
THE CENTRAL PRESS (ABERDEEN) LTD.

LABOUR MARKET ISSUES  
OF THE 1970s

## THE CONTRIBUTORS

- K. J. W. Alexander : Professor of Economics in the University of Strathclyde.
- H. A. Clegg : Professor of Industrial Relations, and Director of the Centre for Industrial and Business Studies in the University of Warwick.
- J. R. Crossley : Professor of Industrial Relations in the University of Leeds.
- D. J. Flunder : Director, The Dunlop Rubber Co. Ltd.
- J. W. Garbarino : Professor of Business Administration and Director of the Institute of Business and Economic Research in the University of California, Berkeley.
- J. Gennard : Research Officer, Department of Industrial Relations, The London School of Economics and Political Science.
- C. Grunfeld : Professor of Law in the London School of Economics and Political Science.
- R. Hamilton : Research Fellow, Manchester Business School.
- L. C. Hunter : Professor of Applied Economics in the University of Glasgow.
- T. L. Johnston : Professor of Economics, Heriot Watt University.
- T. Lupton : Professor of Organisational Behaviour in the Manchester Business School.
- G. L. Reid : Senior Lecturer in Applied Economics in the Department of Social and Economic Research, University of Glasgow.
- B. C. Roberts : Professor of Industrial Relations in the London School of Economics and Political Science.

D. J. Robertson : Professor of Industrial Relations in the University of Glasgow.

A. W. J. Thomson : Lecturer in Applied Economics in the Department of Social and Economic Research, University of Glasgow.



## CONTENTS

↓

## THE EMERGING ISSUES

D. J. Robertson and L. C. Hunter ... 1

THEORY AND METHODS OF NATIONAL  
MANPOWER POLICY

J. R. Crossley ... 11

TRENDS IN PLANT AND COMPANY  
BARGAINING

B. C. Roberts and John Gennard ... 31

PUBLIC SECTOR AND WHITE COLLAR  
BARGAINING

T. L. Johnston ... 51

## DISPUTES PROCEDURES

A. W. J. Thomson ... 69

## THE FUTURE ROLE OF THE LAW

Cyril Grunfeld ... 89

## WAGES AND LABOUR COSTS

Graham L. Reid ... 115

## EQUALITY AND INEQUALITY

K. J. W. Alexander ... 133

viii	LABOUR MARKET ISSUES OF THE 1970S	
	THE STATUS OF THE INDUSTRIAL WORKER	
	Tom Lupton and Robert Hamilton	151
	THE MANAGEMENT OF HUMAN RESOURCES	
	D. J. Flunder	179
	THE ROLE OF GOVERNMENT AGENCIES	
	H. A. Clegg	189
	BRITISH AND AMERICAN LABOR MARKET TRENDS: A CASE OF CONVERGENCE?	
	Joseph W. Garbarino	203
	INDEX	221





## THE EMERGING ISSUES

D. J. ROBERTSON and L. C. HUNTER

### I

In the planning of a symposium volume such as this it is perhaps salutary to turn back and with the aid of hindsight consider how successful a similar venture, undertaken a decade ago with the 1960's in prospect, might have been as an exercise in prediction. Certainly, if one looks closely enough, the main elements that were to give shape to the development of the labour market and the industrial relations system during the 1960's were already present in 1960. This was the year when Selwyn Lloyd became Chancellor of the Exchequer and it was his name that was to become associated, shortly thereafter, with the imposition of a temporary 'pay pause' which was to launch the economy on a sustained policy of attempts to control the rate of increase of incomes—a policy which has persisted through to 1970. There can be no doubt that, whatever the success of the various versions of incomes policy introduced during this period in actually reducing the rate of increase of wages and salaries, the presence and the evolution of the incomes (and subsequent prices) policy have had far-reaching effects on the whole labour market and industrial relations environment.

In 1960, too, the first major comprehensive productivity agreement was concluded at the Esso refinery in Fawley, and while it took some time for the full implications of this to become known and evaluated, it would perhaps be no exaggeration to say that the major collective bargaining innovation of the 1960's has been the diffusion of some form of productivity bargaining throughout most sectors of industry. Probably the most critical note struck by this new approach has been the growing recognition of the desirability of restoring a closer relationship between increases in pay and increases in productivity. This established both new possibilities of mutual gain for management and labour through the collective bargaining process and provided a criterion for wage increases which, at least from the economy's point of view, was preferable to the prevalent grounds of comparability and cost of living adjustments. There were, however, other effects, for it

gave added point to the arguments of those who favoured a system of established wage negotiation based primarily on the plant or company concerned, rather than on the industry at large which was the dominant practice, at least in formal terms. Productivity bargaining also promised some prospect of being able to come to grips with those obstacles to the efficient utilisation of manpower which were held by many observers to be a primary root cause of Britain's lack of competitiveness in the world economy: features of the system such as restrictive practices adopted by unions and (more especially) work groups, and resort to overtime working on an habitual and systematic basis.

Thirdly, the year 1960 saw the emergence of the Trades Union Congress Report on disputes and workshop representation which brought clearly to the fore the growing dissatisfaction of the trade union movement with certain features of the industrial relations system and (perhaps more importantly still) with the internal organisation of the unions themselves. This of course was one of the issues that was to be picked up in subsequent discussions of industrial relations reform, which gathered momentum with the appointment in 1965 of a Royal Commission on Trade Unions and Employers' Associations. The Report of this Commission in 1968, the Conservative Party's detailed proposals for reform (*Fair Deal at Work*) and the Government's own proposals (*In Place of Strife*) that were to become the subject of a traumatic debate about the place of law in industrial relations, all added to the atmosphere of impending—if not yet accomplished—change that characterised the latter years of the decade.

Many more straws in the wind could be identified, but the real question is how far, in the circumstances of 1960, one would have been able to see in those small beginnings even a semblance of the full shape they were to take in the next decade. There is no certainty, either, that at any point of time such straws will be visible even to those most on the look-out for them. Would it have been possible in 1960 to predict the really drastic change in the role of government and its agencies in labour and industrial relations? It is not unreasonable to advance the view that in 1960 the industrial relations system, if not the labour market itself, was still regarded very much as a largely autonomous sub-system of society, one of the last outposts of *laissez-faire*. Ten years later it is widely recognised as occupying an integral position within the socio-economic framework, reflecting the growing recognition by government that many of its policy objectives, not just for labour but more generally also, can only be achieved through some measure of intervention in the system itself. One only has to mention the emergence of legislation on industrial training, conditions of employment, redundancy payments, the selective employment tax and its regional variant, together with the activities of the National Board for Prices and Incomes, of the new-look Department of Employment and Productivity, and of the new Commission for Industrial Relations, to get some conception of the scope of government-induced intervention in labour affairs; and the list by no means ends there. Could one have predicted this switch of policy in 1960?

In view of these difficulties, the theoretically simple task of the editors of a symposium such as this becomes much more problematical in practice. It was therefore with some hesitation that we embarked on the task of defining a set of issues on which we could pin our faith as certain runners during the whole course of the 1970's. Even then, the problems were by no means over, for once the subject is divided into its major topics, the next related task is to try to ensure that each topic will be covered adequately by someone really expert in that area. This is another hazardous stage of the enterprise because the best devised scheme for a symposium is useless without authors to match. We count ourselves extremely fortunate since we not only found ourselves with an embarrassingly large selection of possible topics within our subject area but were also able to obtain the ready co-operation of authors of real quality and distinction in dealing with those issues which we judged most important. It is the quality of our authors which we know will ensure that this symposium is an important contribution to the debate on the labour market issues of the 1970's. We are grateful to them for their contributions and their co-operation.

In the remainder of this introductory discussion we propose to try to isolate some of the central questions on which aspects of the recent debate have fastened and then will try to indicate the themes for future debate which we regard as already with us and likely to grow more urgent. The intention is to do a little modest scene setting before giving way to the authors on their various topics.

## II

There was a time when British industrial relations were much admired by other countries. The British trade union movement has a long and honourable history. The development of collective bargaining in this country was followed at a respectful interval by other countries. We have from time to time enjoyed a special reputation for attempts to be fair and equitable in our settlement of terms and conditions of employment and to be forward-looking in our desire to protect the worker from abuses. We may then ask why it is that at this particular period of time we are witnessing such an outburst of controversy on our system, and what changes have induced this criticism of a well-established system.

The most obvious reply is to say that it has been too well established and has not been subject to enough change while all around it has changed. We can still regard the present system of collective bargaining and industrial relations in Britain as the culmination of a process of establishing the position of trade unionism and of providing for negotiation of terms and conditions of work between the worker in industry and his employer in a way that is free of legal or formal intervention. The historical image of the industrial relations system in Britain is certainly one of industrial and of manual workers and of struggle between weak unions and established employers. It is for this reason that trade unions were, for example, given their

special privileges before the law, and the predominant system of collective bargaining at the industry level which has been so much a feature of British arrangements is one which effectively safeguards the weakest while not sufficiently considering the needs of the more sophisticated parts of the industry with which it concerns itself. It may well be that this type of arrangement is one which leads to conservatism and lack of response to changing circumstances at least until the point is reached at which pressure on the system builds up to a level at which something has to give. In the full employment and inflationary conditions of the postwar period the weakest link proved to be the control of labour costs and in the second half of the 1960's the need to restore a measure of control over these costs gave rise to a wholesale questioning of the system by which they got determined.

Unlike the collective bargaining arrangements of many other countries, British agreements have been largely concerned with wages and, at least formally, have neither encompassed the true complexity of the actual payment systems nor ventured far into the growing number of issues on the conditions of work which arise apart from the basic wage level. Instead, these issues tended to be dealt with informally and a great deal depended on unwritten agreements, custom and practice. But the various pressures acting on the system gave rise to increasing difficulty in operating in this way, and much of the discussion and debate which preceded the establishment of the Royal Commission on Trade Unions and Employers' Associations was concerned with the need to replace this with a more formal and orderly system, possibly to be implemented by means of a more active role for the law in industrial relations. Despite the wide brief given to the Royal Commission, its Report focussed to a great extent on the manufacturing and manual sectors where these problems of disorderly structures and procedures seemed to be most prevalent.

It is indeed arguable that the Royal Commission saw itself essentially as dealing with changes required in the old familiar context of organised industrial relations in manufacturing industry and among manual workers, with the object of bringing this sector into line with the changing needs of the economy. But we ought to go on to observe that the context itself has now changed so much that this sector of interest in labour market issues, while continuing to be important, is no longer as central as it was and that we should look for the issues of the 1970's outside the area which has dominated our thinking—manual workers and industry. Such a formulation of the situation leads both to the feeling that the issues discussed by the Royal Commission and hotly debated since its publication will continue to require attention, and to the further feeling that most of the applications of the Royal Commission's thinking will require to be outside the area with which it seemed to be most concerned, so that the bulk of labour market issues will now develop outside the historic context of the debate. In other words, we may expect two sets of labour market issues in the 1970's: those arising out of the process of change in the traditional context and those arising out of new contexts.

In the traditional context of manual workers and of organised industrial relations involving trade unions in industry, we may perhaps diagnose four main categories of issues. First, it is apparent that questions on how to regulate the behaviour of trade unions and the organisation and conduct of collective bargaining have now become so dominant that they will continue with us for quite some time. It seems unlikely, however, that the choice will be simply one between the use of law and the freedom of informal organisation. It is already apparent that collective bargaining and the trade unions themselves will be the subject of more attention and more regulation by one means or another. The question is not one of the presence of regulation but the form it might take. One obvious possibility is that the T.U.C. might acquire and exercise substantial regulatory powers over the activities of its member unions, though this raises difficult issues on the nature of its authority and its power to impose effective sanctions. An alternative is to envisage a more extensive framework of law relating to the contractual nature of agreements and of procedures, and to the powers and status of the parties to the bargaining process, including a means of providing for and organising union recognition. There are again difficulties in devising effective sanctions and of integrating industrial relations into the normal fabric of the law. This latter point has caused some to advocate a somewhat different structure of law in this field with appropriate institutions to match. The debate has caused British industrial relations to look with active interest at other countries which have a more legalistic approach to these matters and especially to the U.S.A.

Secondly, the emphasis of the Royal Commission on the 'two systems' of industrial relations and the need to take more cognizance of the situation in the factory is symptomatic of a wider realisation that negotiation on labour market issues will require to be conducted in more detail and with more resources on both sides, covering a wider range of issues. This change involves a number of aspects, among which the following have to be noted. It restores an emphasis on the industrial relations and collective bargaining problems of the firm in a way that was not always possible before. In so doing it raises questions about the resources and techniques available to the firm in coming to grips with the new situation and helps to pinpoint areas of actual or potential weakness which may in part have been responsible for symptoms of friction in the whole structure of industrial relations and the management of production and labour. It also restores emphasis on the relationship between payment and productivity and as a result brings into question the adequacy of existing systems of wage payment in fulfilling the functions required of them by all concerned parties—management, wage-earners and trade unions. It requires a renewed attention to the whole issue of productivity measurement and productivity improvement, as well as the analysis of causes of higher productivity. This may seem to be saying no more than that the 'two systems' approach has paved the way for an extension of the productivity bargaining phenomenon, but it is surely more than this. Not only does it involve a new emphasis upon the need to consider

many more aspects of the use and reward of labour than were previously thought necessary, but it also requires changes in attitudes to and acceptance of alterations in the organisational context of employment, and in technology. It also, and maybe still more importantly, allows one to look beyond the immediate but possibly short-term and ephemeral gains to be made from productivity bargaining *per se* to the more general development and acceptance of a system of company agreements in which a much wider spectrum of issues, both procedural and substantive, can be handled.

Thirdly, this type of negotiation is in turn going to require new actors upon the scene. Much of the criticism of shop stewards has been rather misdirected, because it has seemed to doubt the need for individuals acting in the interest of their fellows within the labour force. The real questions surely have been on the training and the function of the shop steward, and his role in a process of determination of conditions which has required the kind of detailed knowledge and detailed negotiation to which he aspires, but has not had a place for it firmly established. The fact that the shop steward has lived outside the context of formal contemporary bargaining has in many cases meant the wrong sort of shop steward. What is now needed, however, is a considerable increase of manpower engaged in discussing and determining the use of labour and the return to work at all manner of different levels, so that we may envisage both more 'shop stewards' of a different type, and many more labour managers who, it is to be hoped, will turn out to be adequately trained, as well as more positive efforts in this direction from line management.

Finally, the effect of changes of this sort upon institutions in the industrial relations process can hardly be small and is likely to be most dramatic in relation to the trade unions themselves, so that there will be increasing issues of the type, organisation and number of trade unions required.

These issues of regulation of the form of bargaining, of the resources used for bargaining, and of trade union adjustment will be echoed, however, by increasing issues outside the traditional areas of organised industrial relations. The shadow of these other issues may be seen in the changing character of the labour force. The fastest growing sectors of employment are outside manufacturing industry and the professions are growing more rapidly than manual workers. Women have come to play an increasingly important part in employment. These changes imply an alteration in the balance of the labour market, a shift in the direction of traditional social and economic forces acting on wage determination and a questioning of the adequacy of normal labour market processes in bringing about the kind of changes in the structure of payment that an efficient market system is expected to exhibit. In particular it has to be recognised that in the growing sector of white collar workers the individual can no longer seek—or has no wish to seek—to determine his own conditions of work for himself. In an organised and complex labour force he too becomes party to the organised settlement of wages and conditions and is seeking new forms of association to help in the process. The adjustment of the new forms of organised relation-

ship in white collar and professional groups to the present system of determining conditions of work will obviously create many difficulties, not least between old and new forms of workers' organisation. White collar workers are particularly important in the public sector and as a result its arrangements, and their relation to what happens elsewhere, are of growing interest.

This set of premises has been accompanied by another which has to do with the greater affluence of the labour force in general. This improvement in the well-being of the greater part of the labour force has served only to highlight the difficulties faced by those who for one reason or another have not been able to obtain a reasonable share in the growth of prosperity or who continue to suffer from major uncertainties about the flow of income from work or their security of employment. The main issue here has in the past been that of payment, but there are many more—such as the evolution of the fringe benefit type of reward, the emergence of payments in compensation for redundancy and, on the procedural side, the development of formal processes to cope with the problems of redundancy and dismissal in order to provide some safeguard to those with reason to doubt the security of their employment and incomes. While progress has been made there undoubtedly remains much to be done in these areas, and to them we have to add the renewal of interest in matters of equity and equality of opportunity, as reflected in the increasing attention now being placed on equal pay and minimum wages. The whole area is one which has received renewed scrutiny from government, and in some cases at least, the establishment of minimum standards.

More generally, however, as we observed at the outset the State has come to play a bigger role in the labour market and indeed this may well have been the greatest single change in the British labour market environment during the 1960's. The reasons for this expanded role are diverse, but they certainly include the growing awareness in public policy of the sensitivity of the economy as a whole, especially in its external relations, to the course of events in the labour market. As a result, there have been growing efforts to develop methods of influencing the labour market and, through that, the economy as a whole. These efforts range from the very general measures designed to control the level of unemployment within what have come to be regarded politically as the full employment limits, to a whole spectrum of policies aimed at more specific problem areas within the labour market: the latter include attempts to regulate the industrial distribution of the labour force, to improve the ease with which labour can adjust to the changed needs upon which much of our productivity growth depends and to provide a more efficient basis for the training of labour and its development through better planning for its utilisation. This of course is quite apart from and in addition to the growing concern of government for the consequences of unofficial strikes and other symptoms of unrest in the system of industrial relations, and the interest of government in encouraging and aiding in the evolution of improved procedures for the handling of grievances and the conduct of negotiations without undue friction.



Two questions then remain. First, it has to be asked what sort of effect these changes have been having on the total cost of labour to the employer, which has certainly been influenced by the new standards sought by the State to improve the relationships between the worker and his work, between the worker and his employer and even between the worker and society at large. Secondly, consideration needs to be given to the way in which government has developed, frequently in an *ad hoc* manner, a number of agencies designed to investigate—and to a variable extent, to guide or control—recognisable problem areas with the complex system of labour market and industrial relations activities. This includes the National Board for Prices and Incomes, the Commission on Industrial Relations, and the Department of Employment and Productivity which has taken over many of the responsibilities of the old Ministry of Labour, and has acquired some new orientations. But to this formidable list there has also to be added a number of other agencies which have, like the Monopolies Commission and a variety of specialist manpower Committees, been asked to play some part in planning for a more efficient use of labour for the benefit of society as a whole. It is arguable that the need now is for a rationalisation of these various agencies, so designed as to give the State adequate opportunity to cover the major problem areas already defined, as well as those that may be opened up as the 1970's unfold: one version of such rationalisation now being discussed is the proposed Commission for Industry and Manpower.

The main point that has been made here is that the traditional system of industrial relations and traditional thoughts in the labour market in Britain have been mainly concerned with only a part of the field, and with a declining part, and most of our debate up till now has been directed to improving the working of that sector with which industrial relations has been traditionally concerned. Wider issues are growing, and the 1970's like the 1960's will certainly turn out to be a decade of change.

A volume such as this can possibly help to identify the main issues and create some sense of perspective around them. At the beginning we observed some of the difficulties of identification and at the close of the 1970's there will no doubt be obvious omissions. We have, in selecting issues for discussion, left out a direct contribution on the future of incomes policy although of course this is a topic that recurs regularly throughout the contributions. In avoiding a direct approach we are not to be seen as denying the probable importance of incomes policy in the future, but rather as recognising that its longer-term influence has now fully permeated all discussions about, and the whole shape of, industrial relations and collective bargaining in Britain. While it is difficult to see the scope for any very new development in alternative methods of incomes policy as a short-term restrictive device, its presence in this capacity is a continuing background fact. We have no doubt that this particular tiger, though some believe, or pretend to believe, that it is made of paper, will emerge from time to time in the next decade and be given a shape and form specific to the needs of the day. We have left out of account as a separate issue the problems of union structure and



amalgamation, though again this is a theme that recurs in the essays that follow. Mention could also have been made of the changing political role of the labour movement, the implications for the conduct of industrial relations in the emergence of the conglomerate enterprise and especially the multinational company, while more attention could have been given to parallel developments in the industrial relations systems of other countries.

In the end, limits have had to be imposed. We can only hope that the final selection is one that highlights most, if not all, of the key issues for the 1970's, and that the collective whole will help to create that sense of perspective we believe to be an important factor in trying to understand a little more about our future.