

# WHAT NEXT FOR THE UNIONS?



"I hope this thought-provoking pamphlet will encourage a wide debate in the trade union movement about our future."  
**Brendan Barber**, TUC General Secretary



"As a trade unionist, I found this challenging and thought provoking paper asked all the crucial questions. With the new era of information and consultation on the horizon and the UK workforce becoming more and more diverse, now is the time for a truly honest reflection."  
**Gerry Sutcliffe** MP Minister for Employment Relations



"This timely and welcome publication raises some of the most important issues facing Britain's trade unions. It argues that we need to focus less on short-term political objectives, return to first principles, and show the world that we are playing a constructive role in the workplace. I hope that union colleagues will read and debate the critical questions raised."  
**Mary Busted**, ATL General Secretary



"A significant and compelling contribution to the discussion about the future of trade unions in the UK."  
**Ed Sweeney**, UNIFI General Secretary

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## Foreword

Jim McAuslan



**HAVE TRADE unions got a persuasive enough story to tell? Are we attractive to the casual or disinterested reader?**

Even though we have growing employment, and a favourable public policy climate, trade union membership is stagnant, collective bargaining is in serious decline and we seem increasingly marginalised. It is not an encouraging story line.

This pamphlet tries to develop a new narrative. It does so in the best traditions of Unions 21 - delivered with humility (we don't know best). And without a predetermined ending (only union members can write that).

The pamphlet has some recurring themes.

How can we play a constructive role in the world of work? Unions can be crucial players in promoting equality, and giving people access to training and career opportunities. And unions have shown that they can work with employers to improve performance. But in public perceptions we are not seen this way; anything but!

Are we right to focus on short-term political objectives such as: "repeal all the anti-union laws"; "drop PFI"; "abandon foundation hospitals"? Or should we prioritise building union organisation, and widening the collective bargaining agenda. It looks at how a different relationship could be developed with the Labour government that enhances the union role, and at the same time assists the government in delivering their objectives

Where are tomorrow's representatives to come from? We can do little unless we enhance the role and status of workplace reps, and increase their numbers seriously. This means we want workplace reps who are trusted by their members, respected by their employer and able to exercise real influence over strategic decisions, work organisation and job design.

But the overarching theme is where do we want our unions to be in five or 10 years time? It's not just a question of "What next for the unions?" But also "What future for the unions?" How can unions ensure people are treated fairly and have a stake in difficult processes of change, which ensures that the change is long lasting.

We offer these thoughts in the traditional spirit of Unions 21 - seeking open, thoughtful, friendly exchanges that will, hopefully, strengthen our organisations in the future.

This paper does not represent policy, it is for discussion only. I hope, therefore, you will join us at our conference on Saturday 6 March 2004 at Congress House in London, where we will continue the discussion started in this paper.

*Jim McAuslan is General Secretary of BALPA and chair of Unions 21's Executive Committee*



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## Summary and key points

- Unions face real challenges in today's world of work. Membership is stagnant in the private sector. Fewer than one-in-five private sector workers is a union member. Less than a third of all employees are now covered by collective agreements. In the past full-employment and Labour in power have led to membership growth. Why should things be so different today?
- The argument set out in this paper is that unions are failing to grow because they have yet to develop a clear story about their role in the world of work. New Labour are equally unable to explain where unions fit into their worldview and their studied neutrality between employers and unions is the cause of much of the tension between government and the unions.
- The starting point for unions should be to answer George Woodcock's question from the 1960s: "What are we here for?" In addition, unions must be able to explain how the answer to this question can contribute to the creation of a "good" labour market.
- At the heart of this enterprise is the notion that the employment contract is a relationship of inequality. Individual workers have little power, whereas their employer has the power to hire, fire and change working conditions. The union role is to act as a counterweight to the power of the employer, and guarantee a degree of economic democracy in the workplace and society more generally.
- Four broad themes might be developed in response to Woodcock's question. Unions are here for the following.
  1. To guarantee fairness for all workers.
  2. To help people to get on at work.
  3. To work with employers to improve productivity and workplace performance.
  4. To ensure that change is managed so that workers are treated with respect and have a stake in the process.
- However, there are three major obstacles in the path of trade union resurgence based on a new and relevant narrative.
  1. Unions' membership base is too narrow.
  2. Their workplace organisation is too weak.
  3. Their bargaining agenda is too restricted.
- Unions need to find a point of leverage to address these problems and the Information and Consultation Regulations (to be introduced in 2005) will be a valuable instrument. However, unions must begin to ask themselves some tough questions about the changes that need to be made before a revival of collective bargaining can take place. Amongst the questions that need to be addressed are the following.
 

*What new organisational strategies do we need to boost membership? How can we construct a "union offer" that looks attractive to the majority of unorganised workers?*

*What new skills do organisers need to develop and deliver these strategies?*

*How can we ensure that all organised workplaces have a workplace representative?*

*How can we ensure that reps are equipped to deal with a broader bargaining agenda? What skills do workplace reps need?*

*What steps can we take to demonstrate that unions are moving from a defensive, adversarial agenda to an aspirational agenda focused on enabling people to get on at work?*

*What does a well-managed workplace look like? And how can trade unions contribute to making it better managed?*

*How can we ensure that unions are well placed to make the most of the opportunities presented by the Information and Consultation Directive?*

*To what extent do union structures need*

*to change to reflect changes in the labour market and models of business organisation?*

- The challenge for unions is not to construct a shopping list for inclusion in the next Labour manifesto, but to develop a way of working with the government that promotes collective bargaining, and legitimises the union role. The following ideas are presented for discussion, they are not intended as an instant solution for the problems confronting unions and should not be considered as a programmatic set of demands.

*Unions need to play a more strategic role in micro-economic policy and be at the heart of the work of the Department of Trade and Industry on sectoral issues.*

*Understandings about such strategic issues should be linked to a specific programme of workplace activity on job design, work organisation and the management of change.*

*The Information and Consultation regulations give unions (and other workplace representatives) a guaranteed voice is shaping difficult processes of change. The government should make clear that all major employer initiatives should be subject to proper information*

*and consultation. This is not simply a matter of process - the objective is to secure a much higher degree of union influence over management decisions, to enable unions to "make a difference" to people's experience of work.*

*Similar principles should be applied to the process of public service improvement - employee and trade union involvement should be at the centre of the trade union response to the government's proposals for public service modernisation and reform.*

*The union role in developing skills and enabling people to "get on" at work is critical to the creation of more "high performance" workplaces and rewarding, secure jobs. Unions should make the case for a big improvement in the capacity of management to make much better use of a more highly skilled workforce.*

*The outcome should be that government ministers can be confident in saying: "Yes, we need dynamic businesses that make good profits, but we need dynamic unions too to keep business honest and ensure that workers are treated with respect".*

## Introduction

**THIS DISCUSSION** paper has been inspired by a sense of frustration. Union membership should be growing rapidly at a time of full employment and economic stability, yet the reality is that membership is stagnating and many unions are facing financial difficulties. Unions may be back in the headlines, but the issues that attract media attention, and help to shape the public image of trade unionism, often seem rather distant from the pressing problems facing people at work. Half way through the second term, Labour and unions ought to be working together to implement a programme that will transform British workplaces,

**but our relationship has reached a low ebb at exactly the moment when the movement should be pulling together to respond to a revived opposition.**

The purpose of this paper is to move beyond the short term and tactical and explore how a more strategic vision for unions might be developed. No apology need be given for the fact that the paper raises more questions than answers. The intention is to stimulate thought and discussion rather than encourage the adoption of a shopping list of instant solutions or a programmatic set of demands<sup>1</sup>.

At the root of many, if not most, of the problems we face is a failure to develop a distinctive and modern story about the role of

unions in the world of work today, a story which can appeal to existing members, potential members, employers and government. Are we really confident that we have a practical and achievable agenda for the period ahead that will enable us to boost union organisation and build our influence? Can we say with conviction that we have a vision of how society should be different in five or ten years time? Can we explain with clarity the union contribution to this process of change and where we believe that we fit in a modern successful economy?

For many people in the movement these are almost prohibited questions. It is so much easier to focus on making short-term demands, so much simpler to use the ferocious language of denunciation, and call for a fundamental change in the government's direction.

Yet much of this is displacement activity. Anti-government conference rhetoric works like Prozac in relieving the depression brought on by stagnant or falling membership, but just like Prozac it fails to get to the root of the problem. Union membership was the elephant on the table that nobody would talk about at the 2003 TUC Congress. The agenda contained huge volumes of material on labour law, public services and Iraq, but nothing about how unions might make use of a more favourable public policy climate to tackle our fundamental organisational problems.

It is curious too that this supposedly *trade union* agenda is largely *political*. The focus is on either what goes in Labour's next manifesto, or on those policies that the

government must change to win back union support. But recent public statements have said little about the "sword of justice" effect of unions on income inequality, nothing about the union contribution to economic growth and prosperity, nothing about unions as a source of social capital - as institutions that bind both society and organisations together. In short, nothing about the core role of unions in the world of work.

The absence of any articulate alternative has meant that the trade union voice has become increasingly shrill, pressing the government to concede a list of demands rather than focusing on the big prize - laying firm foundations for modernised collective bargaining by establishing a consensus that unions are legitimate and necessary institutions in a modern economy.

This means that the trade union movement needs to develop a clear alternative, to stake out new ground and a new approach that can both sustain trade unionism and establish a durable industrial relations settlement.

So how might this be done? Perhaps the best place to start is to look for a modern answer to the former TUC General Secretary, George Woodcock's existential question of the 1960s - "what are we here for?" Unless we can enunciate this simply and straightforwardly, and explain why a centre-left government should support our role, we will make no progress in securing a public policy framework that enables the trade union movement to flourish. To steal a phrase from New Labour, what we lack and what we urgently need is a "coherent narrative".

## New Labour's attitude to unions

**BEFORE EXPLORING** this further a word needs to be said about the government's position. What story are they telling about unions? At present the official view is studiously neutral. New Labour's instinct when faced with a union/employer or TUC/CBI disagreement is to split the difference between the parties and produce a solution that generates little enthusiasm on either side.

This approach can be seen in the implementation of the Employment Relations Act, the Working Time Regulations, the Work and Parents Task Force, the proposed Information and Consultation Regulations and (to a degree) in the National Minimum Wage.

More profoundly, New Labour sees trade unions as one of many special interests that need to be placated. This should be contrasted

with the instinctive support for trade unionism and collective bargaining that was taken for granted under previous Labour governments.

A further difficulty is that senior members of the government and their advisers think about unions almost entirely in terms of internal Party management. Hence the spatchcocked deal on the two-tier workforce at the 2001 Conference, the frenzied discussions that took place on pension policy in 2000, and the panic around foundation hospitals this year.

For many in government unions are seen as irritants inside the Party, obstacles to public service reform, and vested interests focused on narrow sectional objectives. Yet many of the same people also hold the contradictory view that unions are the ballast that keeps the Party's ship steady at times of crisis and provide valuable funding in an election year. All these inconsistencies confirm the argument that New Labour also lacks and urgently needs a "coherent narrative" explaining where unions fit into *their* worldview.

## The pre-1997 settlement and Labour in government

**WHILE THERE were tensions both before the 1997 election and during the first term there can be little doubt that union/government relations have deteriorated since 2001. This is largely because there was enough in the first term agenda to satisfy union demands for action. It was also possible to argue that New Labour had a clear story about the labour market that ran something like this:**

Employers have had it far too easy in recent years. The Tories have shifted the balance of power too far in employers' favour. The bad employers are falling to the level of the worst. This is compounding the UK's problems of low productivity and inadequate investment in skills. Labour will introduce new minimum standards to guarantee fairness in the labour market.

What this story lacked of course was any distinctive role for unions. In practical terms it meant that the Party was committed to the National Minimum Wage, a law to guarantee union recognition and accession to the social chapter of the Maastricht Treaty<sup>2</sup>. Nevertheless, it was by no means easy to ensure that all these commitments were in the manifesto, even though they were legacies of the Smith and Kinnock leaderships.

The first term was also characterised by the use of the *language* of social partnership, although this was given very little content beyond the rather naive belief that it would be nice if unions and employers could work

together - a happy - clappy evangelical or woolly liberal view of power relationships in the workplace. New Labour's definition of partnership fell short of the European social model advocated by John Monks and took no account of the union role beyond the limits of the firm. Even in this context the government failed, one might say deliberately failed, to take any view about the role or relevance of collective bargaining. The DTT's Partnership Fund, apparently established to support union/employer partnerships, still uses a definition of partnership that has more in common with the HRM unitarist school than the pluralism normally associated with collective worker voice.

All these problems have been compounded since the 2001 election campaign by escalating disputes about the future of public services. The Prime Minister's speech announcing an unspecified programme of "public service reform" set the tone for an increasingly bad tempered exchange with unions. Battles have also continued over labour law around the review of the Employment Relations Act, the Agency Work directive and other EU initiatives in social policy.

Where progress has been made, on the two-tier workforce for example, the government's attitude has been grudging and half-hearted. Unions have been equally grudging and unwilling to acknowledge the progress that has been made, giving the impression of pocketing each concession, but denigrating it before moving immediately on to the next demand. As a result Government

and unions have become increasingly exasperated with each other. Despite the attempt to manage things better through the establishment of the Public Services Forum, there is a real risk that the relationship will enter a downward spiral of mutual recrimination.

This can be seen most clearly from the debate on health policy at the Labour Party conference, where two-thirds of constituency parties supported the government and the majority of unions did not. The government could simply abandon any efforts at better dialogue if they believe that talking to the unions directly on public service reform carries huge political risks and brings no political benefits.

One clear conclusion from this discussion is that union shopping lists, however aggressively they may be promoted, have failed to persuade New Labour to shift their ground. There is no evidence that any union initiative over the last two years has convinced

the government to offer explicit public policy support for collective bargaining. Perhaps most seriously, it is clear that neither unions nor government have been able to explicate a comprehensive account of a modern role for unions today. There is no shared vision, no common purpose, and no agreed approach on how to move forward. This is a *problem* for the government, but a *crisis* for the unions.

If we cannot develop a persuasive response to Woodcock's question then we will fail to re-establish our fundamental legitimacy and move out of the cycle of decline into which we have been locked for a quarter of a century. The "European Social Model" rhetoric of John Monks was a serious effort to tell a new story, but one that the government has so far found unpersuasive. Unions seem largely in retreat from the Monks agenda for union renewal and growth, focusing instead on government policies rather than their own responsibility for re-establishing trade unionism as a central feature of national life.

## How did we get here?

**ONE WAY of moving the conversation forward is to examine how things were done in the past. This may help to explain why there is something different about the relationship between the unions and New Labour and begin to identify how an alternative approach might be developed.**

Let's start with a simple question. Have the unions and Labour ever agreed on a narrative about the world of work? Given the shared culture and history of the unions and the Party the answer must be: "yes, of course Labour and the unions had a clear narrative (or at least an implicit understanding about roles and responsibilities) that survived roughly from the Party's foundation until the middle 1960s". It worked like this. Labour market regulation was the preserve of collective bargaining. Unions and employers were free to strike the deals that suited them. The state abstained from intervention in what was assumed to be a self-regulating system of industrial relations - memorably described as collective *laissez-faire*<sup>3</sup>. If the law had a role in

the labour market, it was to maintain an equilibrium between employers and workers by ensuring the effective operation of the voluntary system of collective bargaining. The Party's job on the other hand was to take care of the "social wage", public goods like income transfers to the poor, health care, education, public transport and housing, and manage the economy to maintain full employment. Unions and employers had a role in the management of the economy too by ensuring that pay deals were non-inflationary, and by working together to improve productivity and performance.

This rather neat description is misleading in that it fails to do justice to the untidiness, improvisation and conflict that bedevilled the system<sup>4</sup>. There was no golden age about which we can feel wistfully nostalgic. Most seriously, at no point was a conscious effort made to build continental style labour market institutions that entrenched social partnership and supported these arrangements.

The supposed commitment to voluntarism

failed to produce either a durable consensus or a stable compromise about the role of the state. When inflation rose the government would look for a deal on incomes policy and would become decidedly interventionist - abstentionism clearly had its limits - but this was generally a short-term response. The assumption remained that trade unions and employers were best left to themselves. Even the Social Contract of 1975-77 was an ad hoc and essentially tactical reaction to an immediate crisis rather than a conscious effort to build institutions. The trade off between wage restraint and improvements in employment rights and the social wage may have looked like a classic European social pact, but on the union side the roots were shallow and the commitment unenthusiastic.

Perhaps the best way to understand the social contract is as a compromise designed to see the Labour government through a very difficult period rather than a device to build robust social partnership institutions. Once the crisis passed it was expected that these arrangements would wither away, allowing an orderly return to free collective bargaining in a voluntarist framework. Union unwillingness to take seriously the need for institution building is confirmed by the failure of the Bullock Commission, which foundered on the rocks of employer hostility, union indifference or opposition and the fall of the Labour government in 1979<sup>5</sup>.

On one view the failure to build durable institutions is not entirely surprising. Labour was never in government long enough to lay solid foundations and faced pressing problems throughout their time in office - post-war reconstruction and problems with the currency and the public finances (1945-51), devaluation and economic decline (1964-70), the oil crisis, inflation and the IMF loan (1974-79). Of course the paradox is that most periods of Labour government were brought to an end through a breakdown in relations with the trade unions - and this breakdown was partially driven by an absence of institutions to manage conflict and produce robust compromises. Labour/union relations might be characterised as a sorry tale of government weakness and union intransigence or immaturity - with history repeating itself first as tragedy (1968-69) and then as farce (1979).

So why did the earlier narrative break down? On the economic front collective

laissez faire became a recipe for inflation in a much less stable world. The gap between national agreements and workplace bargaining and the impact on pay, industrial relations and productivity were fully documented by the Donovan Commission in 1968. Similarly, social change drove all governments to the conclusion that the regulation of the labour market could not be left to voluntary arrangements. Leaving unions and employers to make their own arrangements failed to deliver equal pay for women, hence the Equal Pay Act 1970; nor did it ensure non-discriminatory treatment for women and black workers, hence the Race Relations and Sex Discrimination Acts. The redundancy and unfair dismissal rights were further nails in the coffin of pure voluntarism. Today's National Minimum Wage emphasises the point, union organisational weakness means that we are no longer effective at protecting the lowest paid.

Rising industrial conflict in the 60s led the Wilson government to *In Place of Strife* and the Heath government to the *Industrial Relations Act*. The period from 1945-1964 had been characterised by state and judicial abstention from the field of struggle, strikes and strife. Economic decline and rising industrial militancy persuaded all governments that action was needed. Even though the use of the law to constrain union power reached its zenith during the Thatcher/Major period, the roots of these policies can be found in the problems of the 1960s.

The failure of the social contract in 1978 - and Mrs Thatcher's hostility to anything that smacked of corporatism or tripartism - brought an end to the notion that unions were essential instruments of macro-economic policy, indispensable in the battle against inflation. By the end of the 1970s the old union story had been comprehensively shredded. We were no longer able exclusively to regulate employment relationships. The state had to intervene to guarantee equal pay, non-discrimination, fair dismissal procedures and redundancy compensation. We could no longer be trusted to behave responsibly in pay negotiations. Nor could we be trusted to cooperate with the government to deliver full employment and non-inflationary growth.

Collective bargaining and the union role therefore faced a crisis of confidence - and there is a strong case for saying that we have yet to recover. If Harold Wilson took the view

in 1968 that the old union story was outmoded it is hardly surprising that Tony Blair takes a more determined line today.

Yet for roughly 20 years after the failure of *In Place of Strife* unions and Labour behaved "as if" the old story were true. Policies were still framed on the basis that the only role of the law was to support collective bargaining. Unions were still assumed to have an important role to play in macro-economic management.

The late 1980s and 90s witnessed a step-by-step retreat from these established positions. "Repeal all" commitments were modified to an accommodation with the Thatcher labour law settlement. A big role for unions in economic management through the National Economic Assessment was quietly dropped in the early 1990s. The catastrophic decline of unions in the private sector meant that we just were irrelevant to wage formation in most workplaces. Furthermore, the accumulation of rights deriving from EU directives meant that it became increasingly difficult to maintain the fiction that the UK's industrial relations were largely voluntarist. Twenty years after most Labour leaders stopped believing in the old narrative, the public policy elements needed to sustain the union story began to disappear from Labour policy documents.

This was not a matter of leadership betrayal or right-wing sellouts; it was simply that the old story had been overtaken by

events. Labour leaders were not interested in a narrative that had lost any real explanatory power. If anything it was an electoral disadvantage that had to be jettisoned as quickly as possible. While this may have been the right judgment at the time, dumping a large volume of time-expired Old Labour baggage still left a huge policy gap.

Centre-Left parties claim to govern on behalf of people who, stealing a phrase from Bill Clinton, "work hard, play by the rules and get the shaft". Centre-Left parties are against unaccountable concentrations of power, unjustifiable inequalities and exploitation. This means that any Centre-Left party must have a labour market policy that gives effect to these objectives. If a policy vacuum exists it is unlikely that the party will govern successfully or maintain enthusiasm amongst its supporters. New Labour's problem is that it lacks a coherent policy beyond the cliché of "a fair and flexible labour market underpinned by minimum standards".

The challenge for unions is to try and fill this policy vacuum, not with a shopping list but with a labour market vision. It also means that we must answer Woodcock's question at the level of principle, draw some conclusions about the practical means to realise the vision and then explore how far today's reality is from this aspiration. Clarity on all these questions will enable unions to develop a more sophisticated approach that goes beyond demands for more employment legislation.

## What kind of labour market do we want?

**IT IS difficult to construct a labour market vision without this being seen as a "motherhood and apple pie" statement. Nevertheless, it is an important piece in the jigsaw and we cannot think through the rest of our problems without this vision in mind.**

A "good" labour market would therefore display the following characteristics:

- Full employment - defined as the availability of work for all those who want to work. There must also be an effective safety net with benefits set at a decent level

for the unemployed and active labour market programmes to get the unemployed back to work.

- Fair pay (including equal pay for work of equal value) and a narrower dispersion of incomes. This is an explicitly social democratic objective with implications beyond the labour market. The political philosopher John Rawls maintained that excessive inequality was bad for democracy as well as social cohesion. The rich (including corporate interests) would be able to buy access to political power from

which the poor would be excluded<sup>6</sup>.

- The absence of discrimination on grounds of race, gender, sexuality, disability or age.
- Secure and interesting jobs that workers find fulfilling - this in turn demands that more organisations adopt the “high performance” model so that in an environment of intensifying competition they can offer jobs that meet these criteria.
- A style and ethos of management that is based on high levels of trust and which recognises that managing people effectively and fairly is crucial to skilled work and high performance.
- Choice, flexibility and control over working hours so that workers can reconcile work and their domestic commitments.
- Access to skills development and training to

enable people to fulfil their potential at work. A higher skilled workforce will also be able to adapt more rapidly to organisational/technological change.

- Statutory rights that establish minimum standards to protect workers against unfair treatment.
- Voice for workers in the process of change and restructuring and in the design of jobs and organisation of work. This is essential if the “creative destruction” of capitalism is to have any legitimacy.

Some of this might be acceptable to New Labour and other elements may require a change of stance - on income inequality and worker voice for example. Nevertheless, there is enough common ground here to initiate a conversation and work to forge a better relationship based on a new and relevant narrative.

## A word about power in the workplace

**AT THIS stage in the discussion it is worth saying a brief word about power relations in the workplace - or more explicitly, about the relationship between labour and capital. A basic principle of trade unionism is that the contract between individual workers and their employer is fundamentally unequal:**

*[T]he relation between an employer and an isolated employee or worker is typically a relation between a bearer of power and one who is not a bearer of power. In its inception it is an act of submission, in its operation it is a condition of subordination, however much that submission and subordination may be concealed by that indispensable figment of the legal mind known as “the contract of employment”<sup>7</sup>.*

The role of trade unions is therefore to provide a degree of countervailing power and compensate for the inequality inherent in the employment relationship. Despite all the changes that have taken place in the world of work over the last 25 years and despite the supposed shift from personnel management to enlightened HR, nothing has altered these

brute facts about the nature of the employment contract.

This is not to say of course that unions are engaged in a perpetual class struggle, or that the role of unions is to transform the world by ushering in a new civilisation that ends alienation and exploitation. A belief in inequalities of power in the workplace is not necessarily a hallmark of fundamentalist Marxism.

At the centre of the employment relationship is the idea that employers want workers to do things that, other things being equal, workers may not want to do. Workers may be sceptical about the likely impact of a new process or system. They may have little faith in the competence of management to make change effectively, or they may believe that the change proposed will make working life more stressful or insecure. Equally, workers may believe that the employer has simply “got it wrong” and although change may be necessary this is just not the right way to go about it.

A degree of disagreement between employers, unions and their members is therefore inevitable and those who believe that

HR policies alone can overcome these problems are deluding themselves. Disagreement, conflict, is just a fact of working life; the question is how conflict is managed. There is a strong argument for saying that conflict between workers and their employer can lead to greater understanding - the ground rules bind the parties together and differences of view often become sharper and more explicit even though the parties eventually come to an agreement. The process means that people learn how to listen and respond to each other<sup>8</sup>.

It is also important to be clear that union/employer relationships are about co-operation too. In this sense industrial relations are more like diplomacy than war - despite the commitment of the Left to the militaristic language of battles, fights, defeats and victories. In diplomacy it is self-evident that national interests are being pursued, but it is also self-evident that nation states can develop shared visions, identify common goals and agree to work together very effectively to achieve these objectives, even if they continue to have deep-rooted disagreements in other areas. The critical factor here is trust - if the parties have faith in one another they are far more likely to resolve disputes amicably.

This point was elegantly made more than 30 years ago by Alan Fox in his classic research paper for the Donovan Commission<sup>9</sup>, drawing a distinction between “unitarist” and “pluralist” models of industrial relations. Put

simply, those employers taking the “unitarist” path seek to eliminate conflict and align the workers’ objectives with the goals of the business - essentially the commonsense of the HR profession today. Those adopting a “pluralist” frame of reference on the other hand recognise that differences of interest are inevitable, but that the best way to handle conflict is for each party to seek to develop a “sympathetic understanding” of the other. An approach that will be readily understood by all diplomats.

The pluralist perspective has a further advantage because it captures the notion that workers continue to be citizens even after they have crossed their employer’s threshold. Employers who appreciate the realities of these differences of interest are doing no more than treating their workers with respect. They are recognising the right of workers to be heard, accepting that workers are bearers of rights to industrial citizenship and are therefore entitled to an intelligent response. The argument has been well expressed by Joseph Stiglitz, formerly Chief Economist at the World Bank:

*We care about the kind of society we live in. We believe in democracy. Democratic processes must entail open dialogue and broadly active civic engagement, and require that individuals have a voice in the decisions that affect them, including economic decisions . . . Economic democracy is an essential part of a democratic society.<sup>10</sup>*

## What *are* we here for?

**BUILDING ON this commitment to economic democracy, there are four broad themes that could be developed in response to Woodcock’s question, four themes which show how unions can contribute to the practical realisation of our labour market vision:**

- **Fairness:** Unions work to ensure that workers are fairly treated by their employers. This is not just an assertion - it is supported by robust evidence<sup>11</sup>. Organised workplaces have fewer low paid workers, narrower pay differentials, a smaller gender pay gap and a better track record on the

treatment of part-time workers, race equality, disability and health and safety issues. In addition, workplace disputes are more likely to be resolved without resort to litigation in organised workplaces and employers are more likely to comply with minimum statutory standards. Despite the Prime Minister’s declaration “I don’t care how much David Beckham earns”, New Labour are concerned about the incomes of particularly the lowest paid, and are committed to a narrowing of the gender pay gap. Unions can contribute to the achievement of both objectives.

- **Opportunity:** Unions help people to get on at work. Unionised workplaces are more likely to invest in training and skills. We are also able to work with employers on questions of job design or work organisation to ensure that workers' jobs are more interesting and enjoyable<sup>12</sup>. The TUC's Learning Services activities, largely supported by the DfES, show that unions can contribute in a practical way to skills upgrading and the new rights for Learning Representatives will enhance this activity. All of the above can contribute to the development of more high performance workplaces, which in turn will help to ensure that workers have secure, high quality employment.
- **Performance:** Unions can also contribute to improving business performance. The evidence shows that a "mutual gains" model of union voice is associated with higher productivity, better use of new technology and better overall workplace performance<sup>13</sup>. Unions that can make progress on this performance dimension are likely to be more effective at making progress on the opportunity dimension<sup>14</sup>. There is a strong case for saying that wage bargaining arrangements can also drive productivity. For example, the "solidarity" wage policies of the Swedish trade unions were designed explicitly to raise the wages of the lowest paid relative to the median, encourage investment in skills, apply pressure to poorer performing firms and raise overall economic performance.
- **Legitimacy:** "Creative destruction" is a fact of life in a capitalist economy. So is organisational change. Yet both processes are hugely disruptive to people's lives and can have devastating effects for personal relations and communities. Unions help to manage these processes, we humanise them and ensure that the relentless logic of business decisions does not inevitably trump the need to treat people with respect. We give people a voice and enable them to be active participants rather than spectators. We are therefore a source of what some economists have called "social capital". We help to bind organisations together, enable people to support each other and create trust between workers and their employer. Most importantly, unions build a sense of belonging in the workplace and in society. Unions, like other civil

society institutions, are agents of social cohesion. This aspect of the union role was generally underplayed in the past but is more essential than ever in an economy where the pace of change is accelerating and workers feel more insecure about their futures - even if job tenures, the length of time that people spend in a job, have scarcely changed in 10 years.

These broad themes offer real potential to be woven into a story that both New Labour and the unions find attractive, not least by delineating more clearly the limits to what any government can expect to achieve and what unions must do alone. They work with the grain of much New Labour thinking about the world but pose the challenge that the government must be much clearer in their own views about fairness in the labour market, creating opportunity, improving economic performance and securing sustainable change. Patricia Hewitt tried to initiate a debate about the quality of work last year, which began to develop the government's thinking on these questions, but this important conversation has got lost in the discussion of other priorities - such as information and consultation, agency work, or the Employment Relations Act review - where once again the short-term and tactical has distracted unions from concentrating on a much larger objective.

The aim must be to revive this discussion and secure some public commitment from New Labour to this vision of the union role. Ministerial speeches would help and a clear statement from the Prime Minister that unions are a good thing and need to be stronger<sup>15</sup> is a much bigger prize than a limited commitment to implement a small number of items from a union wish list.

Unions need to be clear too about the limits of what the government can do. It is a mistake to believe that government can *legislate* for high quality management, effective business strategies, well-designed and interesting jobs or high trust relationships in the workplace. Centre-Left governments have a responsibility to create a regulatory framework that allows business and unions to pursue these objectives, but anything more is beyond *any* government's power. Whether workers trust their employer, find their jobs fulfilling and believe that employment offers them a career, a path through life not just a job, are legitimate concerns for any govern-

ment worried about social cohesion and matters over which no government has any direct control. That is why unions and other intermed-

iate institutions are so important - in the right conditions *we* can shape all of these experiences; *we* can do what government cannot.

## Obstacles on the road

**THE ARGUMENT outlined so far may sound convincing in principle, but persuading New Labour that they ought to embrace a revived trade unionism and a revitalised collective bargaining will be no easy task. There are some serious obstacles in the path of trade union resurgence and it is important to recognise now that progress on the broad themes outlined above will require radical change. Unless we can enhance the legitimacy of the union role in the government's mind then our prospects of success are limited.**

**Put simply these are the obstacles**

- Our membership base is too narrow.
- Our workplace organisation is too weak.
- Our bargaining agenda is too restricted.

**Our membership base is too narrow**

Fewer than one in five workers in the private sector is a trade union member today<sup>16</sup>. Why then should New Labour take unions seriously if membership is concentrated in the public sector? There is a case for saying that the Party cannot achieve its objectives without the support or co-operation of public sector unions, but that is a very different proposition from saying that Labour should be enthusiastic about a wider union role across the whole economy. Of course there is a chicken and egg flavour to this argument - Labour won't take unions seriously unless we can demonstrate our legitimacy in the private sector, but we won't be able to establish our legitimacy in the private sector unless public policy offers clear support for collective bargaining, in other words unless the government is seen to be pro-union.

The trite answer is to say that we need to be able to convince the government that unions are in principle a good thing because we guarantee fairness, opportunity, improved business performance and legitimacy. A better response is to say that we can identify enough

examples of innovative practice to make the case that we are actively pursuing a progressive agenda based on the themes outlined above.

How confident are we that this can be done? Can we really argue with conviction that union strategies for growth, the offer we make to potential members and our actual behaviour on the ground are all consistent with the suggested answers to the Woodcock question? For example, most of our stories about organising success concern largely low paid, exploited and marginal workers with a grievance against their employer. This cuts with the grain of a much older union story about the labour market that all employers are greedy, exploitative and incompetent. We seem to be relying here on an essentially nineteenth century myth about the heroic struggle of the oppressed workers - a view of the world that has only weak resonance with the majority of workers today. At its most extreme this approach to organising seems to be quasi-syndicalist in inspiration, with an emphasis on the need for self-sustaining workplace organisation independent of any requirement for full-time officer intervention. This poses real dangers for unions and telling an organising story of this kind will bring into disrepute genuine efforts to organise the workforce

Of course, most employers are not greedy and exploitative and most workers are not employed in low paid or marginal jobs. If this is the only pitch unions make to unorganised workers then we are unlikely to succeed. An American commentator has expressed the argument very well:

*[T]he call for workers to organise to protect themselves against bastard employers is not going to capture the imagination and support of the vast majority of workers who like their work, want to trust and have positive relationships with their supervisors and*

managers, and want to identify with the mission, products and services of their organisation. Such a mantra only attracts the most desperate workers who have little or no labour market mobility and in the end will have little political influence.

To be sure labour has a moral and social obligation to stand up for these most disadvantaged and mistreated workers. But it cannot do so by organising these workers alone. As in the past, unions must first organise those with more market power and political influence and then, through solidarity, use the power and influence of these workers to improve the conditions of work for those less advantaged.<sup>17</sup>

These considerations must inform our approach to organising in the future, with a determined effort to appeal to those who are broadly positive about their employer. In other words, unions need to develop an organising story consistent with the reconstruction of the union role around the four broad themes discussed above.

Progress made on the learning agenda points the way to what might be achieved elsewhere. It shows that unions have moved from an adversarial to an aspirational approach and that we are offering something positive that enables people to “get on” at work. The Government has offered significant financial support to union efforts here and at least one minister has made an explicit link between giving workers access to learning, enabling people to develop a career and improved union organisation<sup>18</sup>.

#### Our workplace organisation is too weak

Twenty-five per cent of workplaces where unions are recognised have no workplace rep. Only one in five union members reports frequent contact with their rep. Fifty-six per cent of non-members in organised workplaces say they have never been asked to join the union. These are huge problems. Recent research<sup>19</sup> shows that effective workplace organisation, defined for these purposes as the presence of high quality workplace reps, trusted by their members and respected by the employer, is a necessary condition of overall union effectiveness. If we cannot improve our performance on these fundamental

organisational questions then our opportunities successfully to develop a new narrative will be very limited.

#### Our bargaining agenda is too restricted

Analysis of the 1998 Workplace Employee Relations Survey<sup>20</sup> shows that the collective bargaining agenda has diminished dramatically in scope in the last 20 years. The table below shows how little influence unions can exercise over work organisation. This has a serious impact on our ability to make progress on the opportunity and performance dimensions that were explored earlier.

#### Bargaining over aspects of work organisation, 1980 - 1998 (Employer view, workplaces with 25+ employees, WERS)

Situation in 1980	Situation in 1998
<ul style="list-style-type: none"> <li>43% negotiated on recruitment and selection issues</li> <li>64% negotiated on internal redeployment</li> <li>49% negotiated on staffing levels</li> </ul>	<ul style="list-style-type: none"> <li>3% negotiated on recruitment and selection issues</li> <li>6% negotiated on staffing levels redeployment etc</li> </ul>

The TUC's research<sup>21</sup> shows that the ability to make progress on a broad agenda is essential for bargaining effectiveness. For example, to be seen as effective at pay bargaining:

*unions must foster relations with the employer, get to know the employer's business, cultivate relations with employees, ensure openness and accessibility, have representative structures on the ground, prove effective in delivering on other fronts and operate from a position of relative power. It is not an either/or situation for unions. They are either competent on all fronts, or else their ability to deliver fair pay increases is compromised.<sup>22</sup>*

Similar considerations apply to other aspects of the collective bargaining agenda so that good performance on each of the following dimensions reinforces good performance on all of the others.

- Delivering fair pay increases and bonuses.
- Protecting workers against unfair treatment.
- Promoting equal opportunities.

- Making work interesting and enjoyable.
- Working with the employer to improve performance.

Why should New Labour take the trade union argument seriously when our capacity to deliver this broad agenda is so limited, when our rhetoric generally favours the adversarial over the aspirational and when we have displayed no capacity to reform ourselves to respond to what workers say they want from workplace organisations? This may seem an unduly harsh evaluation of what unions have achieved in recent years and the extent of the change that has been made. Nevertheless, it is an attempt to get inside the mind of New Labour and assess the scale of the challenge we face in legitimising the union role.

It is important to be clear what a revitalised collective bargaining might look like. It certainly is not about a return to greater workplace militancy - *A Perfect Union?* makes very clear that both members and non-members find this unappealing. Nor is it about a return to the days of large-scale national agreements on rates of pay and other conditions of employment, although there may be scope for sectoral understandings on the implementation of best practice, with details being determined at enterprise level. Any attempt to “broaden the bargaining agenda” must start with the problems confronting people at work and the changes that have taken place in enterprise structure and strategy.

There is strong evidence<sup>23</sup> suggesting that most people in Britain are working harder today than they did 10 years ago. There is also evidence that a large minority are working longer hours too. Many organisations are in a state of permanent revolution, with endless restructuring, increasing pressure to respond rapidly to consumer demands, an accelerating pace of change and a decline in the opportunities available to workers to influence events. While many people seem to have far more discretion about how they do their jobs, there has been a concomitant increase in the degree of monitoring and surveillance under the guise of “performance management”. All this has taken place at a time of strong employment growth and no change in job tenures, yet many people at work feel very insecure about their futures<sup>24</sup>. The phenomenon of insecurity spills over into people's private lives and the

life of the wider community. It creates uncertainty about where people fit in the world, undermines individual self-respect and raises doubts whether individuals will be treated with respect by others.

The sociologist Richard Sennett has suggested that these trends have an adverse effect on “character”, meaning the personal traits which we value in ourselves and for which we seek to be valued by others. He poses two questions about character in the “new flexible capitalism” which are particularly relevant for unions:

*How do we decide what is of lasting value in ourselves in a society which is impatient, which focuses on the immediate moment? How can mutual loyalties and commitments be sustained in institutions that are constantly breaking apart or continually being redesigned?<sup>25</sup>*

The challenge for unions of course is to show that we have answers to these questions that reflect the experience of today's world of work rather than the myths of yesteryear. Given New Labour's determination to create a more cohesive society it is clear that they should be wrestling with some complex of problems.

Sennett concludes his essay as follows:

*[I]f change occurs it happens on the ground, between persons speaking out of an inner need rather than through mass uprisings. What political programmes follow from those inner needs, I simply don't know. But I do know that a regime that provides human beings no deep reasons to care about one another cannot long preserve its legitimacy.<sup>26</sup>*

This somewhat inconclusive conclusion might be rephrased as a series of questions for unions. Can we respond to these “inner needs”, to the demand for respect at work, for a degree of security, to the desire for a career rather than just a job? Can we work with government to devise a political programme, which in turn establishes the conditions for unions to work with employers and create workplaces where people do have “deep reasons to care about one another”? Can we, in other words, develop a modern argument and an industrial agenda that makes a reality of that old notion of solidarity?

The task for unions is to find a point of leverage to address the problems facing

workers in today's labour market. The Information and Consultation Directive (which comes into operation in 2005) is important because it should, if used creatively, enable unions to put all of these issues back on the table.

Employers will be subject to clear obligations that guarantee robust rights to the following.

- Information on the recent and probable development of the undertaking's activities or economic situation.
- Information and consultation on the situation, structure and probable development of employment and any "anticipatory" measures envisaged in the event of a threat to employment.
- Information and consultation with a view to reaching an agreement on decisions likely to lead to substantial changes in work organisation or contractual relations.

In the future employers will simply be unable to say, 'that isn't negotiable' or 'this is a matter of management prerogative there is no need to talk to the unions'. The Information and Consultation Directive is predicated on the notion that employers must establish the legitimacy of their decisions by consulting the workforce in advance of any changes. So for example, the introduction of new technologies, skill upgrading, job redesign, quality initiatives, new pay systems, will all be subject to information and consultation. Far from being the "burdens on business" described by the CBI, the information and consultation rights are a practical demonstration of the commitment to economic democracy of which Stiglitz writes.

It is also important to understand that these rights are universal and can be exercised by workers even where no union is recognised. Inevitably this will mean the growth of non-union structures for representation, but this should be seen as an opportunity rather than a threat.

Under the Employment Relations Act unions must secure 40 per cent support amongst all those entitled to vote in a bargaining unit before the Central Arbitration Committee will make an award of recognition. This is a very high hurdle. Organising an entire workforce is resource

intensive, time consuming and there is no guarantee of success. However, under the Information and Consultation Directive even if the support of a certain number of workers (say 10 per cent) is needed to initiate the process that is significantly less demanding than the recognition regime. Once a request for information and consultation has been validly made an employer will be obliged to move immediately to the election of workforce representatives and the establishment of proper information and consultation arrangements.

In practice this means that unions will be able to organise works councils as a route to organising workers. Unions will be able to run candidates for membership of these consultative bodies, provide training to those elected and provide resources and expertise when discussions begin with the employer. It is certain that properly trained union supported reps will be far more effective in dealing with employers than non-union reps who have only their own resources to draw upon.

The information and consultation rights are also suggestive of a new bargaining agenda. Although one might say that the legislation, rather than establish a framework for *bargaining* as conventionally conceived, sets conditions for a new approach to the *joint regulation* of the workplace. Furthermore, it is impossible to make sense of these new rights in anything other than a pluralist frame of reference. This cuts against the grain of the commonsense of many HR managers who are committed to a unitarist view of the world. There is a strong case for saying that it will be difficult to make the new procedures operate effectively unless employers change their mindset.

Without wishing to overstate the case, proper implementation of information and consultation could generate a quiet revolution in many British workplaces where worker voice institutions are conspicuously absent today. At the heart of the information and consultation rights is the notion of regular dialogue and sustained engagement about workplace change. Workplace representatives will be engaged in more joint problem solving, more discussions about technology and job design, and wider consultation about critical business decisions. A joint approach to these questions will allow workplace representatives to chart a course towards a much wider conversation

with the employer about the intensity of work, workload and working hours. In other words, the information and consultation rights will entrench the legitimacy of the representative role, and give workers real influence over the issues that shape the day to day experience of work

It is also important to understand the information and consultation rights in the context of changes in business structure and strategy. Many employers (although by no means all) have abandoned the military style command and control hierarchies of Fordism and have embraced a looser managerial model - downsized, delayed and decentralised, an "archipelago" rather than a "pyramid". Operational units may have a much higher degree of autonomy and work organisation may be more "flexible" in the sense that multi-skilled teams working on "projects" have replaced the routine and repetition of mass production. Yet in many cases union structures - and the way we think about workplace organisation - have not changed at all. At this point little more can be done than

to raise the question - if business is going through an organisational transformation do unions need to change their structures too?

One might also reflect further on the paradox that despite the rhetoric of "lean organisations" and despite the phenomenon of work intensification for white-collar workers, the UK appears to employ more managers as a proportion of the workforce than any other EU economy. Labour market projections suggest that the numbers are set to rise rather than fall. It is a genuine surprise then that British managers have a poorer record on the implementation of innovative forms of work organisation, apply such initiatives later than comparable organisations in other countries and report poorer results<sup>27</sup>. The same study found particular weakness in the UK around the implementation of "people practices", which suggests a huge problem with management training and development. Unions should take up this diagnosis as a challenge to business organisations like the CBI. It is a further point of leverage to be used to broaden the bargaining agenda.

## What changes should unions make?

**THE PURPOSE of the analysis so far has been to explain why unions have had such difficulty in moving the government onto a positive agenda that goes beyond the legacy policies of the Kinnock and Smith leaderships. New Labour are not convinced that there is anything to be gained and may believe that there is much to be lost by conceding the TUC's "64 unreasonable demands"<sup>28</sup>. In the absence of a better explanation, New Labour are easily persuaded by the standard employer rhetoric about burdens on business. And we have yet to tell an equally powerful and coherent story that acts as a counterweight to the standard business whingeing.**

Most importantly we need to tell a persuasive story about the balance between the role of the law and the role of trade unions. We run the risk today that unions will simply be seen as organisations demanding

more regulation - if there is a problem in the workplace then the government should pass a law to stamp it out. Yet to demand a much stronger framework of individual rights, and to call for a labour inspectorate to enforce these rights is an admission of weakness by unions. Our goal must be to make the case for a *floor* of rights to protect the most vulnerable, with serious questions about job design, the quality of work and workplace relationships left to unions (or other workplace representatives) and employers to resolve.

The nature of the choice should be clear to government and employers, we either have more negotiation or more litigation in the UK. At present our system is a fragile hybrid, with a mix of statutory regulation, rights for individuals, voluntary collective bargaining and statutory recognition. If unions continue to retreat and collective bargaining continues to decline then the rather blunt instrument of regulation will be the only way to establish

any meaningful framework for fairness in the labour market. The argument presented here is that it is desirable for all parties to see a powerful voluntarist element supplementing minimum statutory standards. In other words we need a robust hybrid that can flourish in bad as well as good weather.

The real challenge for unions then is to determine how we can address the weaknesses identified in the previous section and give a practical demonstration that some elements of the new narrative are emerging in reality. Amongst the questions that we need to address are the following.

*What new organisational strategies do we need to boost membership? How can we construct a “union offer” that looks attractive to the majority of unorganised workers?*

*What new skills do organisers need to develop and deliver these strategies?*

*How can we ensure that all organised workplaces have a workplace representative?*

*How can we ensure that reps are equipped to deal with a broader bargaining agenda? What skills do reps need?*

*What steps can we take to demonstrate that unions are moving from a defensive, adversarial agenda to an aspirational agenda focused on enabling people to get on at work?*

*What does a well-managed workplace look*

*like? And how can trade unions contribute to making it better managed?*

*How can we ensure that unions are well placed to make the most of the opportunities presented by the information and consultation Directive?*

*To what extent do union structures need to change to reflect changes in the labour market and models of business organisation?*

Finally, no mention has been made so far of employers’ attitudes to unions. Yet we know that employer opinion has a big impact on workers’ attitudes to union membership and to perceptions of union effectiveness. Convincing employers about a newly conceived union role can be seen as part of the process of shaping New Labour’s thinking too. If employer opinion is shifting it is much more likely that the government will be inclined to move. It is strongly arguable that employers should be concerned about the impact of work on people’s private lives and the life of the community. Most employers would agree that a society characterised by high levels of social exclusion, poverty and crime is unlikely to be a good place to do business. The task now is to convince employers that business models associated with insecurity, stress, work intensification and a sense of rootlessness or being cast adrift are just as unlikely to be good for business or for society.

## Union/government relations - the future

**THE PRINCIPAL conclusion from this discussion is that union success should not be judged by the number of items from the TUC’s shopping list that appear in Labour’s next manifesto. Nor should we believe that increasing the number of statutory employment rights for individuals brings the UK that much closer to the elusive goal of the European social model.**

This is to misunderstand what the European social model is really about. Most seriously, it underplays the importance of institutions for co-determination/information and consultation, the commitment to “deliberative

governance” as a way of managing conflict and the importance of mature and stable relationships between government, unions and employers. The European social model is as much about the way that the parties do business as it is about substantive legal rights.

This is an important consideration for unions in constructing an agenda for the medium term. Surely, the central objective during this prolonged period of Labour government is to establish a durable labour market consensus, accepted by government and employers, which includes a strong role for unions. This in turn depends upon labour market institutions that put unions at the

heart of decision making in the firm and in national policy.

We should argue that these are legitimate objectives for New Labour, not because unions fund the Party, or because the awkward squad can make a fuss at Conference. But because they fit into a view of the world where individual opportunity is sustained by collectivism and economic efficiency is enhanced by worker voice. The practical outcome might be characterised more as a way of managing relationships rather than a list of programmatic demands, a way of extending union influence over the workplace agenda in practice rather than episodic battles over manifesto commitments.

Here are some illustrative ideas to help prompt further thinking. They are offered to encourage further debate and should not be read as a definitive programme.

### A strategic role in micro-economic policy

- Unions need to play a much more active role in the work of the Department of Trade and Industry. The DTI has Industry Forums and “Innovation and Growth Teams” that bring together key players in a sector to look at market pressures, new products and processes, technological change and skills. The aim is to produce action plans for a sector that will contain recommendations for government and for business. Union involvement is patchy at best but unions can bring great expertise to the table, particularly in the area of managing change - the union role here would be to develop a strategy with government and employers on how necessary change can be achieved with a minimum of pain and disruption. By giving unions a voice in the process and by developing a shared understanding of the realities, government would be enabling the parties to have a more intelligent dialogue about the measures necessary to improve productivity and performance.

### Transferring these understandings to the workplace . . .

- Unions could also make the case for an explicit linkage between these sectoral strategies and workplace activity. If major technological change is needed in a sector, with significant job redesign and skills upgrading, then unions need

to be involved in the process of implementation at firm level.

### . . . With a link to information and consultation

- The Information and Consultation regulations are particularly important because they establish a clear framework for discussions to take place. Unions should be arguing that government implements information and consultation with enthusiasm and provides support to those employers and unions who want to make progress together on work, organisation, job design and productivity improvement. The government should also make clear that major organisational change should only take place after proper information and consultation procedures have been followed.

### Making the same arguments in relation to public service improvement

- Similar principles apply to the process of public service improvement. Not only will the government fail in their objectives if unions and their members are not engaged in the process, but unions will fail to deliver the rewarding and interesting jobs that union members say they want. Trade union and employee involvement must be at the heart of the union response to public service modernisation and reform.

### Emphasising the major contribution unions make to the skills agenda

- The union role in promoting workplace learning has already been recognised by the government. Unions should build on this and make the case that government (and unions) must focus on improving the capacity of management to make proper use of a more highly skilled workforce.

### Recalling the contribution that unions make to legitimising change

- Unions should be looking for a much clearer view from government about the wider role of unions in developing social capital and contributing to social cohesion. The best outcome would be for ministers to say: “Yes we need dynamic businesses that make good profits, but we need dynamic unions too to keep business honest and ensure that workers are treated with respect”.

### Recognising the need to build union capacity to meet these challenges

- Making progress in all of these areas poses a huge challenge for unions. Most seriously, it demands much a much higher degree of skill and professionalism at all levels. National officers must be confident and well informed enough to contribute to discussions about sectoral or enterprise strategy. Workplace representatives must be well trained to represent their members and operate on an equal footing with HR professionals and operational managers. Creating more high performance workplaces needs to be matched by an effort to build more high performance unions. There is a clear public interest in building union capacity here and this is an area where unions might look for further government support.

At first glance a cynic may say that this all looks rather modest and process driven. Closer analysis should reveal the clear intention to transform British workplaces. *A Perfect Union?* shows that the most frequent reason given for not joining a union is that “it won’t make any difference”. All of the above

suggestions are designed to position unions so that we can make a difference, so that we can use influence on national policy to shape business strategy and enable workplace representatives to improve the quality of working life and business performance.

Some measures that are already in train will assist in the process. The new information and consultation rights are the most obvious example, but the potential of the planned new Companies Act should not be underestimated - this will secure a much higher level of transparency, giving workers’ representatives far more information to use to hold senior managers to account.

For most of our history neither unions nor Labour have measured our success by the extent of statutory regulation of the labour market. The focus on the employment law agenda has been a diversion, largely driven by the experiences of the 1970s and 80s. The time has now come to move on. If all the above measures are put in place then the UK will have an environment where unions have a real opportunity to grow.

The government will have done about all it can do to improve the climate. After that, it’s up to us.

9 Fox, *Industrial Sociology and Industrial Relations*, Research Paper 3, Royal Commission on Trade Unions and Employers’ Associations (1966)

10 Stiglitz, *Democratic Development as the Fruits of Labour*, in Ha-Joon Chang (ed) *Joseph Stiglitz and the World Bank - The Rebel Within* (2002), 304

11 Metcalf et al, *Unions and the Sword of Justice: Unions and Pay Systems, Pay Inequality, Pay Discrimination and Low Pay*, National Institute Economic Review, 2001

12 See *A Perfect Union?*, TUC, August 2003

13 See for example the evidence presented in the TUC’s response to the government’s consultation on *High Performance Workplaces*, TUC, December 2002.

14 *A Perfect Union?* op cit

15 Helen Clark, the Labour PM of New Zealand has made several speeches with this objective in mind.

16 A further problem is that fewer than one in three workers have their conditions of employment determined by a collective agreement. This should be contrasted with the situation in much of the rest of Europe where, even in countries with very low union membership (eg. France), the vast majority of workers are covered by collective agreements. Collective bargaining coverage has collapsed in the UK private sector having determined the conditions of more than four in five employees in 1979.

17 Kochan, *Restoring Workers’ Voice: A Call for Action*,

paper prepared for conference *The Future of Organised Labour*, April 2003.

18 Healey and Engel, *Learning to organise*, TUC (2003). John Healey MP is Economic Secretary to the Treasury.

19 *A Perfect Union?* op cit

20 Brown et al, *The Employment Contract - From Collective Procedures to Individual Rights*, BJIR, Vol 38(4) (2000)

21 *A Perfect Union?*, Section 3, p.17 et seq

22 Ibid, p.25

23 For an excellent summary of all the issues referred to here see Taylor, *Britain’s World of Work - Myths and Realities*, ESRC (2002).

24 An OECD survey published in 2001 showed that the UK had the second highest level of employment insecurity in the developed world, despite strong job growth and low unemployment.

25 Sennet, *The Corrosion of Character*, (1998), 10

26 Sennet, op cit, 148

27 Clegg et al, *An international study of the use and effectiveness of modern manufacturing practices*, International Journal of Production Research (2001)

28 The tabloid caricature of the TUC’s submission to the review of the Employment Relations Act, which contains a long list of changes to employment law.

## Footnotes

1 The paper should be read in conjunction with the TUC’s analytical paper *A perfect Union?* (2003) - this sets out some of the membership challenges unions face and explores the attitudes of both members and non-members to the union role in the world of work.

2 On one view it might be said that the recognition procedure demonstrates real public policy support for collective bargaining. There is some truth in this, but it is much harder to sustain the argument that the government has a considered view that collective bargaining is a good thing in principle and ought to be encouraged as the best approach to civilised industrial relations. The recognition procedure falls short of measures taken by previous governments - principally the Fair Wages resolution - which actively promoted the extension of collective agreements.

3 Kahn Freund, *Labour and the Law* (1983)

4 There is also a case for saying that the UK’s system has never been purely voluntarist. From nineteenth century factories legislation and the prohibition of child labour to the restrictions on the employment of women in mines and quarries, the law has always had some role to play. However, for a considerable time it was true to say that the state did little to intervene in contractual relations

between workers and their employer, or do anything to shape industrial conflict other than absent itself from the process - this was where the voluntarist model really held sway. Similarly, the Employment Protection Act 19975 made provision for the remaining wages councils to be converted over time to statutory joint industrial councils and then for full collective bargaining to take over. Once again, this represents a powerful commitment to the voluntarist vision.

5 It is also worth recalling that it was a Conservative government that established the NEDC. Labour retained NEDC after 1964 but the real power remained with the Treasury and (for a period) the Department of Economic Affairs. For most of its life NEDC was little more than a moderately useful talking shop and was an empty vessel by the time it was abolished by the Major government in 1991. So far New Labour has seen no need to establish something similar.

6 Rawls, *A Theory of Justice* (1971)

7 Kahn Freund, *op cit*, 18

8 See Coser, *The Functions of Social Conflict* (1976)

## unions 21

building tomorrow’s unions

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### UNIONS 21 AIMS

“To provide an open space for discussion about how trade unions can win and maintain public support for their priorities in a changing political and economic environment. This is to be done through publications, meetings, conferences and seminars involving trade unionists, politicians, academics and the media.”