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## Trade Unions and the State: The Construction of Industrial Relations Institutions in Britain, 1890-2000

Chris Howell\*

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sharpen and extend the lines of comparative analysis this book has opened up.

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### Historical Studies

*Trade Unions and the State: The Construction of Industrial Relations Institutions in Britain, 1890–2000.* By Chris Howell. Princeton: Princeton University Press, 2005. xi, 243 pp. ISBN 0-69101-2106-0, \$39.50 (cloth).

What ever happened to British labor? In the 1970s, British unions were powers in the land. In 1979, after toppling *three* governments in a decade, they enrolled a majority of British workers and were widely credited with dominating, if not undermining, the British economy. Prime ministers and cabinet members consulted labor leaders; union congresses and elections were legitimate front-page news. In barely a decade, all this changed. British labor proved to be a paper tiger, quickly tamed by the Thatcher government, which almost seemed to set unions on a path toward extinction. Strike activity withered, declining by over 80% per decade after 1979 until there were only 3% as many strikers in 1999 as in 1979. Membership also fell sharply, to under 40% of the work force in 1989 and under 30% in 1999. Even before the membership collapse, the unions had lost their consultative role with the government; but it was their lack of influence on the Labour government elected with Tony Blair in 1997 that confirmed just how much their power had declined.

Is labor's decline an anomaly or a trend? Scholars have debated this question, with most approaching it from the perspective of the workers themselves and their interest in forming unions. This reflects a prevailing "stylized fact" about British industrial relations, the idea that British unions have developed in an atmosphere of "collective laissez faire." Unlike the United States or continental Europe, where unions are protected by law, the British state has been abstentionist; without state support, British unions, it is said, have developed solely through the workers' own collective action, and their strength, where it has existed, has been due to

the unions' own efforts and market power. Working from this approach, then, it has been natural for scholars to explain union collapse as a result of market forces and economic conditions affecting the bargaining power of the workers and their unions.

Chris Howell brings to this debate a shrewd understanding of modern industrial relations, an understanding honed both in his earlier research on French labor and in a good historian's willingness to question received wisdom by reexamining the historical record. He begins by reinterpreting the history of British industrial relations, discrediting the myth of collective laissez faire. Taking on some of the biggest names in British industrial relations, including Otto Kahn-Freund, Hugh Clegg, Allan Flanders, and Alan Fox, Howell builds on a burgeoning historical literature, by Jonathan Zeitlin, Steven Tolliday, and others, that has chipped away at the abstentionist position by showing the importance of state policy for union development in many industries. Reconstructing British industrial relations history over the past century, Howell identifies three distinct periods: a long period of industry bargaining in competitive industries from the end of the nineteenth century through World War II, workplace bargaining with large, oligopolistic firms from the early 1950s through the 1970s, and individualized bargaining without unions since the early 1980s. Howell shows how the British state helped to construct each industrial relations system. By removing wages from competition, the government developed the first system of industrial relations to reduce competitive pressures on Britain's ailing manufacturing industries. This system was promoted by Royal commissions and officials at the Board of Trade and Ministry of Labour, who repeatedly intervened in industrial disputes to encourage collective bargaining. By the 1950s, however, changing economic conditions had undermined this system. Instead of competitive industries filled with small firms, the postwar British economy was dominated by a new set of industries, including automobiles and aerospace, with a few large-scale multi-national producers. Seeking to raise their own productivity to compete better internationally, and little concerned with wage competition with smaller and older firms, these firms abandoned the older employer associations and industry bargaining to seek workplace bargains not only over wages but over a broad range of aspects of work organization. Again, Howell finds that public commissions played a crucial role in interpreting economic

conditions to justify this new bargaining system, and state action helped to launch it.

While arguing that the second system of industrial relations was more successful than some contemporaries said, Howell acknowledges that it failed to contain the wage-price pressures that can come naturally from decentralized bargaining. When a centralized incomes policy slammed into an industrial relations system rooted in "participative unionism," shop stewards, and enterprise bargains, the predictable result was a cataclysm. When, in the "winter of discontent" of 1978/1979, strikers brought down the Labour government of James Callaghan, British employers and many, many others lost all faith in the second industrial relations system and cheered when Margaret Thatcher, Callaghan's successor, set out to destroy it. But more than a failure of inflation management was at work here. Howell argues that the second system of industrial relations failed because it never established a political consensus grounded in a stable class compromise. From this perspective, the "winter of discontent" only confirmed that Britain's decentralized industrial relations made it impossible for union leaders to deliver the wage restraint and control over labor militancy needed to win employer support. For labor, there was another problem. The second system rested on the false premise that labor's successes came from its independent power. Decentralized bargaining reinforced a mistaken voluntarist interpretation of British industrial relations at the same time that labor's success in overthrowing the Wilson, Heath, and Callaghan governments gave trade unions an exaggerated sense of their own power.

The failure of decentralized bargaining to contain wage inflation and labor strife opened the door to a Conservative government ready to drop fundamental elements common to both of the first two systems of industrial relations: a commitment to collective bargaining, and to

trade unions. Howell recounts the step-by-step process through which the Thatcher government dismantled collective bargaining and stripped away state support for the institutions of collective representation. At the same time, a misplaced commitment to voluntarism and collective laissez faire left British labor singularly unprepared to combat Thatcher's attack. Capitalists, however, understood exactly what Thatcher meant. By assuring managers of state support, Thatcherism sparked a managerial renaissance that has allowed British management to enter boldly into a new era of international competition and flexible production.

Nor has Labour's return to power under Tony Blair reversed the declining position of British labor unions. The centerpiece of New Labour's industrial relations policy, the Employment Rights Act of 1999, provides for a right to collective representation comparable to the American Wagner Act. But like the Wagner Act, the Employment Rights Act is so limited in coverage and entangled in legal restrictions that it has done little to help unions. (Before the 2001 election, Blair promised a root-and-branch review of the law; unions are still waiting for this.) Still believing in collective laissez faire, British labor has yet to develop a viable response to Thatcherism.

Caught up in the jargon of social science debate, Howell's writing does not do justice to his ideas. But his work well repays a careful reading. In less than 200 pages of text, he reinterprets British history, and points toward a new approach to understanding some of the central questions of our time. I recommend *Trade Unions and the State* without reservation.

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