"THANK-OFFERING TO BRITAIN FUND" LECTURE

THE TRADE UNION AND
THE COMMON WEAL

By HENRY PHELPS BROWN

Fellow of the Academy

Read 7 June 1967

It is an honour to lecture on this Foundation, and my first duty and privilege is to echo the appreciation our President has expressed of the generosity of heart and mind that prompted the Thank-Offering to Britain. When our President spoke on this occasion a year ago, he reminded us that in this matter the British people had not only given, but had abundantly received. Each of us will have his own experience of the 'brain gain': may I cite two recollections of my own? There were two thinkers, I suppose, in the early years of this century, who above all others developed a thrust of intellectual audacity powerful enough to lift them out of the gravitational field of preconceptions by which the mind of man is held down. It is moving for me to remember how I saw Albert Einstein walking in the quadrangles of Oxford, with his mild expressive mien; and to see today in Hampstead the tablet that marks the last home of that other cosmonaut, Sigmund Freud, and the clinic where his daughter is working and teaching now. But more than this. It is painful to want, but it can be painful also to have one's wants relieved at another man's hand. Out of the heartache of his own exile, Dante wrote

You shall find out
How salt the taste is of another's bread.

When in the Thank-Offering to Britain for that salt bread a silver trencher is returned, we behold true magnanimity.

On the face of things, my subject of The Trade Union and the Common Weal might suggest simply a tussle about money. The trade union may be seen as intended chiefly to press wage claims, whose object is ultimately to gain a larger share of the national product for the union's members, leaving less for other people—the professions, the farmers, the share-holders, the landlords. In this way, the union is viewed as a pressure group designed to advance the interests of its members in ways which
conflict with the interests of their neighbours. Mention of the farmers reminds us that trade unionists are not alone in combining to advance their own interests; nor are they generally judged wrong in so doing—after all, the incomes they are trying to raise are lower than most other people’s. The problem is seen rather as how to hold the balance even between particular groups and the rest of the community, in a struggle over the division of limited proceeds.

Now I want to contend that this approach is misleading. Its view of the functions of the trade union is one-sided. Implicitly it ascribes to trade unions more power to raise wages than they have been able to exert in practice.

Let us consider what we can learn from the record of history. A biologist, asked to find what effect trade unions took on the movement of wages, would want to design an experiment—at least to be able to compare what came about in one situation where there was no union with another that was like it in all respects save that unionism was active. But in human affairs we cannot create these situations, and the actual course of events seldom or never presents us with them spontaneously. At one time in the United States, for instance, the street-car crews of some cities were unionized, of others not, and the wages of the unionized men were the higher: but before we can link those two differences we must remember that it was in the bigger cities that the crews were unionized, and wages in the bigger cities were higher all round in any case. Some allowance, however, can be made for this influence of the size of the city, for example by expressing the street-car crews’ wages as a proportion of the general level of wages prevailing in each size of city.1 In such ways the patient and ingenious statistician can do much to separate the specific influence of trade unionism from that of other factors with which it is found intermingled when any two actual situations are compared. The U.S.A., with its wide regional differences and the partial coverage of its trade unionism, has provided a number of opportunities for such analysis. Here and elsewhere it has also been possible to see what happens when a group of workers is first unionized; or to compare the impacts of boom and slump in unionized and non-unionized sectors. The findings of such studies lack the rigour of scientific experiment, but at least lend probability to certain conclusions.

THE TRADE UNION AND THE COMMON WEAL  167

These are chiefly four. First, trade unions have done much
to level up the rates paid to men doing the same kind of work
in different firms or places. They have done this by enforcing
minimum rates which, even when they make little difference to
the majority, are above what some men and women have been
getting for the same kind of work. It can always happen that
a particular worker or group of workers has no effective access
to alternative employers, and so lacks the protection that
competition between employers affords the worker. Such people
are liable to be exploited by the employer, if not of set purpose,
then by letting the existing rate go on when it is rising elsewhere.
These pockets of exploitation, instanced most clearly by the
sweatshops of old, are removed by trade unionism as they are
by a statutory minimum wage. Secondly, there are particular
groups, specially strongly placed, who by bargaining collectively
can get higher pay for their members than they would get with-
out the union, even in an active market for their services. Air-
line pilots have been instanced in the U.S.A., newspaper press
operators in this country. But it seems that these cases are
exceptional. The greatest check on them seems to be, that what-
ever the power of one small group of indispensable specialists
to push its own pay up if it is allowed to bargain separately, other
workers in the same industry refuse to let it widen its differential,
and so in effect require the employers to deal with a claim for
the few as the first instalment of a claim for all. These first two
effects of the union concern minorities, but the two others are
general. One is the greater power of unionized labour to resist
wage cuts in a slump. The other is the impact effect of unioniza-
tion. When hitherto unorganized workers form an effective
union and bring the employer into collective bargaining for the
first time, experience in the U.S.A. indicates that their wage
will commonly be raised substantially—by 10 or 15 per cent.—
above its previous relation to wages around them. This impact
effect, however, is once for all: it does not seem to be followed by
any progressive divergence; the workers concerned go up several
places in the industrial league table, but in the movements that
follow they generally do no more than hold their new place.
The fortunes of industries are various, and it is hard if not
impossible to disentangle the influence of trade unionism from
the others that play upon the course of wages in any one
industry: but negatively at least the evidence is clear—if strong
unionism had tended to bring with it bigger wage rises year by
year than were being obtained elsewhere, in the long run we
should find wages in the strongly unionized sectors clearly rising away from the rest, and that we do not find. Sometimes, indeed, we find the opposite.

But is this really all? Does unionism really raise wages only for minorities or on single occasions? When it extends widely, will not the general level of wages be raised faster, and will it not obtain for its members a larger share of the national product? I will try to answer these questions from a study I have made of the movement of wages in five western economies—France, Germany, Sweden, the U.K., and the U.S.A.—from 1860 to the present day.

Now certainly this record shows instances of a wave of union militancy being associated with a greater rise in wages, or a phase of union weakness with a greater fall, than we should expect from the circumstances of the time. For a hundred years down to the Second World War those circumstances were dominated by the trade cycle, with its period of about 8 years—roughly, 4 years of rising activity in which wages rose, followed by 4 of falling activity, in which wages remained unchanged, or were reduced, but by less than they had recently risen. If we gauge the intensity of a cyclical phase by an indicator such as the level of employment, or of pig iron output, we find that the movements of wages generally varied according to that intensity. But not always—in our own history, for example, wages went up less than might have been expected in the rising activity of 1880–3 and 1934–7, when in each case trade union pushfulness had been reduced by the exceptional severity of the preceding depression; on the other hand, the rises were bigger than we should otherwise have expected in 1906, when the Trade Disputes Act released the unions from the risks of striking that the Taff Vale judgment had suspended over their heads, and again in the growth of union membership and militancy beginning in the long hot summer of 1911.

But on a survey of the whole record, these instances appear only occasionally. If we looked at them alone, if indeed we looked only at what happens when one union puts in a claim and gets a rise after a struggle, we should expect the growth of trade unionism in the western economies to have brought in a new era of wage movements: but it did not. In a number of those economies it was in the years between 1890 and 1914 that trade unionism extended from small beginnings to the dimensions of a national movement: but the course of wages showed no corresponding change; and in the interwar years,
when collective bargaining was more widely established than ever before, the trend of wages generally ceased to rise. Evidently it continued to be swayed by market forces other than union pressure, and this pressure was effective only within the tolerance that these forces left it. Two main factors seem to have delimited this tolerance: first, how far the rise of output per man enabled the wage per man to be raised without raising the labour cost of the unit of output; and second, in so far as wage rises would raise costs, how far firms could cover higher costs by raising their selling prices, without fear of losing business. It is the change made in this second factor by internationally full employment, and the commitment of governments to maintain it, that accounts for the unprecedented cumulation of annual wage rises obtained by the trade unions of the western economies through the last twenty years.

On this reading of the record, then, it appears that the part played by the trade unions in the raising of the general level of money wages has been occasionally outstanding but more often subordinate. In so far, moreover, as the unions have made that level rise more than it would have done otherwise, they do not seem to have raised the share of wages in the national income. The most striking instance is the most recent—the unprecedented wage rises of the last twenty years have brought no substantial reduction in the share of profits or, at least until latterly, the rate of return on capital. In the record of earlier years in the western economies we do find some shifts in the proportions in which the product of industry was divided from time to time between earned incomes and profits, and some of these may be linked with trade union strength or weakness, but again the most salient feature is what we do not find—there was no progressive squeezing of profits as union strength built up and collective bargaining extended.

The positive side to that absence of change in shares is that the real wage has risen in the main proportionately to output per man, that is, to productivity. The real wage is the amount of goods the money wage will buy at the prices of the day. When the money wage per man has risen faster than productivity—as in recent years—prices have gone up so as to hold the rise of the real wage back to that of productivity. When the money wage has risen less than productivity—as in this country, for instance, between 1874 and 1889, and again between 1923 and 1937, when the general level of money wages did not rise at all, but productivity rose substantially—then prices have come
down, so that real wages again have risen in much the same proportion as productivity. The wage-earners of this country suffered the most striking demonstration of this principle in the early years of this century. At the turn of the century, uniquely so far as I know among the western economies, the secular rise of productivity was cut off in British industry. British unionism had recently gained a great accession of strength, British money wages continued to rise, but the real wages of British workers shared for nearly 15 years the stagnation of British productivity. In the U.S.A. the average rate of rise of productivity over a span of nearly 70 years has been estimated at 2.4 per cent. a year, and there the rate of rise of real wages over that same span comes out at 2.4 per cent. a year too.¹ Throughout the western economies, be their unions now weaker and now stronger, be their productivity rising now slower and now faster, the rise of their real wages decade by decade has owed far more to the rise of productivity than to any other measurable factor. The unprecedented rise of money wages in the last 20 years is only the latest illustration of that principle: now as before, real wages have risen no faster than productivity.

Such are my grounds for holding that trade unions have made little difference to the distribution of the product of industry, and contributed little to the rise in the standard of living of the wage-earner. But this of course is not to say that they are of no account, or are nourished only on an illusion: on the contrary, they meet needs that make themselves felt quite apart from wage claims, they are seen to form an indispensable part of the institutions of any democratic economy.

It is as such that we must now consider them in their relation with the common weal. If we do not see the wage claim as the be all and end all of the trade union, we shall no longer see in the union’s role a conflict of interest between two parties who are distinct from one another: we can remind ourselves that in the western economies of our day the trade unionists and their households make up at least a third of the whole community, and sometimes more. Nor shall we suppose that the interests of trade unionists are of a kind that can be advanced only at the expense of other people; or that we can define a public interest that is somehow nobler than the interest of any group. But we are bound to regard the trade union as subject to the same kind of pragmatic test as all the institutions of a pluralist society must

undergo. We see these institutions—be they trade unions or churches, firms or colleges—as various channels of activity for the members of the one community. This community holds certain aims in common, and it is willing to sanction the activities of an institution only in so far as they do not conflict too sharply with those aims. Some of the generally accepted aims that bear upon the activities of the trade union, for instance, are that the weak should be protected against exploitation, that there should be equitable resolution of conflicts, that the work of the economy should be ordered efficiently, that productivity should be raised as the indispensable means to higher standards of living. The community—including its members who are themselves trade unionists—will see the activities of the trade union as in need of change, if they conflict substantially with the realization of such aims as these.

Do they so conflict today? There is much to indicate that they do. The problem seems to be one of a changed balance of power. ‘Arrangements designed to give the underdog more protection now enabled him to bully’, said one printing firm recently in its evidence to the Royal Commission on Trade Unions and Employers’ Associations.1 On this view, trade unions grew up to protect the wage-earner in the days when there were commonly two men after one job, and the employers had the whip hand, and some of them did not hesitate to use it. In that setting, the community came to approve the trade union as a way of righting the balance and protecting the weak, and it altered the law drastically to enable the trade union to discharge its functions. But now, it is said, the position has changed radically. With the coming of full employment, powers given to the trade union to protect the worker from exploitation can be used to exploit the employer. The Prime Minister has described the unofficial hold-ups in Fleet Street as blackmail.2 Often these powers are used locally without the authority or approval of the national leadership. And they are used not only to extort but to obstruct. ‘Where my constituency is’, the Prime Minister said on the same occasion, ‘... it is still easier for a rich man to get through the eye of a needle than for a young alert school-leaver—O levels and all—to get a training apprenticeship in the printing industry.’ There is a shortage of skilled engineers in the Manchester area, and workers who are being displaced from the textile industry need retraining, but the Manchester

district committee of the Amalgamated Engineering Union refuses to accept as skilled engineers men who have passed the six-months' course in a Government training centre. 'The attitude of the Manchester Committee', said the Minister of Labour, 'stuck out like a sore thumb in comparison with the rest of the country, particularly since the Government training scheme had been supported by the union's national leaders.'

On this view, the need is twofold: for a restoration of the balance of power between the union and the manager, and for a strengthening of constitutional authority and a reduction of the disorder within the union world itself. Trade union law, it is felt, needs amendment, to check the unofficial strike, give greater authority to the constitutional leadership of the unions, and prevent the oppression of individual workers. Or again, the remedy is sought in a more orderly trade union structure and a more efficient internal administration of the union, particularly through closer contacts between the national and district officers and the rank and file.

It is possible that we are on the eve of substantial changes of this kind. We await the report of the Royal Commission on Trade Unions and Employers' Associations. It may well be that some changes will be proposed in trade union law, and in the procedure provided by government for collective bargaining and for industrial relations at the place of work. For some time the trade union world itself has been in ferment. The developments there, since Congress in September 1965 took a first step towards administering its own wages policy, have been remarkable, in substance and in speed; and in the next few years British trade unions may well make more changes than have been seen for a long time in their own organization and procedures.

So the outlook is hopeful; but we must not hope for too much too soon. I must lay before you now my reasons for holding that the scope for improvement by changing rules and procedures is limited. Perhaps the basic reason is that what trade unions do depends on what trade unionists believe, and it is hard to change beliefs by legislation. Miss Joan Woodward* has contrasted conflicts of interest between parties who share the same system of beliefs, conflicts which are generally negotiable even when much is at stake, with those conflicts that prove more

1 The Times, 22 April 1967.
obstinate even when the stakes are small, because the parties’ systems of belief are different. I shall argue that much which is harmful in the actions of trade unionists at the place of work becomes intelligible, is indeed seen to be logical, when we grasp the system of beliefs that prompts it; but if that is so, it can hardly be changed save in so far as that system of beliefs is changed. In another context, in discussing the effectiveness of plans for research and development, Duncan Burn has pointed out that ‘organizations commonly reflect attitudes and succeed or fail because of the attitudes they reflect’. Equally we may hold that changes made in organizations take their intended effect only within the limits set by the attitudes of those who work in and with them. Certainly there is room for manœuvre here: the same attitudes can work out better under one form of organization than another; but behaviour flows from attitudes, and there are limits to the difference you can make to the river by reshaping its banks.

Especially is this true of an organization like the trade union, where the relevant behaviour is not an occasional specific action to be taken, or refrained from, in accordance with a rule, but the whole ongoing conduct of men in their daily work. This has long been familiar in collective bargaining. An agreement entered into by national leaders is effective only if their members are prepared to go to work day by day on the terms it prescribes. Of course there is room for manœuvre here too: an old-established and trusted leader might secure the acceptance of terms that would be repudiated if negotiated by a newcomer. But it is only a tolerance, within limits. Ultimately there is no power to commit. As the saying goes, you cannot make half a million miners go down the pit and cut coal. What they will do depends on the way they see the situation themselves, on the framework in which they arrange and interpret their own experience.

If the way trade unionism works depends on the attitudes and beliefs of trade unionists, we need to know in turn what shapes these. In one sense there is a trade unionist in each of us; but in some respects the experience of the manual worker and lower paid white collar worker is distinctive, and sets its special mark on him. In recent years the work of industrial sociologists, notably in the U.S.A., France, and this country, has thrown much light on this experience. I speak now as a layman who has gleaned in their field.

It is necessary here to generalize, to single out facets of experience that are common to many workers. This means ignoring many differences. Within any one firm, any one workshop even, there will be different jobs which give rise to very different feelings in those who do them. Different men will react differently to the same job, or to the same management. Managers differ too in their understanding of the wage-earner's situation and their ability to reconcile it with the imperatives of their own role. Were the working world all of a piece with the pattern I shall draw out now, it would hardly go on. But evidently there are elements of experience common to a sufficient number of wage-earners for them to be marked off from the middle class and professional occupations by a distinctive outlook. 'There seems to be a feeling among many working people,' one American investigator has remarked, 'that there is a basic, hard-to-define injustice in their lives which has not been erased by any of the benefits they have won and, furthermore, that it must somehow be management's fault that this nameless wrong continues to exist.' How is this sense of wrong engendered?

It seems in part to be instilled by the daily experience of the working situation. By the very definition of a contract of service, the employee works under the control of the employer: he is under orders. So far as those orders arise out of the requirements of the job they are not resented: on the contrary, it may be the lack of clear instructions that is most resented in inefficient management. But the orders will also prescribe what job a man shall do, and there they impinge upon his own preferences, his sense of what is due to him, and his earnings. There will also be pressure to keep up the rate of working. It is an inherent defect of most contracts of service, that though they specify what is to be paid, they cannot specify what it is to be paid for: the worker is to attend at a certain place and time, and work as directed—but how hard? He sees that it is in the employer's interest to make him work harder: he feels that he must draw the line at a fair day's work and not let himself be pushed over it. Miss Joan Woodward again has pointed out how the pressure to maintain the rate of work varies with the nature of the

process. The pressure is low where the rate of output depends not on the worker but on the equipment, as in continuous flow processes. It is low, at the other extreme, where jobs are ‘one off’, that is, are non-repetitive, so that the worker must be left to find his own way of tackling each problem in turn. But in between, in batch production and mass production, the worker has the protection neither of the pace being set by the equipment nor of the problem being unique: the rate of output depends on his own effort, and because the work is repetitive that effort can be raised by incentives and sanctions. It is in these types of process that the shop steward is commonly most militant, and that conflict breaks out most often at the place of work. Resistance is correlative to the sense, enforced by the daily experience of the workplace, of being in the power of another man, who can profit by exerting it.

One of the sanctions that the employer used to be able to apply was the sack. When the possibilities of full employment were being explored during the War, a writer in The Times put this clearly. ‘Unemployment’, he said, ‘is not a mere accidental blemish in a private-enterprise economy. On the contrary, it is part of the essential mechanism of the system, and has a definite function to fulfil. The first function of unemployment . . . is that it maintains the authority of master over man. The master has normally been in a position to say: “If you don’t want the job, there are plenty of others who do.”’ But the threat of unemployment makes for insecurity even in the minds of men who have no fear of losing their jobs for any fault of their own. The decision to transfer work, to close down a branch, may be taken by higher management, unseen because remote, distrusted because unseen. The wage-earner whose contract can be legally terminated at short notice sees insecurity as inherent in his lot. We may understand it if after twenty years’ experience of full employment, he still reacts so sharply to redundancy.

Nor is this the effect of insecurity alone. If the employer will use you as long as he can make a profit for himself by doing so, but as soon as that ceases to be so he will discard you, the inference is that you owe him no more fidelity than he evidently owes you. As the writer in The Times went on to say, ‘With full employment, the worker would have no counterweight against feeling that he is employed merely to make profits for the firm, and that he is under no moral obligation to refrain from using

1 23 Jan. 1943.
new-found freedom from fear to snatch every advantage that he can."

He will be the readier to do so because he feels he is only getting some of his own back. We have noted the American wage-earner’s sense of ‘a basic, hard-to-define injustice’: a sense of deprivation, of getting less than one’s due. One’s due of what? Perhaps most of all it is of personal significance, of standing in the community, and the ability to identify oneself with one’s work and realize oneself in it. At least it is a deprivation that is not assuaged by wage rises and high material standards of living: the American wage-earners’ real wages are twice as high as those prevailing here. Indeed it may be that the more our material wants are satisfied, the more the immaterial assert themselves and the more deprived we feel.

But the sense of deprivation is not only negative: it prompts its own wry philosophy, transmitted from father to son. Two Cambridge sociologists, John Goldthorpe and David Lockwood,¹ have suggested some of the articles of faith that distinguish the working from the middle class. There is a different view of society. On the middle class view, they suggest, ‘the social order is a hierarchy of differentially rewarded positions: a ladder containing many rungs’, but the working class see it simply as ‘divided into “us” and “them”: those who do not have authority and those who do’. Then, as to what prospects life offers: on the middle class view, ‘where a man ends up depends on what he makes of himself’: the corresponding working class view is—‘What happens to you depends a lot on luck; otherwise you have to learn to put up with things.’ ‘Every man’, runs the middle-class view, ‘ought to make the most of his own capabilities and be responsible for his own welfare’: but the wage-earners feel that ‘“we” ought to stick together and get what we can as a group.’ So to the trade unions. As the middle class see them, ‘the Unions put the interests of a section before the interests of the nation as a whole’; but to the wage-earners, ‘Trade Unions are the only means workers have of protecting themselves and of improving their standard of living’.

What trade unionists do is therefore to be seen as the outcome of their view of the prospects of their own working life. The claims and resistances by which trade union action does harm the common weal are not malevolent in purpose, but are responses to the working situation as the wage-earner perceives

it. The sense of being in the power of other men sets up an impulse to resist. Change may be obstructed simply because to accept it looks like giving way, because to maintain one's self-respect one must draw the line somewhere and take one's stand on it. What seems to be a wage dispute, and a petty one at that, may mark the need to defend one's independence. As Burke said of John Hampden and the ship-money,¹ 'Would twenty shillings have ruined Mr. Hampden's fortune? No! but the payment of half twenty shillings, on the principle it was demanded, would have made him a slave.' But to stand up for oneself means standing together with others in like case. The need of the working group to assert its autonomy induces stress on solidarity, with sanctions against the deviant who departs from accepted practices—practices upheld not on any calculus of present gain, but because they are entrenched positions traditionally defended, and because the required observance of any common rule signalizes solidarity. The member sees his union as providing a system of self-government in the workshop. Against the insecurity of his livelihood he reacts by trying to make himself a proprietor by establishing property in the job. He stipulates minimum complements to man equipment; increasingly he contests the right of management to make men redundant; as the ethologist would say, he defends his territory, refusing to let other men enter upon the work that by right is his alone.

These practices, moreover, however self-regarding and pragmatic in their origin, become a morality, with the characteristic of the moral imperative that it is never more binding than when least evidently advantageous. I remember a trade union officer relating how he had reassured his members about his part in a productivity bargain of the kind in which traditional craft practices are given up in return for higher earnings: 'Do not worry', he had told them, 'we aren't going to betray you: we know there are things in this world more precious than money.' And again: March 1943: a farmyard in Algeria; a tropical rain pouring down; and standing in the straw of the cowshed a gunner telling me why he would not teach another man to repair boots. When they needed repair, boots used to be withdrawn to base workshops, but now the order had gone forth that units must repair their own boots, and detail a man to do this under the instructions of one of their own tradesmen, an equipment repairer. We had detailed a man, and our equipment

¹ *Speech on American Taxation, 1774.*
repairer had refused to instruct him. He told me why. He was a member of a small craft union of specialist bootmakers, and in his apprenticeship he had been taught that he must never, never instruct an outsider in the art and mystery of his trade. He was prepared now to stand his trial by court martial rather than do a disgraceful, a morally shameful act. So it always is when precepts, originally pragmatic, become elevated, or ossified, into commandments. It is a pity; but we must recognize that we are dealing not with bloody-mindedness but with a morality.

Yet this is not a case where to know all is to forgive all. The practices we have been considering do often conflict with the common weal; sometimes they inflict hardship on particular men and women; often they hold earnings down. But if we are to change them we must understand the reasons for their persistence. If the account of those reasons that I have sketched is near the mark, there are limits to what can be done to allay conflict by improvements in rules and institutions. But it can be allayed by changes in the working situation. Equipment can be designed, and workshops laid out, with more regard to their impact on the worker. The course of technical change seems to be moving towards a higher proportion of process equipment which sets the pace of output without need of personal pressure on the worker, and requires the attention of more highly trained workers, whose skill carries with it a greater measure of discretion and autonomy in the job. Something will also be gained simply from greater understanding, which obviates the reaction of moral indignation to behaviour that otherwise must seem only obstructive and, more positively, may suggest ways in which managers can change the working situation and their own approach to it so as to give the worker less insecurity, more autonomy, more achievement. In a word, I have contended that how far the trade union serves the common weal depends not so much on the design of institutions as on the attitude of trade unionists; that this attitude is inherited as a way of perceiving the working life, and reinforced by the daily experience of the workplace; and that betterment depends not so much on changes that can be made at the national level, as on those that can be made only piecemeal, within the firm and man to man.