

# SOCIALISM, SOCIALISTS & THE STATE IN WESTERN EUROPE IN THE 20TH CENTURY

## Workshop

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# Comrades in Conflict: Labour and the Trade Unions since the 1960s

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Ever since the Labour Party was formed in 1906 (having begun in 1900 as the Labour Representation Committee), it has been inextricably linked to Britain's trade unions. Indeed, the trade unions were instrumental in establishing the Labour Party. This is not the place to provide a detailed account of these origins, because our prime focus is on developments since the 1960s which have placed the relationship under increasing strain, but two brief observations are necessary about the manner in which the Labour Party and the trade unions initially emerged and developed, and how this impacted upon their respective ideologies – or lack of.

First, the main political goal of the trade unions was to secure parliamentary representation, in order to advance the material interests of the working class, with the Labour Party their chosen vehicle to achieve this objective. Consequently, from the outset, the primary objective, and the method adopted to achieve this, was to secure statutory rights and protection for trade union and their members through legislation enacted via the House of Commons by elected Labour governments. The radical transformation or even transcendence of Capitalism was never the intention.

Second, and following directly on from this, neither the Labour Party nor the trade unions adopted or developed a particular ideology. Indeed, it was not until 1918 that the Labour Party formally declared itself to be a 'socialist' party, yet even thereafter, its 'socialism' was always vague and open to many different interpretations. Moreover, the very appellation 'the Labour Party' reflected the assumption that it represented a particular socio-economic interest *within* British society, rather than aiming to create a new socio-economic system as would be implied by a Socialist party, a Social Democratic party, a Communist party, etc. Such an appellation would imply a vision of a new socio-economic order superseding Capitalism, but the Labour Party had no such grandiose vision.

Crucially, neither the Labour Party nor the trade unions *qua* institutions were ever really interested in political theory or ideology – certainly, there was very little interest in Marxism, and thus little by way of a systematic critique of Capitalism.<sup>1</sup> To the extent that the political and industrial ‘wings’ of organised labour were guided by any discernible political perspectives, the Labour Party tacitly subscribed to Fabianism, while the trade unions’ perspective was that of ‘labourism’. Labour’s Fabian ethos meant that the problems endured by the working class were not deemed to be intrinsic to Capitalism itself, but to the type of people who managed the State and its political institutions. The State was not inherently ‘biased’ to the rich and powerful, nor was it (as Marxists claimed), an instrument of the Ruling Class or an executive committee for managing the common affairs of the whole bourgeoisie. Instead, if a Labour government won a parliamentary majority, it could then enact laws to benefit ordinary working people – for the ‘impartial’ civil service would faithfully administer these laws because they were passed by a democratically-elected government.<sup>2</sup> Labour’s faith in the neutrality of the State (or ‘the machinery of government’) and the efficacy of parliamentary democracy as a vehicle for change, underpinned the Party emphatic eschewal of Marxism, while also fostering an enduring anti-intellectualism, with successive Labour leaders priding themselves on their pragmatism and empiricist approach to governance.

For their part, the trade unions were equally anti-intellectual and anti-Marxist in most cases, their focus instead usually being on material improvements in the conditions and wages of their members, an objective which would be greatly assisted by Labour governments enacting favourable employment legislation, and thereby providing workers and unions with a degree of parity with employers when negotiating employment matters: ‘Higher wages, shorter hours and better working conditions do not lend themselves to a general philosophy of society’<sup>3</sup> While individual trade union leaders might espouse Socialist rhetoric by denouncing ‘the bosses’ or the inequalities endemic under Capitalism, they mostly eschewed Marxism and all other radical political theories, as well as long-term political programmes, in favour of short-term and tangible improvements in the workplace and the welfare of the working class.

However, from the 1960s onwards, several tensions manifested themselves in the relationship between the Labour Party and the trade unions, these having previously been latent or dormant during much of the early part of the twentieth century when Labour was still establishing itself, and had yet to serve a full term in government. From the 1960s, though,

against a semi-permanent series of economic crises and more general concern about Britain's relative economic decline, the avowedly fraternal relationship between the Labour Party and the trade unions was increasingly subject to increasing friction, as the comrades came into conflict over various issues and policies.

### **Sectional/short-term interests v national/long-term interest**

One of the most obvious and general sources of tension between the Labour Party and the trade unions concerns the different perspectives which each 'side' adopts in practice. There are two broad aspects to this constant conundrum. The first is that whereas the trade unions have been just one socio-economic interest – albeit one which has been inextricably linked to the Party financially and organisationally – Labour has had to appeal to a much wider range of interests and sections of society in order to be electable, which has meant addressing two other crucial 'constituencies'. Firstly, the Labour Party has had to assuage the anxieties of big business, financiers and industrialists, all of who have either feared the Party's professed Socialist principles and hostility to Capitalism (such fears suggest that they have taken Labour's rhetoric far too seriously or literally!), or who have harboured grave doubts about Labour's economic competence, in terms of its ability to provide the right economic conditions or circumstances in which Capital accumulation, profitability and share-holder value can all be increased.

This has often placed the Labour Party in an awkward situation, for it has simultaneously sought to pledge or deliver material and tangible improvements to workers and trade unions, while promising Capital and 'the City' that it will pursue business-friendly policies which boost profit-making. Yet the latter will often entail convincing the business community that a Labour government will 'deliver' the compliance of the trade unions in not pursuing 'excessive' wage increases which would result in higher labour costs, and this erode profit margins. In other words, the Labour Party has repeatedly been obliged to reassure big business and 'the City' that it will 'contain' or restrain the trade unions, whereas the Conservatives have never been compelled to reassure the trade unions that a Conservative government will keep big business or employers 'under control'.

The second way in which the Labour Party has had to appeal far beyond the trade unions and their members in order to be elected (or merely viewed as electable – a credible government-in-waiting) is by rendering itself attractive to the voters themselves, many of whom are not trade unionists. Indeed, particularly in recent decades, as the traditional working-class has declined and trade union membership has plummeted – as discussed below – the Labour Party has had to broaden its electoral appeal by seeking to attract support both from the growing middle class and non-trade unionists; in effect, becoming a genuinely catch-all party. Furthermore, whereas trade unions naturally focus primarily on the day-to-day issues and material conditions affecting their members in the workplace, coupled with seeking higher wages via the annual pay cycle, the Labour Party – more particularly when in government – necessarily adopts a longer-term view, often looking ahead to the next general election – and beyond. One major consequence of this, and thus a source of tension, is that whereas Labour governments have often promised the trade unions and workers improved wages or welfare in the future – once current economic problems have been successfully solved, and economic growth has been restored – the trade unions (or their members) have wanted more immediate or tangible improvements. They have been willing – however grudgingly or reluctantly – to exercise restraint for a year or two in response to promises (by Labour Ministers) of significant improvements to follow, but if the promised rewards do not materialise by this time, then trade union acquiescence invariably dissipates, as union members start to criticise their leaders for failing to represent their interests effectively. This problem has been especially evident when Labour governments have pursued incomes policies to secure wage restraint in times of economic difficulties.

### **Incomes Policies vs Free Collective Bargaining**

A major source of conflict between the Labour Party and the trade unions during the 1960s and 1970s derived from Labour Governments' adoption of incomes policies, which were an integral part of economic management intended to reduce inflation via restraining pay increases, and in so doing, persuade the business community and international financiers that Labour would restore sound money, profitability and economic stability. Moreover, although incomes policies were initially adopted as a reactive, short-term measure or mode of crisis management, many Labour politicians subsequently came to view them as a long-term or

even permanent tool of economic management, and expected the trade unions to accept them as a pre-requisite of continued economic growth and full employment.<sup>4</sup>

However, Britain's trade unions have long been strongly committed to the principle of 'free collective bargaining', meaning that wage determination should be 'free' from political interference or State control. Even when Britain had a Labour government, the trade unions generally remained committed to free collective bargaining, insisting that wages could only ever be planned and controlled by the State when Capitalism had been superseded by Socialism, and the rest of the economy was itself planned and under 'democratic' control. Until such time, in the words of Frank Cousins when addressing the TUC's 1956 conference (while he was leader of the TGWU, Britain's largest trade union at the time), 'in a period of freedom for all, we are part of the all.' Indeed, in 1966, Cousins resigned as a Cabinet Minister due to the Labour Government's adoption of incomes policies as part of a counter-inflation strategy.

Many trade unions also resented the manner in which incomes policies - even when adopted by Labour governments - reflected the premise that it was workers' wage increases which were the underlying cause of domestic inflation (as opposed to inflation deriving from external economic factors, such as oil price increases, over which governments had little, if any, control), rather than relentless price increases intended to boost profits and maximise share-holder value. Certainly, the unions could argue that curbs were rarely imposed on high pay in Britain's boardrooms or 'the City'; it was only workers' wages - not bosses' salaries - that were condemned as being excessive, economically damaging, greedy, inflationary and liable to increase unemployment.

Although many trade union leaders initially acquiesced in the pursuit of incomes policies, they did so for two main reasons: a) it was a Labour government adopting such a policy, rather than the Conservatives, so it was expected to be 'fairer' or more equitable; b) it was envisaged as a short-term emergency measure to tackle a particular economic crisis, after which there would be a return to free collective bargaining. However, as the Labour Government sought to extend or renew each incomes policy on an annual basis, so trade union support diminished, thereby fuelling tensions between the political and industrial wings of organised labour. Some have suggested that the 1966-70 Labour Government's attempt at

holding down workers' wages via incomes policies was a key reason (but certainly not the only one) for the Party's defeat in the 1970 general election.

History repeated itself in the second half of the 1970s, when another Labour Government resorted to another series of incomes policies in the midst of another economic crisis, and again found that initial trade union acquiescence (albeit often reluctant or grudging) steadily dissipated, culminating in the disastrous 1978-79 'winter of discontent', when a series of strikes, mainly by low-paid public sector workers, prompted widespread public revulsion against the trade unions, and *inter alia* the Labour Party, thereby paving the way for Thatcherism via 18 years of Conservative rule. These Conservative governments pursued several policies, and enacted several laws, which fatally and irrevocably weakened the trade unions, and posed serious problems for the Labour Party (as discussed below).

### **‘Collective laissez-faire’ vs industrial relations legislation**

Another major source of conflict between the Labour Party and the trade unions occurred in 1969, when the Employment Secretary, Barbara Castle - fully supported by Prime Minister Harold Wilson - attempted to introduce legislation based on the *In Place of Strife* White Paper. This document, and the associated legislation, derived from political concern about unofficial or unconstitutional (not based on agreed procedures) strikes, which accounted for 90-95% industrial stoppages in Britain in the 1960s. Ironically, part of the problem had been exacerbated by the recourse to incomes policies, for as national-level trade union leaders were increasingly involved in meeting Ministers in London to discuss pay restraint (or, perhaps, be lectured about the need for such curbs), so a power vacuum emerged in many of Britain's trade unions, which was filled by local-level union officials and shop stewards. These could often obtain higher pay increases from local-level employers or management than those formally secured by the national level union leaders, and thereby creating another problem for the Government, that of 'wage drift'.

Faced with this intra-union power vacuum, and the associated incidence of local-level strikes not authorised by the official, national-level trade union leadership, Castle sought to introduce an Industrial Relations Bill which simultaneously enhanced workers' and trade unions' rights, but also placed statutory curbs on unconstitutional strikes, and would empower

the Government to order a secret ballot of union member if a trade union called a strike which was likely to have serious or damaging economic consequences. It was further proposed that individual union members who engaged in unconstitutional strikes, or otherwise defied the industrial relations legislation, would be liable to prosecution, whereupon fines could be imposed upon them.

Unsurprisingly, the trade unions bitterly opposed the proposed legislation, or, rather, the 'penal clauses' within it, viewing it as a major attack on 'collective laissez-faire' or 'voluntarism', the principle that industrial relations and trade unionism should - like wage negotiations and determining levels of pay - be free from political control and State intervention, and instead negotiated freely and voluntarily between trade unions and employer.

Of course, Castle could justifiably claim that the trade unions protested too much, for they readily accepted - indeed, variously demanded - government action and State intervention to enhance employment protection and workers' rights, as well as trade union rights, but then strongly condemned legislation which sought to promote more 'responsible' trade union conduct, and protect workers whose own employment was sometimes jeopardised or temporarily suspended as a consequence of strikes which they were not personally involved in or supportive of.

In spite of Castle's stance, and the backing she received from Wilson, the proposed industrial relations legislation was abandoned, due to the combined opposition of four sources: the trade unions themselves, the many backbench Labour MPs who were 'sponsored' by a trade union, Left-wing Labour MPs (who viewed the legislation as a disgraceful attack on the working class and the trade unions in order to impress big business and international financiers), and James Callaghan (then serving as Home Secretary), who acted as the Cabinet's self-appointed guardian of trade union interests.<sup>5</sup>

## **Divisions within the British working class**

Simply referring to ‘the working class’ implies a homogeneity and unity which has never existed, for Britain’s ‘proletariat’ has always been characterised by sundry divisions which have militated against a cohesive class consciousness; it might have been a class in itself (objectively), but never a class for itself (subjectively). Not only has this weakened trade union strength and solidarity, but, as a consequence, also weakened the links between the working class, the trade unions and the Labour Party.

Analytically, these divisions have been of three main types, albeit often inter-linked or mutually reinforcing in reality: economic, occupational and political. Economically, the British working class has been characterised by horizontal divisions, in terms of ‘layers’ or ‘strata’, with skilled or/and better-paid workers – often originating from artisans and ‘craft workers’ in the nineteenth century – constituting what Lenin termed a ‘labour aristocracy’. This section has often enjoyed relative affluence and prosperity, particularly in comparison to the semi- or unskilled sections of the working class, with whom it has often felt little affinity or solidarity. Indeed, this ‘labour aristocracy’ has often evinced an antipathy towards egalitarian policies pursued by Labour governments, particularly incomes policies which permitted higher wage increases for the low-paid, for these fuelled concern and resentment at the erosion of ‘pay differentials’ between skilled workers and the rest of the working class.

In this respect, the skilled working class has often been highly conservative in wishing to defend and maintain its privileged position within the working class. Indeed, in 1979 the largest electoral swing (of 11%) to Conservative Party was among the skilled working class – the C2s – much of which was attracted to Thatcher’s pledge to abandon incomes policies in favour of a return to free collective bargaining, in which wages would be linked more closely to market criteria, skill and talent.

Occupationally, the British working class, and thus the trade unions, have often been divided by types of employment. Workers have viewed themselves first and foremost as coal miners, ship-builders, train drivers, etc. This occupational self-identification has often militated against any strong sense of working class consciousness or solidarity. This, in turn, has been both reflected and reinforced, by the structure of Britain’s trade unions, which have often been similarly based on occupation or industrial sector in terms of membership. Consequently, the

priority for each trade union has invariably been to defend or improve the employment conditions and wages of its members, without regard for other workers and trade unions, or the working class as a whole. This has generally served to preclude trade union or working class solidarity, and in turn, rendered it difficult for the Labour Party in claiming to represent or speak on behalf of the trade unions and their members.

Politically, the British working class has always been characterised by divisions, with as much as 33% of the working class regularly voting Conservative. This partly derives from the aforementioned 'labour aristocracy' which has been hostile towards (Old) Labour's professed commitment to equality and wealth redistribution via higher taxes, but it also reflects an enduring degree of social authoritarianism among the working class, among whom there is often strong support for 'tough' policies on immigration, law-and-order and 'standing-up-to-foreigners' (including the EU). For such workers, Labour's social liberalism and (professed) internationalism are anathema; evidence that the Party has become dominated by over-educated, *Guardian*-reading, middle-class, do-gooders.

### **Decline of trade union membership**

Since the 1980s, trade union membership in Britain has declined dramatically: in 1979, it was 13.5 million, constituting 53% of the labour force, but today, union membership is 6.5 million, which is 24.7% of all employees. In other words, whereas more than half of all workers belonged to a trade union at the very end of the 1970s, less than a quarter do so now.

Various factors account for this dramatic decline, most notably deindustrialisation, the contraction of heavy industry and manufacturing (where trade union membership was often prevalent) and the expansion of the service and tertiary sectors, coupled with the growth of small firms and part-time jobs, all of which are characterised by limited union membership. Privatisation also served to reduce union membership, because far fewer workers in private companies choose to join a trade union. Another factor accounting for the marked decline in trade union membership since the 1980s is the reform of trade unionism pursued by the (1979-97) Conservative governments, one of whose measures was the outlawing of the 'closed shop', whereby union membership had hitherto been a condition of employment in some occupations.

Trade unions have thus found themselves in a no-win situation. If they continue to pursue industrial action over wages or job losses, criticise a government's policies or denounce the widening gulf between workers' and bosses' pay, they are denounced as 'dinosaurs', and liable to have further statutory curbs imposed on them by a Conservative government. Yet if they do not engage in these activities, employees assume that the unions are indeed totally ineffective, and that there is no point joining them.

Meanwhile, Labour is now vulnerable to the charge (from its political opponents) that it only represents a relatively small section of British society; indeed, that Labour no longer represents the majority of British workers, given that only 24.7% actually belong to a trade union. Indeed, in the last few years, the Conservatives have audaciously claimed to be 'the Party' of ordinary working people or hard-working families, of 'strivers' (not 'skivers') and workers (not 'shirkers').

However, what has also proved problematic for the Labour Party is the changing character of this diminishing trade union membership. This decline in trade union membership has been most prevalent in the private sector, where only 2.7 million employees are trade unionists, out of a total private sector workforce of 19.6 million. In other words, just under 14% of private sector workers now belong to a trade union. By contrast, 3.8 million out of 6.9 million public sector workers are trade union members, which is 54.8% of these employees.<sup>6</sup> This means that the Labour Party is highly vulnerable to claims, by its political opponents, that not only does it no longer represent most working people in Britain, but that it has become the Party of public sector workers, who are themselves a minority – albeit a sizeable one – of the British work-force.

Furthermore, the bulk of the Labour Party's funding now comes from trade unions whose membership is mostly comprised of public sector workers. For example, during the first six months of 2015 (when political spending increased due to the election campaign), two out of the three trade unions which donated the largest sums of money were public sector unions, Unite, and Unison. In fact, Unite donated over £5 million to the Labour Party in this period. This makes it difficult for the Party to rebut Conservative allegations that the Party is in thrall to its public sector union paymasters – who will demand favours in return for their financial support – which, in turn, fuels doubts about Labour's ability or willingness to represent the

voters who are neither public sector workers nor trade unionists; the vast majority of British people, in fact. As such, Labour's continued organisational and financial links with trade unions are often deemed to be an electoral liability.

Tony Blair and New Labour sought to address some of these concerns in the 1990s by openly distancing the Party from the trade unions – Blair famously insisting that the unions could expect 'fairness, not favours' in future – and publicly pledging *not* to repeal the anti-trade union legislation enacted by the 1979-97 Conservative Governments.<sup>7</sup> The Blair Governments also continued with many of the Conservatives' reforms of the public sector, and seemed to relish the hostility this provoked among public sector trade unions (envisaging that this would prove to the public that New Labour was prepared to defy the unions). Also, since the 1990s, the Labour Party has reformed and reduced the unions' representation and role at Labour's annual conference, radically reformed the electoral college used for Party leadership contests, and reduced the number of union seats on the Party's National Executive Committee.

In this context, there have been some suggestions since the late 1980s that the Labour Party and the trade unions should 'divorce' and become entirely separate entities, or at least adopt a rather looser relationship and become semi-detached from each other.<sup>8</sup> The rationale underpinning such demands depend largely on the ideological perspectives of those involved, and as such, are diametrically opposite. Those who support divorce from the trade unions (often, but not always, associated with New Labour) cite their excessive influence in the Party (in spite of the already loosened relationship and reforms just cited), and the perceived negative impact on the Party's electoral popularity; voters reputedly disliking or distrusting the Labour-trade union link. In sharp contrast, Left-leaning critics would argue that Labour governments have too often 'betrayed' the trade unions, or taken them for granted, and failed to 'deliver' enough for ordinary working people. Although such criticisms were previously directed against the Wilson and Callaghan Governments in the 1960s and 1970s, they became even more pronounced under the Blair Governments, particularly with regard to New Labour's neo-liberal reforms and 'marketisation' of the public sector.

A divorce between the Labour Party and the trade unions does not look likely at the moment, not least because of the former's heavy reliance on union funding. Yet the ongoing marriage is no longer a particularly happy one – and has not been for a long time. They stay together

partly because of the practical benefits of their relationship (notwithstanding the downsides and arguments), but partly too because of fear of what would happen to them if they did divorce. Would anyone else want them? Could they survive on their own? So far, neither side has felt ready or willing to take the plunge and find out.

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- <sup>1</sup> On this anti-theoretical aspect and/or rejection of Marxism, see Tom Nairn, 'Anatomy of the Labour Party, Parts 1 and 2', *New Left Review* 27 and 28, 1964, pp.38-65 and pp.33-62; Tom Nairn, 'The English Working Class', *New Left Review* 24, 1964, pp.43-57; Perry Anderson, 'Origins of the Present Crisis', *New Left Review*, 23, 1964, pp.26-53; Geoffrey Smith and Nelson W. Polsby, *British Government and its Discontents*, Basic Books, 1981, p.102; Roger Eatwell and Anthony Wright, 'Labour and the Lessons of 1931', *History*, 63, 1978, p.39; H. M. Drucker, *Doctrine and Ethos in the Labour Party*, George Allen and Unwin, 1979, pp.90-91.
- <sup>2</sup> For an excellent critique of (the limits of) the Labour Party's Fabianism, see John Saville, 'Labourism and the Labour Government', *The Socialist Register*, Merlin Press, 1967, pp.43-71.
- <sup>3</sup> Geoffrey Foote, *The Labour Party's Political Thought: A History*, Croom Helm, 1985, p.7.
- <sup>4</sup> On the Labour Governments' incomes policies during the 1960s and 1970s, and the trade unions' response, see Peter Dorey, *Wage Politics in Britain: The Rise and Fall of Incomes Policies since 1945*, Sussex Academic Press, 2001, chapters 4 and 6.
- <sup>5</sup> On Labour's 1969 industrial relations legislation and its abandonment, see: Peter Dorey, 'Industrial relations imbroglio' in Peter Dorey (Ed) *The Labour Governments 1964-1970*, Routledge, 2006, pp.92-107; Peter Jenkins, *The Battle of Downing Street*, Charles Knight, 1970; Robert Taylor, *The Trade Union Question in British Politics*, Blackwell, 1993, pp.157-170.
- <sup>6</sup> Department for Business, Innovation and Skills, *Trade Union Membership 2015: Statistical Bulletin*, May 2015, pp.37-38, Tables 2.1a and 2.1b.
- <sup>7</sup> On New Labour's stance towards the trade unions, see: Peter Dorey, 'The Blairite Betrayal: New Labour and the Trade Unions' in Gerald R. Taylor (Ed) *The Impact of New Labour*, Macmillan, 1999, pp.190-207; Steve Ludlam, 'New Labour, "Vested Interests" and the Union Link' in Steve Ludlam and Martin J. Smith (Eds) *Governing as New Labour: Policy and Politics under Blair*, Palgrave Macmillan, 2004, pp.70-87; Peter Mandelson and Roger Liddle, *The Blair Revolution: Can New Labour Deliver?*, Faber, 1996, pp.224-227; Eric Shaw, 'New Labour and the Unions: The Death of Tigmoo?' in Matt Beech and Simon Lee (Eds) *Ten Years of New Labour*, Palgrave Macmillan, 2008, pp.120-135; Eric Shaw, *Losing Labour's Soul? New Labour and the Blair Government 1997-2007*, Routledge, 2007, chapter 6; Robert Taylor, 'New Labour, New Capitalism' in Anthony Seldon (Ed) *Blair's Britain 1997-2007*, Cambridge University Press, 2007, pp.214-240.
- <sup>8</sup> For an overview of the debate over the future of Labour's trade union link, see: Paul Webb, 'Reforming the Labour Party-Trade Union Link: An Assessment' in David Broughton, David Farrell, David Denver and Colin Rallings (Eds) *British Elections and Parties Yearbook 1994*, Frank Cass, 1995, pp.1-14; John Lloyd, 'Parting of the ways', *Marxism Today*, March 1988, pp.34-39; Donald Sassoon, 'The union link: the case for friendly divorce', *Renewal* 1993, pp.28-35.; T. Walsh and Stephen Tindale, 'Time for divorce', *Fabian Review* 104 (4), 1992, pp.9-11; Mark Seddon, 'The unions should seek divorce from this loveless marriage to Labour', *The Independent* 9 September 2001; Suzanne Moore, 'The unions are acting like an overbearing partner – Labour shouldn't fear divorce', *The Guardian* 18 May 2015.