

Discuss the reasons for and effects of Thatcher's policy towards trade unions.

It is clear that the Conservative government which came into power after the 'Winter of Discontent' of 1978-79 was no friend of the trade unions. The unpopularity of this series of strikes had largely contributed to its election, but the anti-union stance of the Conservative party had been developing for some time under the influence of its neo-liberal right-wing, inspired by the ideas of Friedrich von Hayek<sup>1</sup>. Opposed to the 'appeasement' policies of the One Nation Tories, Mrs Thatcher was in favour of robust legislation to weaken drastically the unions, which she perceived as the main obstacle to the implementation of her free-market strategy. Hence all the reforms of the decade: the Employment Acts (1980, 1982, 1988 and 1990) and the 1984 Trade Union Act. However, it could be a little too hasty to conclude from a mere look at the union membership figures that Thatcher managed to 'tame the unions'. The victory of the government against Scargill's National Union of Miners in 1985<sup>2</sup> was a political coup, but what was its true significance? Were the unions as powerful as they seemed before 1979 and as powerless as it was claimed at the end of the 1980s? To analyse the causes and effects of the Conservative policy of the 1980s toward the unions, it is necessary to consider: the state of the industrial relations before 1979, the rise of monetarism in Conservative thought, the attitude of the government in the 1980s, and the apparent decline of the unions during this period, as well as the alleged success the government in changing the balance of power in industrial relations.

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<sup>1</sup> Taylor, *The Trade Union Question in British Politics*, pp.279-281.

<sup>2</sup> Reid, *United We Stand*, pp.403-405.

As Thomsen argues, a characteristic of the British trade unions before 1979 was voluntarism, that is, the fact that industrial relations had developed without the intervention of the state or the courts<sup>3</sup>. The Trade Union Congress was more a loose federation than a centralised organisation, and therefore it lacked effective power to control its members to comply with agreements. Although the unions were favourable to state intervention in the domains of health and safety or equal pay, they wanted to preserve their independence. As George Woodcock of the TUC warned in the 1960s: ‘We would just as lief you left us alone. If you do not think it is possible for you to help the trade unions then the least you can do is not to impede us’<sup>4</sup>. In terms of legislation, the unions benefited from immunities, and thus could not be sued for strikes. Because of the lack of centralised control, unofficial strikes were common from the late 1950s onward, and the resulting piecemeal, shop-floor bargaining caused divergences in wages which were quite inefficient from a national point of view<sup>5</sup>. This recognised disorganisation was the reason behind the ‘Social Contract’ between government and organised labour, basically an attempt at adopting an incomes policy, but unions were hostile to it in a context of relatively high inflation and relatively low productivity (compared to other Western countries)<sup>6</sup>. Indeed, the attempt by the Labour Callaghan government to introduce a five percent cap on wage rises was the main cause of the multiple strikes of the ‘Winter of Discontent’ of 1978-1979<sup>7</sup>. This event also underlined the lack of control of the main unions, such as the TGWU, on unofficial action.

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<sup>3</sup> Thomsen, *British Politics and Trade Unions in the 1980s*, p.88.

<sup>4</sup> Quoted by Taylor in ‘The trade union “problem” in the Age of Consensus 1960-1979’, *Trade Unions in British Politics*, p.179.

<sup>5</sup> Thomsen, pp.89-90.

<sup>6</sup> Taylor, *Trade Unions in British Politics*, pp.190-191.

<sup>7</sup> Reid & Pelling, *A Short History of the Labour Party*, p.150.

One of the main economic problems of the 1970s was inflation, often blamed on the unions, and low productivity, linked to a lack of adequate training. The establishment of the Manpower Services Commission, a tripartite body including government officials, the CBI and the TUC, was a limited attempt to remedy this problem<sup>8</sup>. The 1973 rise in oil prices triggered by OPEC sent inflation in the double digits; in 1976, a slide in the sterling forced the government to ask for help from the International Monetary Fund<sup>9</sup>. In this context, the right wing of the Conservative party started to adopt monetarist ideas, inspired by the neoliberal von Hayek, who considered income policies as counter-productive and saw in the unions the major obstacle to the free play of the markets, especially the labour market which should in his view be made as 'flexible' as possible<sup>10</sup>. This dogmatic approach was encouraged by the humiliation of the Heath government in its attempt to pass the 1971 Industrial Relations Acts, culminating in the victory of the miners in securing wage rises in 1972 after paralysing strikes, and the fall of the government in 1974<sup>11</sup>. The Conservative party drew several lessons from the Heath experience: one was to prevent a repetition, another to avoid head-on confrontation with the unions and instead go for a 'divide and rule', step-by-step approach. This explains why, despite their election following the 'Winter of Discontent', the Conservatives under Mrs Thatcher adopted initially a rather prudent course, naming the 'One Nation' Tory Prior as their first Employment Secretary, although he was quickly replaced by far more anti-union successors: Tebbit, Fowler and Howard<sup>12</sup>.

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<sup>8</sup> Thomsen, pp.105-113.

<sup>9</sup> *A Short History of the Labour Party*, pp.146-147.

<sup>10</sup> *The Trade Union Question in British Politics*, ch. 8, pp.279-282.

<sup>11</sup> *A Short History of the Labour Party*, pp.136-138.

<sup>12</sup> *The Trade Union Question in British Politics*, p.284.

One of the main effects of the monetarist approach of the Conservatives in the 1980s was the rise of unemployment: the three-million mark was passed in 1985 (although the actual number, without statistical manipulation, was certainly higher)<sup>13</sup>. As the most affected sectors were the industries such as steel or ship-building which also were the traditional core of the unions, this decline in employment directly affected their membership. By accepting unemployment as an acceptable consequence and by considering income policies as unnecessary since wages could be decided by the markets, the Thatcher government made the unions irrelevant as a negotiating partner. Whereas previous governments had involved the TUC, albeit mostly in a consultative role, the Conservatives deliberately ignored and isolated it, which greatly diminished the political and public visibility of the unions<sup>14</sup>. Tripartite bodies such as the MSC were the victims of the policy of isolation. In its dogmatic application of a neoliberal agenda, the government even went so far as to repeal previous Tory creations such as the Fair Wages Resolution or to remove under 21 year olds from the scope of the Wages Council Orders<sup>15</sup>. This combination of unemployment and unregulated wages, unfavourable to low-skill workers, was however advantageous to high-skill ones, resulting in increased inequalities in earnings, and a reinforcement of the kind of piecemeal, ‘one-shop’ bargaining, which had been so economically inefficient in the 1970s.

Trade union reforms were introduced step-by-step via five major pieces of legislations: the Employment Acts (1980, 1982, 1988 and 1990) and the 1984 Trade Union Act. Three general aspects of these laws can however be singled out: a clear

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<sup>13</sup> Thomsen, p.180.

<sup>14</sup> *United We Stand*, ch.16 ‘The End or a New Beginning?’

<sup>15</sup> Thomsen, pp.138-139.

intention to play individual members against their unions (for instance by giving them legal protection against their union, e.g. to disregard picket lines), the removal of legal immunity for unions as moral persons (making them financially responsible via fines), and the advantages given to employers in their dealings with unions (e.g. selective dismissal of unofficial strikers)<sup>16</sup>. Amongst these, it is mostly the second one which was the most unfavourable to unions, since fines could quickly escalate: see for instance the £200,000 fine against the TGWU in 1984<sup>17</sup>. A contrario, secret ballots for official strikes or political funds, initially intended to undermine the authority of the unions, ended up giving them much more legitimacy, to the point where strike ballots could weigh as much as an actual strike; the ballots on political funds backfired spectacularly, with almost all unions retaining them, and twenty new ones acquiring some<sup>18</sup>. As Brown argues<sup>19</sup>, this legal climate forced the unions to centralise and become far more professional. Another interesting point to note is that despite this arsenal at their disposal, employers were quite reluctant to use the laws to their full advantage. Far more pragmatic than the government, they recognised in the unions valid and useful interlocutors. More importantly, the anti-union stance of the Thatcher government put it increasingly at odds with the rest of the European Community, which changed the attitude of the unions by encouraging them to become pro-European, and link up with other European trade unions<sup>20</sup>.

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<sup>16</sup> Thomsen, pp.162-166.

<sup>17</sup> *The Trade Union Question in British Politics*, p.300.

<sup>18</sup> Thomsen, p.185.

<sup>19</sup> Brown, W., 'The Changed Political Role of Unions under a Hostile Government', in *Trade Unions in British Politics*, Ch.14.

<sup>20</sup> See MacShane, D., 'British Unions and Europe', in *Trade Unions in British Politics*, Ch.15.

In hindsight, it seems that the alleged success of the Thatcher government in reforming industrial relations was rather a pyrrhic victory: although their membership and political influence declined, it was at the cost of a large and essential industrial part of the economy. The main point is that trade unions survived the onslaught and adapted: consider for instance the birth of large, general organisations such as Unison or Amicus<sup>21</sup>, quite different from the mosaic of specialised unions which existed before. The extreme position of the Thatcher government proved untenable, and Britain under New Labour has tended to get closer to the industrial relations model of the social market economies of its European partners, where trade unions play an important role.

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<sup>21</sup> *United We Stand*, pp.411-412.

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