

Employment



10 DOWNING STREET

PRIME MINISTER

cc. Mr. Alison

I attach a summary of a recent study by ORC on the Attitudes of Trade Union leaders.

A handwritten signature in blue ink, appearing to be 'S.S.' or similar initials.

STEPHEN SHERBOURNE

5.7.84

COMMENTARY ON KEY FINDINGS

1. The mood of trade union leaders remains defensive and depressed. They are conscious of their own present weakness, in conditions of high unemployment and fear among their members for their own jobs.
2. So long as this situation lasts the unions are unlikely to adopt aggressive or militant postures.
3. So far as the coming pay round is concerned their expectations are sharply down since the last survey in November, 1982. This year 70% expect average pay settlements to be 6% or less (with four out of ten expecting 5% or 4%)
4. Almost as interesting as this lowering of sights on pay expectations, is that many union leaders are beginning to see the advantages to the country of low settlements. Nearly half the sample (46%) said that average settlements of 6% or less would be in the country's interest. The most likely explanation of this is that union leaders are beginning to see the advantages to their members of non inflationary pay rises and the beneficial effect it has had on stable prices.
5. Six out of ten believe that union leaders will seek to avoid a major struggle over pay in the coming pay round.
6. Eight out of ten union leaders consider that their bargaining position on pay and conditions is either not very strong or weak.
7. However the survey gives early warning that union leadership may be beginning to recover its confidence as the recession fades away and they see company profits improving. In the last survey 44% said that their bargaining position on pay and conditions was weak. In this survey only 14% say that the position is weak.
8. Union leaders, at the present time, are much more realistic in their aims and priorities. There has in fact been a fundamental change in priorities since the last survey. There has been a significant drop in political aims. To a dramatic degree union leaders have turned their attention away from such exciting and radical aims as the nationalisation of banks, and insurance companies. Interest in getting worker directors on to company Boards has waned. Similarly there has been a sharp drop in those who see improvement of workers' benefits and pensions as a realisable priority.

There has also been a sharp drop in the percentage of union leaders who see achieving a total closed shop in industry as a priority. But perhaps the most important readjustment to their present weakness is on the wages front. It is now widely accepted that keeping workers wages ahead of inflation is simply not realistic. In short until there is either a new Government or a change of heart on the part of this one and until there is a falling rate of unemployment, union priorities are relatively low key and modest.
9. The present priorities can be really reduced to three:

<u>Reducing unemployment or protecting jobs</u>	(68%)
<u>Protecting and improving pay and conditions</u>	(67%)
<u>Bringing about a shorter working week.</u>	(26%)

10. It is likely that pressure for a shorter working week will be stepped up. Though 26% may not seem a high figure, it arose from an open question. That is to say union leaders mentioned it spontaneously – and for an unprompted reply 26% is a high figure. We expect that, as a priority aim, this will increase in importance over the next year or two. Many union leaders feel that it is a realistic method of helping reduce the high level of unemployment.
11. Though in answer to a later structured question 49% mentioned “pressure for earlier retirement” among their priorities this is by no means such a strong runner as the shorter working week. Almost none of the leaders interviewed mentioned earlier retirement spontaneously.
12. Job sharing is virtually a non runner. Few union leaders mention it as a priority.
13. There is major concern about high unemployment among school leavers. But though most union leaders accept that the problem is partly theirs as well as the Governments there is little willingness to accept the one contribution unions could make which might make a significant difference: allowing employers to bring young unemployed in at lower than the going rate. Most union leaders think that a better route (presumably because it does not threaten their members directly) would be for the Government to subsidise employers so that they can pay young unemployed the rate for the job.
14. Opposition to the Government industrial relations/trade union legislation remains strong and bitter. 77% identified repeal of the Prior/Tebbit legislation on trade union immunities as a priority.
15. Only one objective appears to have achieved a markedly higher degree of importance since the last survey: trying to get the Government to pump more cash into the system. (Many union leaders interviewed made it clear that this in their view is a pre requisite to getting unemployment down. Others said that their own bargaining position vis a vis employers and the Government partly depended on getting unemployment down so as to remove the fear of their own members about losing their jobs.)
16. Many union leaders feel embittered by their present impotence and believe there will be a reckoning with management when the balance of power changes. About one in two feel that employers generally have behaved responsibly during the recession, but many feel that employers have used their new power to keep wages down unfairly and to enforce productivity deals which otherwise would not have been possible.
17. A majority (74%) take the view that when times get better workers will force large pay increases to catch up for what they have lost.
18. However the evidence is not all one way and many union leaders were prepared to admit that workers made redundant had been treated generously, that employers have co-operated well with the unions over the problems of the recession, and 45% concede that the increases in productivity during the recession years are a real and permanent improvement.
19. The majority of union leaders also agree that one development since the recession began is a good thing: the linking of pay increases with increased efficiency and productivity.

20. Most believe that this practice will be very widely used in the coming pay round.
21. Another recent trend however; the move by some employers to local or plant bargaining is viewed with strong disfavour. It is seen as a "divide and rule" tactic by employers. However 64% of union leaders are resigned to seeing the trend increase over the next two years.
22. The great majority say they are not very satisfied with the relations between the trade unions and British industry. When asked to give their reasons the largest group (42%) blame not industry but the Government and the political pressure of the Government.
23. Two suggestions are made for improving relations between unions and industry:
Get rid of the Government or get it to change its attitude and repeal or amend the current industrial/union legislation.
Management to improve consultation and communication and to practice a better dialogue with the unions.
24. The great majority of union leaders are deeply gloomy about unemployment trends. Only 16% expect the unemployment figure to be 3,000,000 or less by this time next year and 66% expect the figure to rise to anything between 3½ and more than four million.
25. The most favoured solution (apart from the Government putting more money into inflation) for bringing down high unemployment is a shorter working week throughout Industry—mentioned by 70% of the sample.
26. Union leaders believe that shareholders (61%) and management/directors (51%) benefit most from company profits and that employees benefit least (90%)
27. On the other hand there is no feeling that company profits are too big. Only 18% said they are too big, 30% said "about right" and 31% thought they were still "too small". (21% had no view)
28. Though a majority of trade union leaders are still critical about the quality of top and middle management there has been a noticeable increase in ratings since the 1982 survey: quality of top management +25 and quality of middle management +12.
29. The great majority of union leaders think that increased job mobility has no significant part to play in tackling unemployment.
30. Very strongly, union leaders think that things are going badly for Britain, nominating the following things: Unemployment/redundancies (66%) Industrial decline (22%), lack of growth/investment (15%), social problems/social divide (15%)
31. A majority of union leaders see the withdrawal of union representation for workers at the Cheltenham top security establishment as a setback for the trade union movement.

32. Though there is very deep bitterness at what is seen as the hostile attitude of the Government there is not a majority view that it is best to withdraw co-operation from the Government in order to force a more co-operative attitude to the unions. One in two think it better to stay inside the NEDC and other bodies because the Government is there and it makes more sense for the unions to deal with them rather than cut themselves off.
33. One particularly interesting question in this survey was one in which we asked trade union leaders to identify where they felt themselves to be on the political spectrum. We felt that a lot of misleading labels are attached to trade union leaders by the Media. The answers showed that a majority – between five and six out of ten – trade union leaders placed themselves on the left, about one third described themselves as being centre/moderate, and 7% right wing to some extent. No trade union leader interviewed was prepared to categorise himself as very right wing but 6% identified themselves as very left wing.

1. Introduction

The mood of trade union leaders in Britain remains cautious and defensive. They are feeling unloved and out in the cold – and there is little desire to provoke clashes with industry until their strength and bargaining power returns.

So far as the coming pay round is concerned expectations are sharply down – and what is more it seems possible that trade union leaders are beginning to see the advantages to their members of relatively low pay settlements with the consequent fall in the inflation rate. For this year, not only do seven out of ten union leaders think that the average settlement will be 6% or less, but the great majority think it is in the country's interest to get low average settlements (7% or less).

They remain deeply gloomy and very conscious of their own current weakness. There is also, not surprisingly, great bitterness against the present Government for what it has done to them and their power source.

Once again most trade union leaders believe that the movement will seek to avoid a major struggle over pay in the 1984-85 pay round. They are still very conscious that high unemployment and general fear of workers for their jobs leave them in a very weak position to command substantial pay rises.

One General Secretary typified this mood, which is widespread among union leaders:

"In the current climate where we have so many unemployed, it means that employers are able to force things on their workforce that in times of full employment they would not be able to do. I mean things like low pay increases, refusal to meet legitimate trade union claims like shorter hours. With people queuing up for jobs those who are in employment are very fearful about losing their job, which gives the employer an enormous advantage over the unions".

Not only do six out of ten trade union leaders believe that the unions will seek to avoid a major struggle but they are considerably more realistic in their assessment of what is possible by way of an average pay rise in the coming round.

At the same time there are signs that before too long the unions may recover some of their confidence. They are noting the gradual climb out of recession by industry and the flow of profit recovery many companies have reported. While 80% of them admit frankly that the unions' bargaining position on wages and conditions is still either not very strong or weak, there has already been a significant and substantial change since the last survey in the numbers of union leaders thinking the position to be weak. In late 1982 when the last survey was done 44% of the sample said the unions' position was weak. In the new survey only 14% say "weak".

The basic reasons have not changed: 80% quoted fear of unemployment
As one put it, :

"Unemployment creates pressure on unions, depresses wage claims and depresses people in work."

The other major reason, coming through again and again in the interview, is the attitude of the Government towards unions and the effect of their trade union legislation.

A fairly typical comment was:

"The general policy of the Government has been to make a beeline for the trade unions. The first consideration of the union is to protect its members. The policy of the Government has removed the armour from the unions which has resulted in them being weakened as the membership has become more vulnerable.

And another, even more bitter . . .

"With the encouragement of this Government employers are becoming more and more confident of riding roughshod over the rights of trade union members. They have a heartless and ruthless disregard of the rights of individuals. Employers impose conditions on the workers. They are not prepared to discuss and negotiate and are encouraged by the Government to work as little as possible with the unions. I hear of some companies bringing in consultants to discuss how they can run their companies and do away with trade unions altogether".