

# Collective bargaining in the UK Auto Industry 1971-2009

Some perspectives for the WIBAR 3 project

By Denis Gregory at the  
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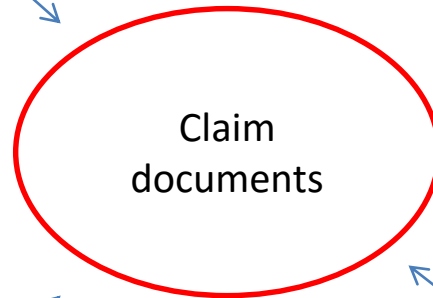
# NB: a personal reflection based on:

- More than 20 years supporting national negotiators in pay bargaining in the UK Auto industry;
- TURU-role and functions:
- Ford pay claim 1971 a 'game changer'
- The development of an analytical approach to support traditional negotiation practices.
- The importance of information disclosure

# The composition of a pay claim

Inflation: since the last agreement and forecast for the year to come

Ability to pay: profitability, market performance-future expectations



Productivity

Comparative terms and conditions

# Peculiarities of collective agreements in the UK

- Collective Agreements are **not** legally binding-hence not enforceable in a court of law. This applies to agreements at all levels: company, sectoral or national. By contrast,
- Individual rights via contracts of employment are legally enforceable;
- Similarly, some collective health and safety provisions are legally enforceable.

# Peculiarities of collective representation in the UK

- The structures and competitive nature of UK trade unions:
- Unions can be organised on occupational, industrial or on a general basis. For example, the National Union of Teachers (occupational), Union of Communication Workers (industrial), UNITE and UNISON (general unions)
- Unions compete for membership in most parts of the labour market in the UK
- Very few examples of industries or services where just one union and one collective agreement predominate.

# The shift to decentralised bargaining in the UK manufacturing sector

- Up to the 1960's sectoral collective agreements eg The 'Coventry Tool room agreement' and the annual agreements negotiated by the Confederation of Ship building and Engineering Unions with the Engineering Employers Federation were very influential in the UK Auto sector, but
- In late 1960's Ford broke away and set up company level bargaining.
- Apparently Ford wanted more flexibility in their pay settlements and to be able to pay more to attract and retain skilled workers.
- Other companies in the private sector followed and the influence of the 'Confed' rapidly withered.
- Thatcher administration in the 1980s scrapped virtually all of the wages councils that had provided collectively agreed terms and conditions in traditionally low paying parts of (mostly) the private sector in the UK

# Advantages and disadvantages of Company level bargaining

- Enables pay and conditions to be more closely aligned with profitability and productivity;
- Brings the negotiations (and negotiators) much closer to the membership –improves worker knowledge/ownership of the pay negotiations;
- Militant action easier to organise;
- Wage rounds and wage leaders emerge;
- Facilitates creativity in negotiators and permits a widening of traditional bargaining agendas eg Ford EDAP in 1988, Honda UK lay off agreement in 2008/9

# The downside

- Lack of company information-highlights the importance of information agreements, otherwise companies hold all the cards!;
- Fits the neo liberal economic agenda;
- Enables management to 'divide and rule' between company plants in different countries eg Ford regularly played Ford Germany off against Ford UK ;
- Amplifies 'concession bargaining' when times are tough;
- Highlights lack of European level co-ordination of collective bargaining at company level. EWCs have made little difference. Ford campaigned strongly to ensure EWCs were kept well clear of pay bargaining.
- Supports the well organised and strong economic performers- not much evidence that it exerts an upward pull on weaker companies.



# Some final thoughts

- The voluntary nature of pay bargaining in the UK is echoed only by that of Ireland;
- However the issues that make up pay negotiations are universal ;
- The neo liberal ascendancy within the political economy of the EU points towards decentralised pay bargaining;
- Nevertheless, pay negotiations at specific MNEs eg in the auto sector, could be better integrated across national borders within the EU.
- This would require much greater co-operation between union negotiators than has hitherto been achieved. To date 'national interest' has dominated the agendas of TU negotiators.