

The Sixth Countess Markievicz Memorial Lecture

**Unemployment: Crisis for Industrial
Relations**

Dr. Richard Hyman

The Countess Markievicz
Memorial Lecture Series

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The Countess Markievicz Memorial Lecture has been established by the Irish Association for Industrial Relations with the support of the Department of Labour. Countess Markievicz was first Minister for Labour of the newly-independent Irish State. The object of the Memorial Lecture is to provide an occasion for a substantive contribution to discussion in the Industrial Relations area by a distinguished practitioner or academic.

The Sixth Lecture was given by Dr. Richard Hyman on November 16th, 1981 at the Royal Hibernian Hotel, Dublin. Dr. Hyman is Reader in Industrial Relations at the University of Warwick, where he has researched and lectured since 1967. A noted socialist and internationalist, his published works include *"The Workers Union"*, *"Marxism and the Sociology of Trade Unionism"*, *"Disputes Procedures in Action"*, *"Strikes"*, *"Social Values and Industrial Relations"* and *"Industrial Relations: A Marxist Introduction"*.

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UNEMPLOYMENT: CRISIS FOR INDUSTRIAL RELATIONS

I AM DELIGHTED and honoured to have been invited to deliver the Sixth Countess Markievicz Memorial Lecture. Constance Markievicz, though she came from a privileged social background, devoted much of her life to the struggles of the suffering and oppressed. She supported James Larkin in his organising campaigns among the low-paid labourers, conducted welfare and relief work during the great 1913 lock-out, and at its close was elected an honorary member of the Irish Transport and General Workers' Union. A comrade and follower of James Connolly, she became an officer in the Citizen Army and played a prominent role in the Easter Rising. As a result she was sentenced to death, but escaped the firing squad because the British Government feared an international outcry. At the end of 1918 she registered a landmark in women's political advancement, as one of the successful Sinn Fein candidates in the general election; and this was soon followed by her appointment as Minister of Labour by the revolutionary Dail. The duties of this office were of course performed clandestinely, between periods spent in prison. In her closing years she remained unswerving in her commitment to full political independence for the Irish nation, and to economic autonomy as a necessary accompaniment.

I trust that my subject this evening is a fitting theme to commemorate a life of such dedication and compassion. The scourge of unemployment which currently afflicts your country and mine, and casts its shadow over so many of the peoples of the world, would surely have captured the concern of Constance Markievicz. So too would the related problem of the modern concentrations of international economic power, through which the ancient process of colonisation and dependency has assumed new and more insidious forms.

In examining the unemployment crisis I will first remark on the surprising neglect of this whole question by most academic commentators on industrial relations. I shall go on to remind you of some of the current dimensions of the unemployment issue. Then I shall consider some of the explanations which have been offered for escalating unemployment, and the future outlook which these imply. In the light of this analysis I will discuss some of the implications for industrial relations and for social stability more generally, before concluding with some tentative thoughts on possible remedies.

Unemployment and Academic Industrial Relations

Until very recently, few writers on industrial relations have regarded unemployment as an issue relevant to their area of study. Academic perspectives have been framed by three decades described — always somewhat misleadingly — as years of full employment. An era when the labour market remained tighter longer than in any previous phase of capitalist development allowed us to take for granted many of the background conditions of modern union-employer relations. Old-fashioned authoritarian management, its rigid discipline based on the threat of the sack, became impracticable in many sectors of the economy. Trade union recruitment and expansion were facilitated. The maintenance of social harmony and economic stability became, for the first time, closely connected objectives of most western governments. In this post-war environment, employers could recognise a strong incentive to adopt the strategy which has been termed "management by agreement":¹ seeking to win workers' positive commitment and co-operation on the shop floor, establishing jointly negotiated procedures for handling domestic disputes, pursuing compromise in collective bargaining.

It was in this benign climate that departments of industrial relations were opened in colleges and universities, professors appointed, courses launched and extended to increasing numbers of students. And research and teaching were founded on the assumption that full employment was now an unalterable fact of life. In British industrial relations, almost without exception, unemployment was mentioned only as an affliction of the 1930s which had long since disappeared. Indeed it was this very absence of unemployment which was commonly mentioned as an important underlying source of the key "problems" of industrial relations: weak management, fragmented workplace bargaining, restrictive practices, wage drift, unofficial strikes.² But for students of industrial relations it was scarcely thinkable that labour market conditions could or should change significantly. So deeply ingrained has been the premise that full employment had been permanently established that to-day, after a decade of unemployment levels far above the post-war norm, the fact of this transformation is only just beginning to impinge upon our writing and teaching.

In Ireland, despite levels of post-war unemployment higher than in most other European countries, the British neglect of the whole issue seems to have been shared. Thus in George Daly's industrial relations text, for example, I can find just one passing reference to unemployment: as an undesirable byproduct of monetary or fiscal counter-inflation policies.³ Or take Charles McCarthy's survey of trade unions in the 1960s. Changing patterns of employment are examined in some detail, but unemployment does not figure as an issue: a "substantial growth in affluence and in self-confidence" is the dominant theme.⁴

What of my precursors on this platform? In opening this series of lectures in 1976, Professor Fogarty offered a dramatic sketch of radical transformation, not just in Ireland but across the whole of Europe. We were, he argued, in the middle of a "revolution in industrial relations", a "system change", a "real shift in power".⁵ Workers as individuals aspired increasingly for greater control over their jobs, and a more creative relationship between work and the other areas of their lives. Collectively they were pressing, through their unions, for an extended role in company decision-making —at times embracing, as in Sweden, comprehensive strategies for economic democracy. Managements and governments could not resist this enlargement in workers' power and aspirations, but could only seek to accommodate the change constructively. Underlying this whole analysis, as I read it, is the premise that industrial relations had been transformed by a massive shift in the balance of advantage in the labour market; and that this process was irreversible.

In the following year, Professor Thomason commented explicitly on the link between economic conditions and the devolution of collective bargaining to the workplace. "In relatively fuller employment conditions of the past 30 years," he said, "the trade union's local organisation has generally increased its power". This was attributable to "the greater independence which full employment gives to the individual worker vis a vis his employer".⁶ Nothing in the lecture suggested that such conditions might prove transitory. Professor McCarthy, in 1978, did indeed call attention to the recession which beset the Irish economy in the mid 1970s, as a factor encouraging moderation by union representatives in national negotiations. But the rise in unemployment, it would appear, represented a temporary aberration; it was not long before "affluence grew in the economy, and men began to doubt the rationality of any restraint which they might have exercised."⁷

The fourth lecturer, Dr. O'Higgins, had nothing to say on the state of the labour market; his analysis of labour law was innocent of any attention to the economic environment of industrial relations.⁸ To this, my immediate predecessor represented a stark contrast. Mr. Clarke last year began by echoing the theme of Professor Fogarty: that the character of workers' aspirations and the scope and content of collective bargaining had been transformed by "roughly 25 years of virtually uninterrupted and steady economic growth". But he went on to stress the significance of the 1970s world recession; this had, he insisted, made a "considerable impact on industrial relations". He was however anxious to strike an optimistic note, going on to consider the collective bargaining scenario when — not if — "economic growth improves and unemployment recedes".⁹

The Unemployment Crisis

I cite these themes from previous lectures, not in a spirit of personal criticism, but as instances of an orientation common to industrial relations analysts in general. Full employment is the natural background to modern industrial relations, and any deviation from the norm is bound to pass. My aim this evening is to challenge such assumptions. Can we really view the present crisis as a mere hiccup in an otherwise healthy economic system?

In Ireland, surely, the notion of full employment has always had a somewhat hollow ring. Since the war, the proportion of the insured population of the Republic on the live register has never fallen below an annual average of 5.6 per cent. In the 1950s — when registered unemployment in Britain varied between 1 and 2 per cent — the level in the Republic oscillated between a high of 9.6 and a low of 6.8 per cent. Economic expansion in the 1960s was associated with some improvement; the level stayed close to 6 per cent throughout the decade. But the growth in employment in industry and services was offset by the contraction in agriculture; but for a continuing high rate of emigration, it is generally accepted, unemployment would have been far higher.¹⁰ In the 1970s, as you know all too well, the world recession was reflected in a decline in Irish emigration at the same time as the labour force has continued to increase. Unemployment topped 12 per cent — a post-war record — during 1975-77. After a brief and modest recovery, the figures began to escalate once more from the beginning of last year and now, I understand, are at roughly 14 per cent. The forecast of the OECD, for what it is worth, is that "some improvement in labour market conditions may emerge in the latter part of 1981 but, in view of the apparent rapid increase in the labour force, the unemployment rate could remain high".¹¹

In Britain, the recent record has been even grimmer. After many years with one of the lowest unemployment rates in the industrialised world, we now have one of the highest. In the first two post-war decades, registered unemployment averaged 400,000, out of a labour force of over 20 million. The figure of half a million unemployed was generally regarded as the upper limit of political acceptability. But this threshold was gradually lifted as, from the 1960s, the British economy endured a succession of increasingly severe recessions and only partial recoveries. Ten years ago, when unemployment almost reached the million mark, there was a considerable public outcry. But since August 1975 the figure has been permanently above a million (4 per cent of the insured workforce). Almost uniquely among OECD countries, there was virtually no recovery in the late 1970s. And in the last two years the collapse of employment has been even more rapid than in Ireland, the UK total hovering around the 3 million mark: almost identical to the figure in the depths of the interwar depression.

Even these sombre statistics understate the crisis. Official records count only those who register as unemployed, but there are many who want jobs who fail to register: married women, the elderly school leavers. Unregistered unemployment in Britain may well total a further million. And the misery is far from evenly distributed. It is common in Britain to speak of "de-industrialisation": the contraction, sometimes to the point of extinction, of what were once staple sectors of the economy. The list includes steel production, shipbuilding, textiles, machine tools, and many parts of the motor vehicle industry. Areas particularly dependent on such employment thus suffer worse, a fact reflected in regional disparities in unemployment. In the London area 8 per cent register as out of work, in the North of England 16 per cent. In the six counties, as I am sure you know, the average level is some 20 per cent, and well over 30 per cent in certain districts. Another major inequality in the impact of unemployment can be seen in its distribution by age. As job opportunities have declined, so the school leavers have been particularly badly affected. Across the year, roughly one in five of those registered as unemployed are aged less than 20. Among the elderly, by contrast, the rate of *long-term* unemployment is particularly severe; some 40 per cent of those aged over 55 who are out of work have been without a job for over a year, and their prospects of ever finding another must be dwindling fast.

Where the British economy goes from here is, to say the least, a matter of some contention. In certain quarters, spot the upturn is a popular, if slightly desperate pastime. "The worst is over," declared *The Economist* two months ago, echoing the confidence of our Prime Minister and a few of her cabinet, and citing a stabilisation in output levels and a rise in productivity. Yet the meaning of recovery is to-day deeply ambiguous. Even if the decline in production has passed its worst — and this cannot be judged with confidence on the evidence of month-to-month fluctuations — it is still possible for unemployment to keep rising. Leaving aside the implications of microprocessor technology — which I shall consider later — the reorganisation and restructuring which have occurred during the last few years provide the basis for a rise in output without any commensurate growth in employment; and this at a time when the available labour force, on all reliable projections, will continue to increase. Certainly the OECD provides a bleak forecast, anticipating a further deterioration throughout 1982, leaving Britain with the highest unemployment rate of any major western industrial nation.

In an extreme form, the trend in the UK reflects a more general pattern. Precise international comparisons of unemployment are impossible, because of variations in the scope and reliability of each national statistical series. But despite some disparities in national experience, there has been a clear pattern in most countries in the last twenty years. Unemployment has shown frequent cyclical fluctuations, in many cases of considerable severity, and the underlying trend has been decisively upwards. Among the OECD countries

unemployment increased almost universally in 1971-2, recovered somewhat in the next two years, and rose sharply again in 1975. In the second half of the decade there was a general deterioration; but while the situation in some countries stabilised or even improved, in others — like Ireland and the UK — it has become far worse. To-day there are three main groups of countries: those, like Sweden or Japan, with only about 2 per cent unemployed; those, like Britain and Ireland, with over 10 per cent; and an intermediate group, with West Germany about the best placed, and the USA and Canada the worst. What is common to almost all of them is the problem of an *expanding* job gap. On the OECD's predictions, increased output will come from extra productivity rather than new jobs, even though the labour force is growing; hence the prospect of the appalling total of 26 million unemployed by the end of 1982,¹² with millions more who are workless no doubt unrecorded.

It needs emphasising that the persistence of high levels of unemployment has major implications for the internal structure of the unemployed themselves. In the labour market conditions which were normal for much of the post-war period, there was always a significant number of workers who left or lost their job but found another relatively quickly. But in a protracted recession, the average length of spells of unemployment moves inexorably upwards. In the UK at the moment, almost a quarter of those registered out of work have been so for over a year, and another quarter for six months. The implications in terms of poverty and distress are obvious. Public welfare systems in most countries are oriented to the transitionally unemployed, not the long-term jobless. On the one hand, recipients of benefit are often treated as if personally responsible for their continuing unemployment;¹³ on the other, the income provided becomes cumulatively more inadequate to maintain a level of civilised existence. Material deprivation compounds the psychological damage inflicted by long-term unemployment: in many workers a sense of inadequacy and guilt, a loss for many individuals of the most meaningful link they possess with the wider society, above all the eventual realisation — particularly by the older unemployed — that they may never find a job again.

A precise estimate of the effects of unemployment is impossible. It has been plausibly argued that the impact on health and mortality is substantial. Likewise, unemployment is widely seen as a major source of social tension, of the disaffection of the young, of violence which may often take gratuitous individual forms but on occasion erupts in collective confrontations as in Britain's cities this summer. And many would see the scandalous record of unemployment in the six counties as no small contribution to the intractability of political tensions there. Such connections cannot be proven beyond all doubt. What is indisputable, however, is that large-scale long-term unemployment is a source of social tension and social division; and that on recent trends there is little firm basis to expect a radical improvement in employment during the 1980s. Mass imemploy-

ment, in other words, will almost surely set the environment for industrial relations in the 1980s. I therefore turn to consider a number of approaches to explaining why unemployment has risen so drastically, and what if anything might be done about it, before returning specifically to the world of industrial relations.

Some "Orthodox" Analyses and Strategies

The escalation in unemployment levels has been accompanied by an almost equally dramatic transformation in orthodox economic analysis. Little more than a decade ago, Keynesianism still reigned supreme. The key to economic stability was the maintenance of aggregate demand at a level appropriate to full employment; and this could be achieved by the application of a judicious combination of policy instruments. Inflation was of course recognised as a problem about which Keynes himself — writing in the depths of the interwar depression — had offered rather limited guidance. And the expectations of consumers and investors — which were of great importance for Keynes' model, but which he barely attempted to explain — were recognised as a source of complexity and unpredictability. As the 1960s proceeded there were indeed rumours that strange, nineteenth-century doctrines were being rediscovered in Chicago. But the conventional wisdom remained that governments could and should, by established techniques of demand management and perhaps also some intervention in wage determination, achieve a generally acceptable balance of employment and price stability.

To-day the parameters of respectable economic debate have been transformed. After a brief engagement between neo-classicists and monetarists on the one hand, and Keynesians on the other, the latter have been effectively routed. Current contention is in practice between hard and soft monetarists (even if some of the latter still call themselves neo-Keynesians), and between those whose primary concern is within internal obstructions to market efficiency and those who emphasise external shocks.

By now the arguments are all too familiar. Workers are unemployed because the price of labour is too high. Government expenditure diverts resources from productive investment which would generate new jobs. Both difficulties are aggravated by politically inspired efforts to maintain full employment at all costs, since this removes the discipline of realism from the labour market while adding to the burden on productive industry. These verities are confirmed by no less an authority than the Governor of the Central Bank of Ireland. The current problems of the Irish economy, he insists, reflect "the fact that the Exchequer is already, and has been for some time, very much over-extended. The problems have been compounded by — indeed largely result from — income increases which for many years have been running at a rate far in excess of what would be warranted by domestic productivity trends, or by

cost developments in our major trading partners."¹⁴ The only solution, he continues, is to abandon job protection and creation as priorities. Aim instead for pay controls, reduced public expenditure, and higher taxation, and the resulting price stability will provide a firm basis for expanding employment.

What makes this "new economic realism" not altogether plausible is that what are, if anything, gradual and long-term trends are made the explanation of sudden catastrophe. In *every* country in the western world, excessive wage increases are blamed for economic misery. Where is the country whose employers do not complain that labour costs have outstripped those of their trading partners? In every country, too, the level of state expenditure is deemed intolerable. Yet it is not merely recent innovations which must be discarded, but long-established forms of state activity. In Britain, for example, the public provision of milk for five-year-old schoolchildren — a modest reform introduced at the turn of the century — is now being discontinued as inimical to economic welfare. What this indicates, I would suggest, is that levels of wages and forms of governmental activity which could be accommodated a decade ago are no longer tolerable; and that this reflects a transformation in the economic structure itself.

At this point, the notion of external shocks becomes important. The view that a basically stable economic system has been thrown out of balance by an unfortunate sequence of external disruptions is presented most elegantly in the McCracken Report, produced for the OECD by an international group of "independent experts".¹⁵ On this interpretation, the crisis of the 1970s is attributable to a series of exceptional coincidences. Partly in consequence of the Vietnam war, inflationary pressures were mounting in western economies at the end of the 1960s. Most governments responded in 1970—71 with deflationary policies, at a time when output was already slack. Just as these policies were taking effect there came the Middle East war and the sharp rise in oil prices. At the very same time were occurring a series of bad harvests and the collapse of the Peruvian anchovy industry — a major source of fertilisers and animal feed¹⁶ — which led in turn to a leap in world prices of foodstuffs. The pressures on the international system of pegged exchange rates caused its breakdown, further damaging business confidence. Hence the unprecedented juxtaposition in the mid-seventies of sharp increases in both unemployment *and* price levels. What an accident-prone world we live in! The external shock school of economists differ from the simple monetarists and neo-classicists in blaming the crisis, not so much on greedy trade unionists or profligate governments as on oil sheikhs or climatic changes. (Of course, some explanations blame *all* of these). But their solutions are not so very different: to restore equilibrium it is essential to abandon, for the moment, the goal of full employment. Thus the McCracken Report insists that, though "there can be no complacency about the consequences of prolonged unemployment.

it is only realistic to recognise that given the abnormally unfavourable starting point, and even with the best combination of policies, it is only possible to aim at a progressive return to full employment."¹⁷ Like the Governor of the Central Bank of Ireland — not to mention Milton Friedman — the authors believe that price stability must be achieved before a viable improvement in employment is on the agenda.

More Fundamental Problems for Future Employment

Even the more optimistic projections of economic policy-makers envisage high unemployment continuing throughout most of the 1980s; and those of us concerned with industrial relations must surely come to terms with this projection. But there are indeed grounds for a far more pessimistic scenario. The strategy of setting the market free, to which western governments have been increasingly converted in the last few years, has been less than conspicuously successful in stabilising prices or encouraging private investment, and has been absolutely disastrous in its effects on employment. It requires a remarkable degree of faith to expect that somewhere, over the rainbow, such policies will lead us again to a buoyant labour market. Yet the monetarists are quite correct to argue that, by the late 1960s at least, Keynesian policies were proving increasingly ineffective. The harsh reality is that governments, having seen that mass unemployment can be politically tolerable, do not regard its elimination as a short-term priority; nor have they a credible strategy for its long-term containment.

The increasing unmanageability of the western economies — or their vulnerability to external shocks — surely reflects an underlying instability. One important factor in the past decade has been the disintegration of the fragile mechanisms of international credit and payments. The international monetary system established in the aftermath of the war held together as long as it did, partly through the self-sustaining alchemy of "confidence" among world financiers, partly because of the unrivalled dominance of the American economy and of the dollar. Once these supports have been so gravely shaken, can the structure be repaired?

Instability afflicts not only the infrastructure of world trade; it is also intrinsic to each national economy in the 1980s. To compete in world markets, firms must contain costs — and in particular labour costs — while expanding productivity. The whole experience of the past decade reflects this logic; the closure and contraction of insufficiently profitable production units, the reorganisation of company structure, the rundown in employment levels even where output is increasing. The rational strategies of individual enterprises yield an inevitable cumulative result: the depression of aggregate demand for labour, the irrationality of rising unemployment, a stagnant market for what is produced. Hence yet further pressure on companies to economise, to shed labour. . . .¹⁸

This evident link between what is rational for each individual competing company, and the manifestly irrational consequences for the economy as a whole, constitutes the central dilemma for government policy. The universal growth in public expenditure in the post-war decades has represented, to a degree not always appreciated, a response to the needs of private industry. Governments have assumed the duty of providing what individual firms have proved unable or unwilling to finance: roads and railways; and educated and healthy workforce; basic research; a variety of grants and subsidies. Governments also assume responsibility for those who can no longer be profitably employed: the old, the sick or injured, the unemployed. Directly or indirectly, state expenditure has further served to sustain a buoyant market for private producers. But such spending has, of course, needed to be financed; and this has involved a burden either on companies, or on employees — who naturally have sought compensating improvements in wages and salaries. Either way, the economic pressures on employers are intensified.

It should be apparent that Keynesians address one horn of this dilemma, monetarists the other. The Keynesians are as correct to-day as they were in the 1930s to identify the problem of aggregate demand, and to insist that a strategy of cost-cutting will inevitably aggravate this problem. But their solution merely accentuates the crisis of profitability and competitiveness. Conversely, the new economic realists are in fact applying rather ancient prescriptions as a cure for the second complaint, but with dire repercussions on the economy as a whole. No wonder, then, that government policies appear increasingly erratic and schizophrenic.

The New International Division of Labour

To this catalogue of gloom, two further items must be added. The first is what some have termed the new international division of labour. The growing concentration of economic ownership and production has been a dramatic feature of the post-war decades. Analysis in Britain — I do not know of parallel Irish evidence — shows that the top hundred manufacturing firms accounted for roughly a fifth of total production in 1950 (almost the same as in the 1920s), but that by 1970 the proportion has reached 46 per cent. Almost certainly the figure to-day is well over a half. Concentration has been accompanied by diversification: the majority of large companies in 1970 were multi-product concerns, as against less than a quarter in 1950.¹⁹

The most striking trend, however, has been in the multinational character of economic ownership. Two or three hundred companies control the majority of world manufacturing assets. The largest of these are bigger, and expanding faster, than the economies of most individual nation states. While the major transnational enterprises

are American-based, their cosmopolitan character is increasing. The proportion of British companies with substantial overseas operations doubled in the 1960s; in recent years, overseas production by subsidiaries of British multinationals has been more than double direct exports from Britain. For other European and for Japanese-based companies, direct exports have until recently been of greater importance than overseas production; but the balance is shifting rapidly, partly as a result of the existence of the EEC.²⁰ The consequence is that economic activity is increasingly dominated by corporations whose perspectives and strategies are global; and the smaller the national economy, the more critical are the implications of this dominance.²¹

Some of these implications have been widely discussed. A growing proportion of international trade and financial movements represents transfers *within* companies, and the prices of such transactions are thus determined by deliberate intra-company decision. The nature and timing of such decisions can exert a substantial impact on the balance of trade and of payments of a country, and particularly a small country, perhaps influencing decisively the stability of its currency. The employment implications are no less serious. The location of operations across the global checkerboard reflects considerations of short-term profitability and long-term corporate interests as viewed from head office. This increasingly entails the transfer of labour-intensive production to countries with low wage costs, often guaranteed by repressive military dictatorships.²² Administrative, research and development activities, by contrast, become concentrated in the country of ownership, where the costs can be set against tax liability. In this resegmentation of the labour market on a global scale, whole national economies can be reduced to peripheral status: outposts of production largely for their own domestic market, and vulnerable to rundown or closure whenever the parent company experiences economic difficulties. The British economy, once internationally dominant, is now itself increasingly peripheral; while Ireland, so long a periphery of Britain, is now increasingly a client of new patrons. Such economies, and the levels of employment they sustain, are particularly exposed to the ravages of world recession.

Microprocessor Technology

The final threat to future employment levels is, in the eyes of many observers, the most serious of all: what is familiarly known as "the new technology." The heart of the current technical breakthrough is the miniaturisation of computer systems. A quarter of a million components can to-day be printed onto a silicon chip the size of a thumbnail. Such a microprocessor can perform almost infinitely faster, more cheaply and more reliably the functions which required a roomful of hardware a couple of decades ago. The potential

applications of the resulting capacity to store, process and transmit data are almost limitless, and remain as yet largely in the realm of speculation. Some, however, are already hard reality. In manufacturing, microprocessors offer a new facility for monitoring and servo mechanisms in continuous process operations, for computerised control of machine tools, and for various forms of robotics. Though such applications figure most prominently in popular discussion of "new technology" — with visions of the fully automatic factory — the most radical current impact is in specifically information-based industries. The wide range of relatively routine clerical and secretarial occupations, in which employment — particularly among women — has expanded so rapidly in the last quarter of a century, offer fertile scope for microelectronics. As the cost of hardware falls and as software becomes more sophisticated, the use of word processors can be expected to spread rapidly. The combination of computerisation with current developments in telecommunications represents a potential alternative to a high proportion of current clerical activity. In banking, electronic funds transfer systems could eliminate a major terminal and computerised stock control systems hold dramatic implications for the retail sector. A characteristic of such occupations is that capital investment per worker has traditionally been low, but that this has not generally been accompanied by a high degree of esoteric skill or sensitive discretion. Relatively low-paid labour has been employed on routine tasks because of its cheapness; the availability of cheaper, more productive technology transforms the balance of advantage for employers.²³

What are the probable consequences for employment? The optimistic view is that investment in new technology, by rendering industry more efficient and more competitive, will eventually result in an expansion of employment; and that the microprocessor will generate new types of work to compensate for occupations which it displaces. It is true that some new areas of employment have emerged: the manufacture of microprocessor-based products, the design and operation of software. But there is little reason to believe that such developments offset the loss of jobs elsewhere. The general argument concerning productivity and competitiveness is likewise unconvincing. *The first* manufacturer to introduce cost-reducing technology may gain such a market advantage, in the short run at least, as to be able to expand employment. But the aggregate effect may be very different. A recent detailed analysis of British industry concluded that "increases in investment and production no longer necessarily result in increases in employment"; because of the highly labour-saving character of technical innovation, job losses since the 1960s have been as severe in industries where investment rates are high as in those where they are low.²⁴ Informed analysis suggests that this trend will not merely continue but will accelerate. Projections by the Cambridge Economic Policy Group and by the Science Policy Research Unit at Sussex University point

to an increasing rate of job loss, even were there to occur a strong recovery in production. On the basis of industry-by-industry estimates, Jenkins and Sherman have summarised the alternatives in a manner reminiscent of *Catch-22*: a sharp contraction in employment either through the effects of labour-saving investment or because of dwindling competitiveness in its absence. "Remain as we are, reject the new technologies and we face unemployment of up to 5.5 million by the end of the century. Embrace the new technologies, accept the challenge and we end up with unemployment of about 5 million."²⁵

Unemployment and Industrial Relations

On available evidence, then, unemployment levels of at least 10 per cent — and perhaps far higher — appear the only sober prospect for the rest of the 1980s. If I labour this point, it is because those of us concerned with industrial relations have for the most part been so slow to come to terms with changing reality. Yet the immediate implications of the shift in the balance in the labour market are readily apparent. In Britain, trade union membership is now falling rapidly.²⁶ Concurrently, many of the trends towards humanisation and liberalisation in industrial relations which Professor Fogarty identified five years ago have now lurched sharply into reverse. Managements are displaying a new disciplinarian attitude towards employees as individuals, while developing a parallel assault on the frontier of control in collective relations. Trade union organisation as such — especially at shop-floor level — is increasingly regarded as an intolerable obstacle to managerial strategy in the re-organisation of production; the recession provides both an opportunity and a stimulus to challenge established mechanisms of collective worker resistance to employers' priorities. "We don't need consultation now," is a common sentiment.²⁷ Hence the "new realism" in economic policy has its parallel in industrial relations. The dramatic confrontations of recent months in the British motor industry, for example, merely exemplify a far more general abrasiveness.²⁸

The changed environment necessarily affects trade union strategies. In one of the few systematic discussions of the industrial relations consequences of current unemployment, Hunter has commented that "with a weak labour market one would expect greater attention to be paid to security issues."²⁹ In Britain, if somewhat belatedly, this has certainly occurred. The 35-hour week has been adopted as the official goal of all the main unions. The negotiation of new technology agreements, comprising safeguards for employment and working conditions, is likewise an explicit objective.³⁰ Other demands to spread the available employment include curbs on overtime, longer holidays, earlier retirement and extended educational provision.³¹ To highlight the gravity of the unemploy-

ment crisis, and seek public support for a reversal of government policy and the adoption of job creation initiatives, the dramatic 'People's March for Jobs' was organised by the TUC in May 1981. Such recent demonstrations of trade union concern, and attempts to formulate comprehensive strategies to reduce unemployment, represent a substantial change from the complacency which most British trade unions displayed during the 1970s. Yet the irony is that unemployment itself severely restricts their ability to give force to alternative programmes. Substantial cuts in working time would almost inevitably increase employers' costs correspondingly, further eroding their competitive position; and certainly the strength of resistance to such demands is evidence of management commitment to this assumption. The protracted national dispute in British engineering in 1979, in which the hours issue was central, resulted in only minimal gains by the unions. In Germany in 1978, where the unions displayed particular determination in pressing for job guarantees and a shorter week, the unity and inflexibility of employer opposition was unprecedented. It is clear that, in a context of economic crisis, trade unions need more than ever before to pursue radical objectives in collective bargaining but are particularly incapacitated from achieving them.

One consequence of reduced bargaining power vis-a-vis employers — who themselves believe that they have little or no margin for concessions to the unions — is that organised labour is increasingly obliged to formulate political perspectives. And indeed, those objectives which relate to social policy and aggregate economic management are necessarily addressed to government. Hence one major effect of unemployment is a further politicisation of industrial relations, accentuating a trend already evident in many countries at the outset of the 1970s. Yet here too, the paradox is that the labour market changes which force the union movement to turn to the state have simultaneously undermined its influence. The one general pressure inducing western governments, in the past decade or so, to embrace a close relationship with trade unions has been the ability of strikes and wage demands to disrupt macroeconomic policies. The offer of a form of "social partnership," whereby union representatives have participated in the formulation and implementation of national economic programmes, has involved the explicit or implicit corollary of union "responsibility" in wage bargaining.³² Indeed many would argue that the key common theme of such partnerships has been union acceptance of substantial restraint in the process of negotiation over incomes, in exchange for largely token concessions by governments.

To-day the terrain of union-government relations is very different from a decade ago. The discipline of unemployment has itself reduced wage militancy, so that governments perceive far less need to win trade union support for their policies. To judge by the comments of some British cabinet ministers, indeed, mass unemployment may be viewed as beneficial precisely because it spells trade

union weakness. Thus governments have little material reason to conciliate the unions, at the very time when unions require substantial assistance from the state. Moreover, the actual programmes currently pursued by the unions — involving various elaborations of traditional Keynesian expansionism — run directly counter to the monetarist inclinations of so many governments. And indeed, with the rightward shift in the political balance in so many countries, hostility to trade union aspirations may in itself be regarded as an electoral advantage — encouraging governments to present trade unions as the scapegoats for the economic catastrophe over which they are currently presiding. Perhaps Ireland is different in this respect; but in much of the western world, the political influence of trade unionism has declined in step with its economic strength.

These problems are compounded by some of the broader and longer-term implications of trends in unemployment. I have already commented on the uneven impact of what has been called this "most unequal tax."³³ The recession has borne most heavily on youth and the elderly, on women, on ethnic minorities, on the disabled, on the poorly educated, on those whose normal experience is of unskilled, low-paid and insecure work. In some circumstances, trade union responses to the crisis can reinforce these inequalities of hardship. "Union negotiations," in the words of one of my colleagues, "typically attempt to avoid compulsory lay-offs by reducing overtime, limiting sub-contracting, reducing the age of retirement, limiting new recruitment and agreeing to work-sharing and short-time working. Such policies attempt to protect the jobs of existing union members, but cannot slow down the reduction of job opportunities for school leavers and others in the community."³⁴ More generally, an American commentator has suggested, "as unionised workers face threats to their jobs, tendencies towards 'particularism' (the desire to protect only the workers' narrowest interests. . . .) are powerfully intensified. In general, enhanced particularism, unintegrated into any coherent union response to crisis, will tend to accentuate divisions between unionised and non-unionised workers, as well as between different types of unionised workers."³⁵ At worst, the implications of such responses may be to divert unemployment onto others with the explicit sentiment that women, or immigrants, or workers in another company or locality have a lesser right than oneself to keep their jobs.

Such a trend would consolidate trade unions — as is already, to an important degree, the case in the United States — as representatives of a relatively advantaged minority of the working class. Indeed, it would not be altogether fanciful to speak of the development of a society based on three classes. The first would comprise those in government, in financial institutions, in the large corporations, who frame the strategies and take the decisions which determine the economic fate of the rest of us. The second encompasses those who enjoy comparatively secure employment, and the material and social advantages which stem from this. Finally

there are those whose prospects are, at best, of intermittent and unstable employment in unpleasant and poorly rewarded occupations.

The corrosive implications of such a development require little emphasis from me. Those in work, it is already clear, can find it comfortable to insulate themselves from sensitivity to the plight of those without. Hence the prevalence of views that poverty no longer exists; that there is no such thing as involuntary unemployment; that the out-of-work are without exception scroungers enjoying a life of luxury on the dole. Hence, too, the widespread support for tax cuts paid for by dismantling social services and welfare provision.³⁶ The despair and demoralisation of the growing numbers of long-term unemployed is likely to be reflected, in turn, in a rising incidence of crime, vandalism, arbitrary violence and unfocused collective revolt. A society riven by deep antagonisms, by frantic individual responses to general problems, offers fertile ground for the brash politics of racism, sexism, union-bashing and law-and-order. In the drift towards an embittered and fragmented society presided over by increasingly authoritarian governments, the elegant traditions and institutions of liberal industrial relations will become, alas, ever more marginal and anachronistic.

The Search for an Alternative

What can be done to halt this catastrophic drift? None of us here this evening, I am sure, would want to deny that in a rational and civilised society there must be some alternative; or would seek to evade the task of pursuing a solution with the argument that somehow the problem has nothing to do with industrial relations. But I make no apology if my concluding remarks seem particularly addressed to the trade unionists amongst you. As a trade unionist myself as well as an academic, I share the view so evidently held by Constance Markievicz: that momentous social problems of this order cannot be resolved without the active participation of the organised labour movement.

First let me set out some simple but vital propositions. A humane society is one in which people work in order to live, not where they live in order to work. "There is no wealth but life," declared Ruskin over a century ago.³⁷ On this view, the purpose of work is threefold. It provides us with the necessities for existence; beyond this, it offers the means to enlarge human well-being; and as a social activity it helps cement the links between the individual and the society. By the same standards, technology should be seen as a means to extend beneficially our control over our physical and social world, to reduce or eliminate toil and drudgery in our activities as producers. Technical innovation which fails to serve these purposes is a misapplication of human skill and ingenuity.

Yet human life to-day is beset by a series of paradoxes. We are faced by glaring social needs, while the resources which might satisfy them moulder in idleness. On the one hand we have an escalating problem of homelessness and slum conditions in the inner cities, declining standards of educational provision, lengthening waiting lists for a deteriorating system of health care. On the other hand we have mounting unemployment among the builders, teachers and medical workers who are willing and able to provide these services. Governments which are unwilling or unable to finance vital social activities spend enormous sums in consequence to keep millions of people inactive. The present cost to the British exchequer of each unemployed person, according to research by the Institute of Fiscal Studies, is £4,500 a year: economic realism indeed! We inhabit a society, in short, in which the organisation of work reflects the needs neither of the producer nor of the consumer, but follows the alignment of dehumanised calculations on the accountant's balance sheet.

Hence the almost miraculous achievements of modern science — which could in principle do so much to enhance human life — are widely regarded as a danger and a curse. "Technology" dominates us as an alien force: not the servant of our needs, but the master of our fate. The experience of two centuries of technical "progress" has spelled for so many the progressive erosion of dignity, creativity and initiative in their work. "When capital enlists science into her service, the refractory hand of labour will always be taught docility," exulted Dr. Andrew Ure in 1835.³⁸ It should come as no surprise that a recent large-scale study found that 87 per cent of workers exercised less skill in their employment throughout the day than was required to drive a car to work in the morning.³⁹ Thus while the microprocessor offers the potential to abolish boring routine and to expand creativity, applied solely in the interests of profit we must expect its effects to be precisely the reverse.

These paradoxes touch upon the very conception of work in our society. In every industrial country, economic stability has long been regarded as dependent on the inculcation and reproduction of a work ethic. We must accept a moral obligation to subject ourselves to the discipline and drudgery of employment. Work and life constitute segregated spheres of reality: the deprivations of the one alone justifying the enjoyment of "real life" in the world outside. Our work defines our social status, and hence our entitlement to benefits within society. Without a binding commitment to the moral necessity and worth of work, so it is generally believed, the social foundations of productivity would collapse. Yet to-day, it appears, the demands of productivity entail the increasing expulsion of members of society from work itself; while among those who remain, a diminishing range of aptitudes is required. Even among those still employed, in the words of one sociologist, there exists an "unemployed self": those areas of creative potential deemed irrelevant for profitable production.⁴⁰ Hence there exists a growing

rift between the demands of work in modern capitalism, and those norms and values which give life meaning and dignity. This is the *common* affliction of employed and unemployed, and one which “new technology” will almost inevitably accentuate.

This common basis as victims is one of the few grounds which I see for optimism. The overriding sway of corporate profit is to-day so manifestly inhumane and irrational in its cumulative effects that at least some point of leverage exists for alternative strategies. Likewise, the absurdity is so blatant in keeping workers unemployed at a *higher* cost to the state than their employment in socially useful activities, that the necessity of an alternative — almost any alternative — can be widely appreciated.

But any alternative must involve a frontal challenge to assumptions which for so long have been taken for granted. The central fallacy within our society is that impersonal market mechanisms have become the test and measure of almost all social activities. Market criteria define productivity, national welfare, value, utility. But why should human beings be forced into the categories of hard-faced accountants? Why not insist that there are many social activities which can be useful but not profitable, just as there are many which are profitable but not useful? Why not insist that creative and useful work can be performed, if need be, outside the nexus of employment by giant bureaucratic corporations? If it is no longer necessary nor possible that in the future every able-bodied adult can expect employment 40 hours a week, 50 weeks a year, 50 years a lifetime, why not make a virtue of necessity? Instead of demanding the right to work — as an end in itself, why not demand the right to a fuller life?⁴¹ And why not therefore insist that income — our claim on the resources of society — should be detached from the accident of our position in the labour market, and tied much more specifically to criteria of need? Why not break down the rigid demarcations between work and education and leisure, between production and consumption — restoring to work its intrinsic attractions, and thus dispensing with the necessity of external economic and ethical pressures to work? Why not introduce new forms of flexibility into the relationships between the individual and society, between work and life? In a complex modern society it may be impossible for us all to hunt in the morning, fish in the afternoon, rear cattle in the evening and *illful e* after dinner. But there is certainly ample scope for varieties of work experience, for recurrent training and retraining for a diversity of productive activities, for education itself as a lifetime process.

None of these are novel ideas. They represent logical applications of the possibilities inherent in economically developed societies, enlarged further by the positive potential of microprocessor technology. But such ideas are profoundly threatening to the established priorities of our economic and political rulers. Above all they challenge the global strategies which underlie the new colonialism of the giant transnational corporations. Hence it is inconceivable that such ideas could become reality without a major

struggle. Against the power which underlies the present, irrational illfuled n of economic life, the only potential counter-force stems from the needs and interests of those who are its victims.

What is at issue, quite starkly, is the creation of more democratic forms of social relations and social existence. Against the impersonal calculus of global agglomerations of capital, we need to construct new bases of illfuled n relationships, new forms of sensitivity, among and between producers and consumers. Against the illfuled criteria of profit, we need to assert the values of conviviality and mutual assistance. Microelectronics indeed offer radical new possibilities for a more democratic and integrated society, or enhanced interpersonal communication, for greater access to information without the mediation of “experts.” There is now scope to enjoy the benefits of sophisticated technology within the framework of smaller-scale productive units, located according to the needs of workers themselves. We have the potential, in short, for a co-operative rather than a competitive society.

But existing modes of economic illfuled n are profoundly resistant to such illfuled n possibilities. To build a countervailing force demands an immense task of consciousness-raising and illfuled n. And in this task, the role of trade unions is vital. The unions already harness the voluntary commitment and enthusiasm of innumerable ordinary working people. They possess well-established and continually developing procedures of membership education. The collective expertise and resources at their disposal can, with imagination, be applied to formulate new economic priorities; there are already notable examples of workers’ plans which prescribe in detail how trade unionists’ skills can complement the potential inherent in new technology in the interests of socially useful production.⁴² And since an effective challenge to the power and priorities of the new global barons must transcend national boundaries, the international solidarities of the trade union movement — however fragile and tenuous their present form — are a vital resource. Traditionally, trade unionism has embraced a broad social commitment extending far beyond the immediate economic interests of each sectional group of members. As I suggested a moment ago, one possible effect of unemployment could be to turn unions inward from these broader sensitivities towards a narrow particularism, confining their energies to the ghetto of the privileged and secure. It is the duty of all of us with any influence in the trade union movement to fight within it for policies which look outwards and to the future, not inwards and to the past.

And finally: it is a illfuled e to be discussing these issues this evening in Ireland. Because of the manner of your long subjugation to an alien ruling class, many of the debilitating principles of competitive capitalism are less firmly rooted in your culture than in ours. To this extent, you are perhaps more open to alternative solutions to the present crisis than we in Britain, the cradle of the dark satanic mills and their dark impersonal political economy. Moreover

Ireland, with its heroic record of struggle for national independence, is ideally placed to lead a popular opposition to the new economic imperialisms and their blighting grip on the lives of the people.

If there is to be any escape from the curse of mass unemployment, it must lie in a reconstruction of industrial relations in the broadest meaning of the term. If such ideas are dismissed as Utopian, it is a charge which would surely not have intimidated the lady whose career we commemorate to-night. I trust that my concluding themes would have attracted her favour; and that the traditional ideals of the trade union movement, and the even deeper-rooted history of Irish resistance to oppression, offer hope that we may overcome the inhuman priorities of an irrational economic system and its global manipulators.

NOTES

1. See W. E. J. McCarthy and N. D. Ellis, *Management by Agreement*, Hutchinson, 1973.
2. The classic formulation of this analysis was in the Donovan Report: Royal Commission on Trade Unions and Employers' Associations, *Report*, HMSO, 1968. I have illful ed the ideololy underlying this diagnosis of industrial relations "problems": see Richard Hyman and Ian Brough, *Social Values and Industrial Relations*, Blackwell, 1975.
3. George F. Daly, *Industrial Relations: Comparative Aspects*, Mercier Press, 1968.
4. Charles McCarthy, *The Decade of Upheaval*, Institute of Public Administration, 1973, p. 28.
5. Michael P. Fogarty, *Industrial Relations and Creativity: the Irish Case*, IAIR, 1976, pp. 2,9.
6. George F. Thomason, *The Individual, the Trade Union and the State: Some Contemporary Issues*, IAIR, 1977, p. 11.
7. Charles McCarthy, *Problems in the Field of Dispute Resolution*, IAIR, 1978, p. 10.
8. Paul O'Higgins, *Irish Labour Law: Sword or Shield?*, IAIR, 1979.
9. R. O. Clarke, *Conflict and Consensus in Industrial Relations in Some OECD Countries*, IAIR, 1980, pp. 5, 8, 12.
10. For a detailed analysis see B. M. Walsh, *The Unemployment Problem in Ireland*, Kincora Press, 1978.
11. OECD *Economic Outlook*, July 1981, p. 107. It is a tragic irony that this deterioration in the Irish economy followed immediately on the former government's adoption of a development programme aiming at zero unemployment by 1983. See N. Whelan, 'Full Employment: the Extent of the Challenge' in Diarmaid O Cearbhaill, ed., *Full Employment and Regional Development*, Officina Typographica, 1981.
12. *Economic Outlook*, July 1981, p. 6.
13. In Britain to-day, "the problem of unemployment is reduced in the view of many to a question of illful idleness": Adrian Sinfield, *What Unemployment Means*, Martin Robertson, 1981, p. 118.
14. C. H. Murray, 'A Time for Realism,' *Central Bank of Ireland Quarterly Bulletin*, Summer 1981, p. 48.
15. Paul McCracken et al., *Towards Full Employment and Price Stability*, OECD, 1977.
16. There are obvious parallels between such explanations of economic crisis and the sunspot theories of cyclical fluctuation which were popular a century ago. For a caustic discussion of "external shock" analyses, with particular reference to the 'anchovy theory,' see Bob Sutcliffe, 'Keynesianism and the Stabilisation of Capitalist Economies' in Petter Nore and Francis Green, eds., *Economics an Anti-Text*, Macmillan, 1977.
17. P. 183.
18. For a recent analysis of the British economy in similar terms see Andrew Glyn and John Harrison, *The British Economic Disaster*, Pluto, 1980.
19. S. J. Prais, *The Evolution of Giant Firms in Britain*, Cambridge University Press, 1976; Derek Channon, *The Strategy and Structure of British Enterprise*, Macmillan, 1973.

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20. For the European dimension of capital internationalisation see Stuart Holland, *UnCommon Market*, Macmillan, 1980.
21. Among the many analyses of this dominance see Charles Levinson, *Capital, Inflation and the Multinationals*, Allen & Unwin, 1971; Christopher Tugendhat, *The Multinationals*, Penguin, 1973; Richard J. Barnet and Ronald E. Müller, *Global Reach*, Cape, 1975; Stuart Holland, *The Socialist Challenge*, Quartet, 1975.
22. Barnet and Müller (p. 305) quote the president of one American-based multi national: "we are able to beat foreign competition because we are the foreign competition."
23. For discussions of microprocessor technology and its implications see Tom Forester, ed., *The Microelectronics Revolution*, Blackwell, 1980; CSE Microelectronics Group, *Microelectronics*, CSE, 1980; John Bratton and Jeremy Waddington, *New Technology and Employment*, WE A, 1981.
24. Ivor Clemitson and George Rogers, *A Life to Live: Beyond Full Employment*, Junction Books, 1981, p. 28.
25. Clive Jenkins and Barrie Sherman, *The Collapse of Work*, Eyre Methuen, 1979, p. 113.
26. During 1980, membership of TUC-affiliated unions fell by over half a million.
27. Sinfield, *What Unemployment Means*, p. 67.
28. See Tony Elger and Richard Hyman, 'Job Controls, the Employers' Offensive and Alternative Strategies,' *Capital and Class*, 15. Winter 1981/82.
29. Laurence C. Hunter, 'The End of Full Employment.' *British Journal of Industrial Relations*, 18, March 1980.
30. See TUC, *Employment and Technology. 1979*.
31. TUC, *Unemployment, 1981*.
32. The notion of "social partnership" is most familiar in Germany . but has parallels in the British "social contract" of 1974/79, Such links are not **exclusive** to governments politically associated with the unions as I believe is indicated by Irish experience.
33. Brian Showier and Adrian Sinfield. 'A Most Unequal Tax' in Showier and Sinfield, eds., *The Workless State*, Martin Robertson. 1981.
34. David Winchester, 'Trade Unions and the Recession.' *Marxism Today* September 1981, p. 22.
35. George Ross, 'What is Progressive about Unions?'. *Theory and Society*. 10. September 1981, pp. 615.
36. Bernard Crick, 'Commentary: Perspectives on Unemployment' in Crick, ed. *Unemployment*, Methuen, 1981 , pp. 5 6.
37. John Ruskin, *Unto This last, 1862, Lecture 4*.
38. Andrew Ure, *The Philosophy of Manufactures*, Knight, 1835, p. 370.
39. R. M. Blackburn and Michael Mann, *The Working Class in the Labour Market*, Macmillan, 1979, p. KM).
40. Alvin W. Gouldner, 'The Unemployed Self' in Ronald Fraser, ed. *Work 2*. Penguin, 1969.
41. This theme is argued eloquently in Clemitson and Rodgers. *A Life to Live*.
42. The best known British example is the corporate plan drawn up by the Lucas Aerospace Combine Shop Stewards' Committee. See for example 'The Lucas Plan' in Ken Coates, ed.. *The Right to Useful Work*, Spokesman. 1978.