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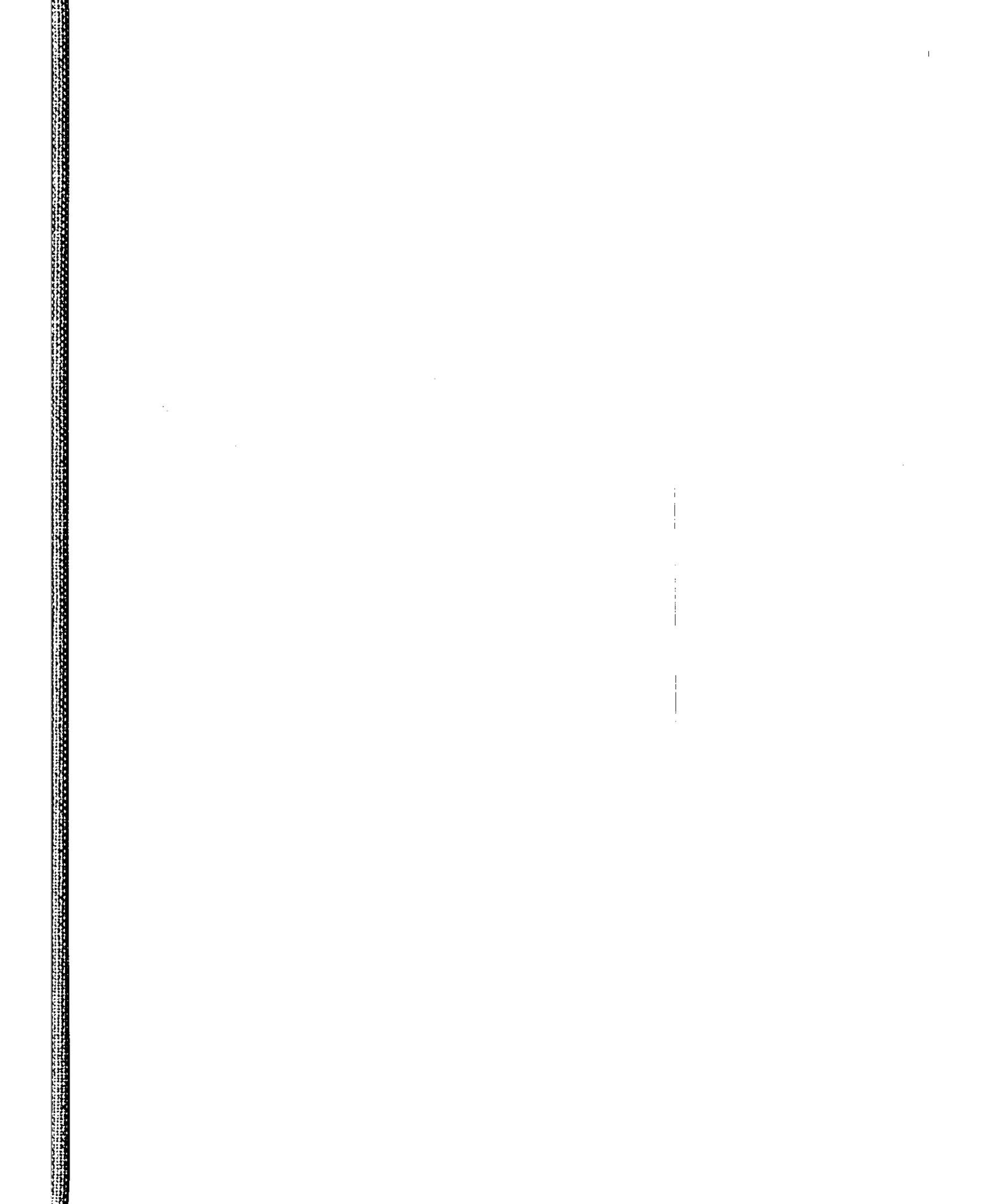
**Driven Towards Inter-Nationalisation.  
British Trade Union Politics at Ford and Vauxhall,  
1960-2001**

*By*

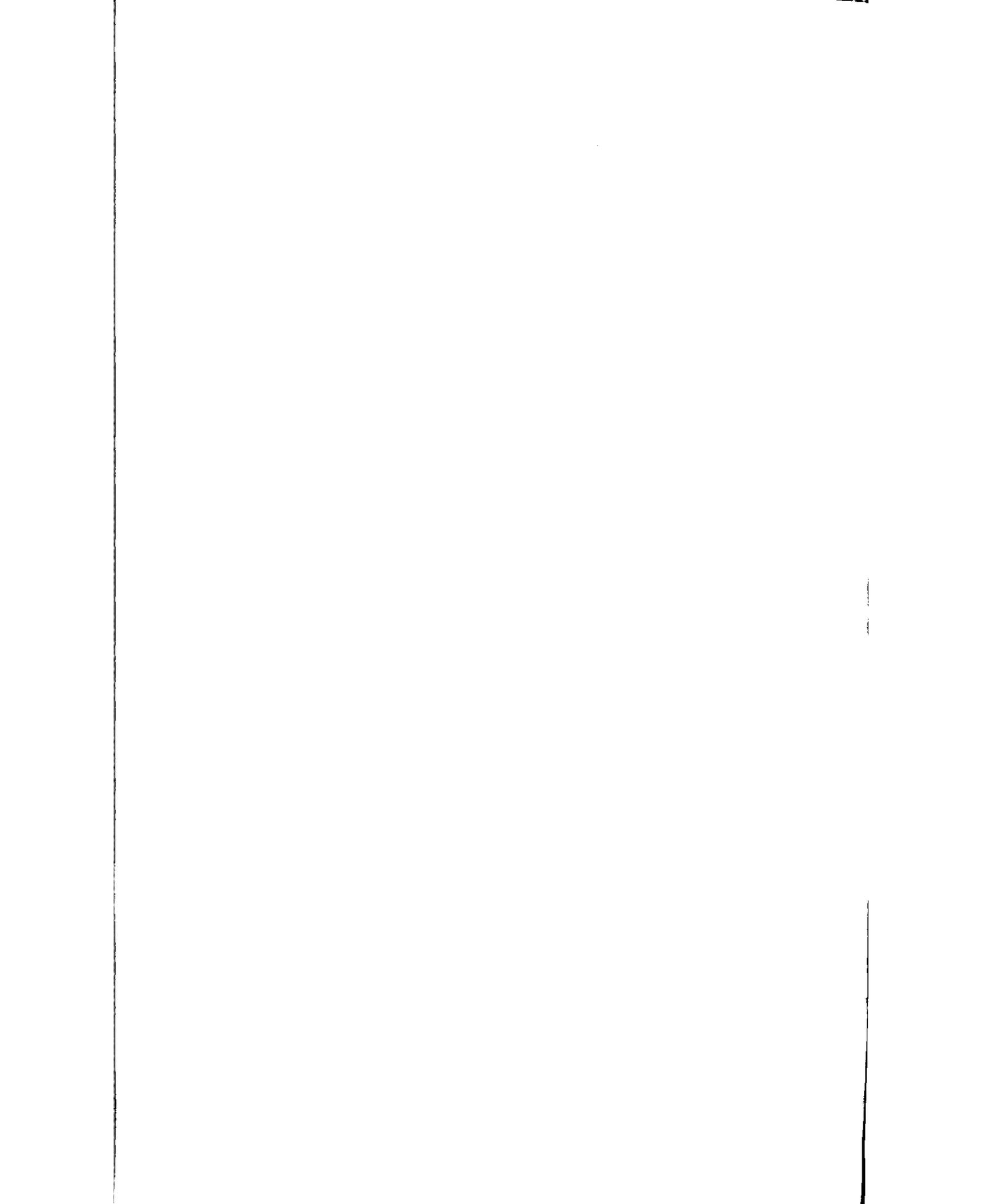
**Thomas Fetzer**

Thesis submitted for assessment with a view to obtaining the degree of  
Doctor in History and Civilisation from the European University Institute

Florence, October, 2005







**EUROPEAN UNIVERSITY INSTITUTE**  
**Department of History and Civilisation**

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**DRIVEN TOWARDS INTER-NATIONALISATION.**  
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**1960-2001**

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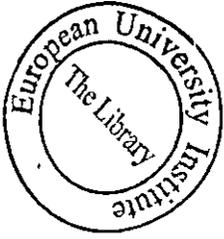
**Examining jury:**

**Prof. Colin Crouch, University of Warwick**  
**Prof. Hartmut Kaelble, Humboldt-Universität Berlin**  
**Prof. Bo Stråth, European University Institute (Supervisor)**  
**Prof. Steven Tolliday, University of Leeds**

**Florence, October 2005**

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## Acknowledgments

This thesis, as probably many others, is not least the product of crisis situations, in which one realizes that something does not quite work out as planned and, more pessimistically, that it probably never will. Looking back it seems to me that my crisis started not long after the arrival at the European University Institute in September 2000 with a sufficiently vague topic and a clear mental disposition towards obstinacy. This was an ideal combination to ignore recommendations of my academic advisers to narrow the focus of my study, and to venture instead into all possible areas that appeared to have relevance for writing the ultimate history of European trade unions' international policies in the second half of the 20<sup>th</sup> century. The result was a frustrating archival "mission", frustrating not only for me but also for archivists being required to supply vast amounts of documents to somebody who seemed to have no clue of what to do with them. Once defined the topic more precisely there followed the moments of desperation connected to the collection of material in scarcely illuminated basement rooms filled with dusty boxes of past trade union life. Finally, there was the question of how to put all that together in one narrative. The torture I inflicted upon a friend with a memorable sheet of paper full of lines, points and arrows convinced me that this was a much more serious problem than I had initially thought.

Overcoming such situations of crisis, and thus completing this thesis, would not have been possible without the help and support of many people, whom I owe thanks and gratitude. Above all, my parents have always helped and encouraged me with patience and with comprehension for the fact that living abroad means to see each other less frequently. My brother has helped me with important advice on computer equipment.

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## Introduction

The call to look beyond national borders in writing history has come into fashion. Labels which designate this trend proliferate, and already there are debates about delimitations between different “schools”: “international”, “transnational”, “global” and “world” history compete for conceptual hegemony, and they do not exhaust the terminological variety offered.<sup>1</sup>

This trend equally applies to labour and trade union history. Van der Linden has criticised the “methodological nationalism” of past research agendas within the discipline, and has advocated a shift towards what at times he calls “transnational”, at times “global” labour history.<sup>2</sup>

At first sight, these claims may seem surprising: The labour movement has a very long tradition of international organisation, and debates about “internationalism” have been present since the mid-19th century; indeed, this particular history has had a considerable impact upon the evolution of the term “international” itself.<sup>3</sup> Numerous studies have been carried out on the international organisations the labour movement has created since then.<sup>4</sup>

However, two fundamental points validate van der Lindens diagnosis. Considering internationalism since the 19<sup>th</sup> century as a dual process of internationalising economic, political and cultural practices on the one hand, and the conscious attempts at

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<sup>1</sup> Cf. Martin H. Geyer/Johannes Paulmann (eds.), *The Mechanics of Internationalism. Culture, Society and Politics from the 1840s to the First World War*, Oxford University Press 2001; Jürgen Osterhammel, “Transnationale Gesellschaftsgeschichte: Erweiterung oder Alternative?”, in: *Geschichte und Gesellschaft* 27/2001, pp. 464-479; Michael Geyer/Charles Bright, “World History in a Global Age”, in: *American Historical Review* 100/1995, pp. 1034-1060; Michael Werner/Bénédicte Zimmermann (eds.), *De la comparaison à l’histoire croisée*, Seuil, Paris, 2004.

<sup>2</sup> Cf. Marcel van der Linden, *Transnational Labour History. Explorations*, Ashgate Aldershot 2003; id., *Globalizing Labour Historiography: The IISH Approach*, Amsterdam 2002; id., “Transnationalizing American Labor History”, in: *Journal of American History*, 86/1999, pp. 1078-1092.

<sup>3</sup> Cf. Peter Friedemann/Lucian Hölscher, „Internationale, International, Internationalismus“, in: Otto Brunner/Werner Conze/Reinhart Koselleck, *Geschichtliche Grundbegriffe. Historisches Lexikon zur politisch-sozialen Sprache in Deutschland*, vol. 3, Klett-Cotta Stuttgart, pp. 367-397, here: pp. 377ff.

<sup>4</sup> Cf. for instance Patrick Pasture, *Histoire du syndicalisme chrétien international: la difficile recherche d’une troisième voie*, Paris/Montreal 1999; Marcel van der Linden (ed.), *The International confederation of free trade unions*, Bern 2000; Sigrid Koch-Baumgarten, *Gewerkschaftsinternationalismus und die Herausforderung der Globalisierung: das Beispiel der Internationalen Transportarbeiterföderation (ITF)*, Campus, Frankfurt/M. 1999.

international co-operation and fraternization on the other<sup>5</sup>, it is clear that labour history has always privileged the latter over the former: We know a great deal about the ambitions and failures of international trade union solidarity but relatively little about union reactions to the internationalisation of everyday social life.

Secondly, connected to this bias, research has concentrated on the study of international organisations - seen as the carriers of international solidarity - whilst paying little attention to the internationalisation experiences of national movements. The verdict formulated by Trentmann in 1997 still holds true today: "For the study of Labour and the Left in general, it is high time to treat domestic and international thought and policy as interlocking spheres."<sup>6</sup>

The pages that follow should be seen as a contribution to this endeavour related to British trade union historiography covering the period after the Second World War, a field that largely lacks a dimension that links national discourses and practices to international developments.<sup>7</sup> The case study selected here is concerned with British trade union politics in two automobile companies, Ford and General Motors/Vauxhall, covering the years between 1960 and 2001. This choice was based on the assumption that multinational firms provide one of the best micro-level objects to study international aspects of trade unionism after World War II, since they combine an advanced form of international economic integration with features of social and cultural cross-border encounter.

The analysis will concentrate on four major aspect of British trade union internationalisation at Ford and Vauxhall between 1960 and 2001, developed more extensively in *chapter 1*.<sup>8</sup>

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<sup>5</sup> Cf. Martin H. Geyer/Johannes Paulmann, „Introduction: The mechanics of Internationalism“, in: id. (eds.), *The Mechanics of Internationalism*, pp. 1-25; a similar distinction already in Friedemann/Hölscher, *Internationale*, pp. 392f.

<sup>6</sup> Frank Trentmann, "Wealth versus Welfare: the British Left between Free Trade and National Political Economy before the First World War", in: *Historical Research* 70/1997, pp. 70-98, here: p. 97.

<sup>7</sup> Cf. for general overviews of British trade union policy in the post-war period: Alan Campbell/Nina Fishman/John McIlroy (eds.), *British trade unions and industrial politics*, 2 vols., Ashgate, Aldershot 1999; Robert Taylor, *The Trade union question in British Politics*, Oxford 1993; id., *The TUC. From the General Strike to New Unionism*, London 2000; Bernhard Ebbinghaus/Jeremy Waddington, "United Kingdom/Great Britain", in: Bernhard Ebbinghaus/Jelle Visser (eds.), *Trade Unions in Western Europe since 1945*, London 2000, pp. 705-756; the major exception of this trend concerns the works related to British trade union attitudes towards the European Community – see Paul Teague, *Labour and Europe: The response of British trade unions to membership of the European Communities*, Ph. D. , London School of Economics, 1984; id., "The British TUC and the European Community", in: *Millenium* 18/1989, pp. 29-46.

<sup>8</sup> For the purpose of this study the terms "international" and "internationalisation" appeared to be more suited than "transnational" and "transnationalisation". On the one hand, this avoids excessive terminological confusion, as it would be cumbersome, for instance, to speak about "international" trade

The first set of questions regards the attitudes towards international economic integration itself. When and why did British unions support this integration as embodied in Ford's and General Motors' strategies to rationalise the activities of their subsidiaries across borders? When, and for what reasons did they oppose such plans? How did these attitudes translate into practical policy, and with what results?

Labour-management relations constitute the second central aspect of study. It will be analysed how company strategies of international integration influenced the relationship of trade unions with management in the UK, ultimately amounting to the question when and why such strategies accentuated labour conflicts or, on the contrary, favoured a pattern of partnership.

The third major line of inquiry concerns international entanglements of industrial relations patterns. The study will address the problem in what ways international business integration at Ford and Vauxhall was connected to contemporary debates on the reform of industrial relations in the UK, and how British trade union policy reacted to these challenges. The fate of the traditional "British" system of voluntarism, characterised by the subordinate role played by the law in regulating industrial relations, will provide the focal point of analysis.

The fourth and final set of questions takes up the issue of international trade union co-operation. How did British unions perceive co-operation initiatives, and how did these perceptions relate to national union structures and labour market strategies? When and why did they support or even actively promote co-operation, and for what reasons did they limit or oppose it at other times?

### ***I. British trade unions at Ford and Vauxhall: A review of scholarly approaches***

British trade union politics at Ford and Vauxhall has not yet been systematically analysed from an international perspective. More generally, multinational companies have rarely been selected as cases for studies of organised labour in the UK after World War II. Historians of labour and industrial relations have paid little attention to this

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union contacts in "multinational" firms as an expression of the "transnational" post-war history of British trade unions. More importantly, the term "international" reflects the common language used by the historical actors themselves – a crucial point for the appropriateness of historical narration – see Koselleck, *Geschichtliche Grundbegriffe*, op. cit.; "Europeanisation" as a potentially alternative concept was not considered because of the global dimension in the case studies selected.

field.<sup>9</sup> In the work of economic historians dedicated to these companies labour issues usually play a marginal role.<sup>10</sup>

Among social scientists and economists the subject acquired prominence in the 1970s but disappeared thereafter. Moreover, most of this literature was not concerned with national union politics but with the efforts to develop cross-border trade union cooperation within multinational companies - although most scholars emphasised the limited role of the international bodies for trade unions in the respective countries and companies.<sup>11</sup> The old fascination for prospects of international unionism has nevertheless been revived since the mid 1990s: Still today, social scientists appear to be less interested in national labour strategies *vis-à-vis* multinationals than in the evolution of newly created European Works Councils.<sup>12</sup>

The available historical knowledge about British unions at Ford and Vauxhall stems from two main sources.<sup>13</sup>

A first body of literature comprises the scholars who have taken an interest in surveying the labour relations of multinational firms compared to domestically-owned companies.<sup>14</sup> One of their most interesting findings was that the terms "multinational" and "international" to characterise these companies started to be used by British unions

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<sup>9</sup> Cf. for an exception: Bill Knox/Alan McKinlay, "Working for the Yankee Dollar: American Inward Investment and Scottish Labour, 1945-1970", in: *Historical Journal of Industrial Relations* 7/1999, pp. 1-26.

<sup>10</sup> Cf. Geoffrey Jones, *Multinationals and the global economy - from the nineteenth to the twenty-first century*, Oxford University Press 2005; Mira Wilkins (ed.), *The Growth of Multinationals*, Aldershot 1991, id./Harm Schröter, *The Free-Standing Company in the World Economy, 1830-1996*, Oxford University Press 1999.

<sup>11</sup> Cf. Everett Kassalow, *The International Metalworkers Federation and the Multinational Automobile Companies: A Study in Transnational Unionism*, University of Wisconsin, Madison, 1974; Ernst Piehl, *Multinational Konzerne und internationale Gewerkschaftsbewegung. Ein Beitrag zur Analyse und zur Strategie der Arbeiterbewegung im international organisierten Kapitalismus insbesondere in Westeuropa*, Nördlingen 1973; Duane Kujawa (ed.), *International labour and the multinational enterprise*, New York 1975; Kurt P. Tudyka/Tom Ety/Marian Sucha, *Macht ohne Grenzen und grenzenlose Ohnmacht. Arbeitnehmerbewusstsein und die Bedingungen gewerkschaftlicher Gegenstrategien in multinationalen Konzernen*, Frankfurt/M. 1978; Herbert R. Northrup, *Multinational collective bargaining attempts: the record, the cases, and the prospects*, Philadelphia 1980.

<sup>12</sup> Cf. for instance: Wolfgang Lecher, *European Works Councils: negotiated Europeanisation between statutory framework and social dynamics*, Aldershot Ashgate 2002.

<sup>13</sup> The analysis of the literature is confined here to a broad review of approaches. A more detailed assessment of individual aspects relevant for this study follows in *chapter 1*.

<sup>14</sup> Cf. Anthony Ferner, "Foreign multinationals and industrial relations innovations in Britain", in: Paul K. Edwards (ed.), *Industrial Relations: theory and practice*, 2<sup>nd</sup> ed., Blackwell Oxford 2003, pp. 81-104; John Gennard, *Multinational Corporations and British Labour. A Review of Attitudes and Responses*, London 1971; H. D. Steuer, *The impact of foreign direct investment on the United Kingdom*, London 1973, pp. 48-67; Peter J. Buckley/Peter Enderwick, *The Industrial Relations Practices of Foreign Owned Firms in Britain*, Macmillan, London, 1985; Peter Enderwick, *Multinational Business and Labour*, Croom Helm, London 1985; Duane Kujawa, *International Labor Relations Management in the Automotive Industry. A comparative study of Chrysler, Ford and General Motors*, Praeger New York 1971.

in the late 1960s, and it appears that Ford played a crucial role in these debates from the outset. A further insight was that trade union reactions corresponded to successive “waves” of foreign direct investment. In the late 1960s and early 1970s, the time of public debates about the *défi américain*<sup>15</sup>, unions were mainly concerned with the impact of American-owned firms upon employment security and collective bargaining in the UK. In the 1980s debates shifted to the newly arrived Japanese companies. Most studies concluded that multinational firms did have certain specificities in their approaches to labour questions, notably with regard to their emphasis on productivity improvements, and the tactics of cross-border benchmarking employed to achieve such improvements. American firms often tended to stand aloof from national employers associations to retain their freedom in managing labour matters as they saw fit.<sup>16</sup>

Evidence about reactions of British trade unions to these challenges is scarce in this first type of studies – in fact, the focus of analysis lies more on company approaches than on how those were perceived by workers and their representatives. More generally, these works do not move beyond a very broad overview. The aggregation of data about multinational companies across the whole variety of industries merely constitutes a starting point for inquiries into trade union politics in individual firms. In addition, the findings are left isolated from the overall post-war historical context, and the history of British trade unionism in particular. The dimension of historical change is little developed. What is offered are often “snapshots” in time neglecting the question how perceptions and strategies evolved over the post-war period.

Contextualisation and historical change are better addressed in the second body of literature that confines its analytical scope to the automobile industry or even to company case studies. Unfortunately, these works do not include international aspects in a systematic way. Most scholars operate with a national framework of analysis. The emphasis remains on bargaining and strikes in the respective national plants and corresponding strategies of local management and labour, seen in the overall political context at national level - multinational firms are treated as if they were domestic companies.<sup>17</sup>

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<sup>15</sup> Jean-Jacques Servan-Schreiber, *Le défi américain*, Denoel, Paris 1967.

<sup>16</sup> Gennard, *Multinational Corporations*, p. 4, 23f.; Ferner, *Foreign multinationals*, pp. 85f., 95f.; Enderwick, *Multinational Business and Labour*, pp. 105ff.

<sup>17</sup> Cf. for company case studies on Ford UK: Steven Tolliday, “Ford and ‘Fordism’ in postwar Britain. Enterprise management and the control of labour 1937-1987”, in: id./Jonathan Zeitlin, *The Power to*

In the case of Ford references are frequently made to pressure or influence from the company's Detroit headquarter, and to the global strategy of the firm.<sup>18</sup> However, broader international implications that would involve issues such as British EEC membership, government regulation of multinationals or the relations of British to foreign trade unions are not developed systematically. If international aspects receive some detailed attention this is usually confined to specific issues and time periods. One recurrent theme concerns the salience of international productivity comparisons for union-management relations particularly at Ford.<sup>19</sup>

In this second group of scholarship, international developments have generally been conceived as a structural framework at times encouraging trade union conflicts with employers, at times constraining their militancy. What is lacking is a perspective to see multinational firms such as Ford and Vauxhall as broader frameworks of action for trade unions.<sup>20</sup>

In terms of such analytical breadth Marsden et. al. have offered the best available approach. They list a whole range of fields in which British trade unions at Ford and Vauxhall have been active, ranging from the internationalisation of their research expertise, the lobbying of government ministers, international trade union contacts to

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Manage? Employers and industrial relations in comparative historical perspective, Routledge London/New York 1991, pp. 81-114; Huw Beynon, Working for Ford, Harmondsworth 1973, 2<sup>nd</sup> edn, 1984 (subsequent quotations, unless specified otherwise, use the 1984 edition); Henry Friedman and Sander Meredeem, The Dynamics of Industrial Conflict: Lessons from Ford, London 1980; Ken Starkey/Alan McKinlay, Strategy and the Human Resource: Ford and the search for competitive advantage, Oxford 1994; Ralph Darlington, The dynamics of workplace unionism: shop stewards' organization in three Merseyside plants, London 1994, pp. 190-260; Elizabeth Bortolaia Silva, Labour and Technology in the car industry. Ford strategies in Britain and Brazil, Ph. D. Thesis Imperial College of Science and Technology, University of London 1988; for Vauxhall: Len Holden, Vauxhall Motors and the Luton economy, 1900-2002, Boydell Press Woodbridge, 2003. For general studies on trade unions and industrial relations in the British motor industry see Paul Willman, Technological Change, Collective Bargaining and Industrial Efficiency, Oxford 1986; David Marsden et. al., The Car Industry. Labour Relations and Industrial Adjustment, London/New York 1985; H.A. Turner/ Garfield Clack/Geoffrey Roberts, Labour Relations in the Motor Industry, George Allen & Unwin, London 1967; Steven Tolliday, "Government, employers, and shop floor organisation in the British motor industry, 1939-1969", in: id./Jonathan Zeitlin (ed.), Shop floor bargaining and the state. Historical and comparative perspectives, Cambridge University Press 1985, pp. 108-147; Andrew L. Friedman, Industry and Labour, London 1977, chapter 14; Dave Lyddon, "The car industry, 1945-79: shop stewards and workplace unionism", in: Chris Wrigley (ed.), A history of British industrial relations, 1939-1979. Industrial Relations in a Declining Economy, Edward Elgar, Cheltenham 1996, pp. 186-221.

<sup>18</sup> Cf. for instance: Tolliday, Ford and Fordism, p. 91; Friedmann/Meredeem, The Dynamics of Industrial Conflict, pp. 37f.; Turner et. al., Labour relations in the motor industry, p. 278; Bortolaia Silva, Labour and Technology, p. 237.

<sup>19</sup> Cf. Beynon, Working for Ford, chapter 12.

<sup>20</sup> Cf. for this problem more generally: Andrew Herod, "Labor as an Agent of Globalization and as a Global Agent", in: Kevin R. Cox, (ed.), Spaces of Globalization. Reasserting the Power of the Local, Guilford Press, New York, London 1997, pp. 167-200.

strike actions that influenced international sourcing decisions. Overall they nevertheless conclude that initiatives remained ephemeral and without much success.<sup>21</sup>

While the analysis of Marsden et. al. convincingly portrays British unions as actors in an international arena its brevity inevitably leads to a somewhat sketchy picture. For a study of post-war British trade union policy at Ford and Vauxhall many issues touched upon by Marsden et. al. need to be developed in more detail and to be interpreted against the longer-term historical evolution. This, in turn, requires a proper conceptual framework.

## *II. Towards an inter-national history of British trade unions at Ford and Vauxhall*

### *1. The Mechanics of Inter-Nationalisation*

This study departs from the assumption that at the beginning of the 21<sup>st</sup> century trade unions in Britain and elsewhere in Western Europe are still firmly anchored in their national environments and allegiances. One and a half centuries of economic, social and cultural internationalisation have not led trade unions to abandon their character as *national* organisations of worker interests in favour of an alternatively internationalist identity. In terms of cross-border alliances and “joint ventures” they compare badly to many companies within which they have been operating.

Yet, the continued formative influence of national patterns can not be taken to indicate that international developments in a larger sense have been altogether insignificant. Recent scholarship, be it labelled as “international”, “transnational”, “entangled” or otherwise, has almost unanimously emphasised the complex relationship between nationalisation and internationalisation in 19<sup>th</sup> and 20<sup>th</sup> century European history. The two processes have been described as parallel and interlinked rather than representing diachronic and dichotomous stages of historical development.<sup>22</sup> Consequently, in the words of Sebastian Conrad, “[...] il ne s’agit pas tant d’expulser la catégorie de ‘nation’ hors de l’histoire que de proposer une explication alternative de sa

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<sup>21</sup> Cf. Marsden et. al., *The Car Industry*, pp. 153-173.

<sup>22</sup> Cf. for instance: Geyer/ Paulmann, *Introduction*, pp. 6/7; Osterhammel, *Transnationale Gesellschaftsgeschichte*, pp. 475f.

constitution – constitution qui n'est pas due uniquement à une impulsion interne, mais doit se lire aussi comme produit de l'interdépendence des sociétés."<sup>23</sup>

In other words, as much as the international manoeuvres of national actors must be interpreted against their domestic backgrounds the latter themselves have to be treated as contingent patterns that are re-shaped over time not least because of international influences. The central task for writing international history is therefore not to replace national solipsism by the analysis of free-floating global networks. Instead, the analysis has to proceed primarily through the reconstruction of complex relationships between national and international spheres. International flows, networks, and entanglements have to be related to the perceptions and strategies of national actors<sup>24</sup>: How, on the one hand, did national structures and experiences shape approaches towards the international sphere? And how, on the other hand, did international developments alter national strategies and policies?

Applying these questions to the social dynamics of international economic integration in the 19<sup>th</sup> and 20<sup>th</sup> centuries, the broader thematic framework of this study, it is clear that internationalisation has not been a "neutral" operation but has occurred for particular reasons – in most instances arising from problems encountered or strategies pursued by actors in the national arenas. "Internationalising" an issue in domestic debates, for example, became an important means to question or justify national practices related to the social organisation of industrial activity, and, thus to denounce strategies and actions of domestic opponents. "Importing" from abroad remained a selective exercise, often determined by peculiar motives and "adapted" to the needs of national actors. Consequently, interest in developments abroad varied between periods and shifted geographically.<sup>25</sup>

Internationalisation, strategic as it was in its impulses, was not to remain an ephemeral instrument that national actors could dispose of at will. As the emergence of an international trading system since the 1850s exemplifies the process rapidly created permanent networks across borders, which considerably affected the perceptions and

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<sup>23</sup> Sebastian Conrad, „La constitution de l'histoire japonaise. Histoire comparée, transferts, interactions transnationale“, in: Michael Werner/Bénédicte Zimmermann (eds.), *De la comparaison à l'histoire croisée*, Seuil, Paris, 2004, pp. 53-72, here : pp. 55/56.

<sup>24</sup> Cf. Kiran Klaus Patel, „Transnationale Geschichte – ein neues Paradigma?“, in: <http://hsozkult.geschichte.hu-berlin.de/forum/2005-02-001>.

<sup>25</sup> Rudolf Muhs/Johannes Paulmann/Willibald Steinmetz, „Brücken über den Kanal? Interkultureller Transfer zwischen Deutschland und Großbritannien im 19. Jahrhundert“, in: id. (eds.), *Aneignung und Abwehr. Interkultureller Transfer zwischen Deutschland und Großbritannien im 19. Jahrhundert*, Philo Bodenheim 1998, pp. 7-20, here: p. 11.

strategies of national actors themselves. With the parallel rise of Nation-States as the centres of political and social organisation the idea took shape that it was not simply firms but entire nations that competed against each other on world markets – an idea that despite its obvious ideological connotations is undoubtedly still with us at the beginning of the 21<sup>st</sup> century.<sup>26</sup> In the case of Britain the importance of this “competition between nations” not least for the policies of trade unions had already been emphasised in the work of Sidney and Beatrice Webb; their view was subsequently endorsed by scholars as diverse as Alan Fox, Eric Hobsbawm, Richard Price and Keith Burgess.<sup>27</sup>

At the same time, the growing international economy was also a driving force for the spread of international co-operation between governments and non-governmental organisations – locking national actors further into the international sphere.<sup>28</sup>

Economic internationalisation exercised a powerful influence upon crucial episodes of national history, not least those concerned with external commercial policy itself: debates between promoters of free trade and the advocates of a protected “national political economy” occupied the centre-stage of political debate in many European countries on various occasions. The paradoxical effects of internationalisation could not be expressed more clearly than in the fact that it could strengthen the case of “economic nationalism”.<sup>29</sup> For Britain Trentmann has demonstrated that prior to World War I the Left played an active role in such debates, oscillating in its attitudes between a general commitment to free trade and the belief in a need for selective state intervention to correct socially undesirable consequences of international market integration.<sup>30</sup>

There is also clear evidence that economic internationalisation – since the mid 19th century and not least in Britain – has been accompanied by intensified cross-border observation of national production systems – almost serving as a “check” for the

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<sup>26</sup> Cf. *ibid.* pp. 11/12.

<sup>27</sup> Cf. Alan Fox, *History and Heritage. The Social Origins of the British Industrial Relations System*, London, Allen & Unwin 1985, pp. 124ff.; Eric Hobsbawm, “Trends in the British Labour Movement since 1850”, in: *id.* (ed.), *Labouring Men. Studies in the history of labour*, Anchor, New York 1967, pp. 371-403, esp. pp. 400f.; Richard Price, *Labour in British Society, An interpretative history*. Croom Helm London 1986, pp. 93ff.; Keith Burgess, *The Origins of British Industrial Relations*, Croom Helm London 1975, pp. IV-VII.

<sup>28</sup> J. Boli./G. M. Thomas, *Constructing World Culture. International Nongovernmental Organizations since 1875*, Stanford 1999; as emphasised above trade unions were among the pioneers of this new pattern of international organisation.

<sup>29</sup> Cf. Ivan T. Berend, “Economic Nationalism : the historical roots”, *International conference Economic Nationalism in East Central Europe*, 17-19 March 2005 Frankfurt/Oder.

<sup>30</sup> Trentmann, *Wealth versus Welfare*, *op. cit.*

appropriateness of domestic practices. Actual institutional transfers remained mostly partial if they did not fail altogether, but international comparisons were nevertheless important as they constituted a significant element in the discursive struggle for legitimacy: Reformers routinely pointed to “successful” examples abroad to buttress their questioning of domestic institutions. Their opponents would reject such claims through a different set of comparisons, often caricaturing foreign models as unacceptable phenomena, which for the “good” of the nation had to be avoided.<sup>31</sup>

This practice of cross-border observation has also included aspects of labour and trade unionism. As much as debates among 19<sup>th</sup> century German liberals were informed by British trade union practices<sup>32</sup> labour law reform debates in the United Kingdom in the early 20<sup>th</sup> century appear to have been influenced by considerations for and against potential “imports” of German-style arrangements to counter the increasing number of strikes in the country.<sup>33</sup> British-German comparisons of wages and working conditions also had an important impact upon British tariff reform debates around 1909/1910.<sup>34</sup>

These examples demonstrate the fruitfulness of looking at modern British labour history from a broad international perspective. The analysis will now turn to elaborate how this perspective can be translated into a conceptual tool for the study of British trade union politics at Ford and Vauxhall in the second half of the 20<sup>th</sup> century.

## 2. Conceptual framework: International labour market

For the purpose of this study it appeared most promising to analyse the international entanglements of British trade union policy at Ford and Vauxhall by using the notion “international labour market”. Trade unions can be conceptualised in many different ways but one of their most important *modi* of operation in business firms is undoubtedly defined as labour market actors. They are concerned with the security of employment, and with the improvement of wages and working conditions of their members. Clearly, the membership is composed of many different sub-groups with

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<sup>31</sup> Ibid.; Johannes Paulmann, „Internationaler Vergleich und interkultureller Transfer. Zwei Forschungsansätze zur europäischen Geschichte des 18. bis 20. Jahrhunderts“, in: Historische Zeitschrift 267/1998, pp. 649-685, here: pp. 676ff.

<sup>32</sup> Cf. James Thompson, “‘A nearly related people’: German views of the British labour market, 1870-1900”, in: Donald Winch/Patrick K. O’Brien (eds.), *The Political Economy of British Historical Experience, 1688-1914*, Oxford University Press 2002, pp. 93-117.

<sup>33</sup> Cf. the brief remarks in Fox, *History and Heritage*, pp. 265/266.

<sup>34</sup> Cf. Trentmann, *Wealth versus Welfare*, p. 75; id., “National identity and consumer politics: free trade and tariff reform”, in: Winch/O’Brien, *The Political Economy*, pp. 215-242.

often contradictory interests so that union politics is always selective aggregation and mediation. Moreover, unions are concerned with the maintenance and improvement of their own capacity of representation. The latter regards on the one hand their interest in high and stable levels of workers holding union cards, and on the other hand the availability of efficient instruments of representation, e.g. the capacity to bargain and call strikes. Again, the ways in which employee interests should be defended is subject to permanent debate within unions.<sup>35</sup>

It appeared preferable to use the labour market concept instead of the alternative notion of “industrial relations”/“labour relations”. The latter usually refers to the system of relations between workers, trade unions, employers and the state concerned with the making and administration of rules pertaining to labour aspects of production.<sup>36</sup> Such a broad and descriptive approach to the international history of British trade unions at Ford and Vauxhall would have resulted in a multiplication of areas to be considered – with a corresponding loss of analytical clarity. Moreover, it is contended here that the internationally-related historical transformations of British union policy in these two firms between 1960 and 2001 are best understood by concentrating on labour market aspects. It should also be noted that the labour relations concept in its traditional form would have been difficult to apply because of the absence – until the creation of European works councils in the mid 1990s - of institutionalised relations between unions and management at international level. The fate of sociological studies in the early 1970s using the terms “transnational” or “international” labour relations serves as a warning: Based on speculations about the emergence of a fully-fledged international negotiating system the concepts quickly went out of use when prospects for this to materialise began to fade.<sup>37</sup>

Unfortunately, no attempts have yet been made to conceptualise labour markets for the analysis of multinational business firms. Even the new “transnational” or

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<sup>35</sup> Cf. Colin Crouch, *Trade Unions: The Logic of Collective Action*, Glasgow 1982; Richard B. Freeman/James L. Medoff, *What do unions do?*, New York 1984; Gerhard Beier, „Elemente einer Theorie der gewerkschaftlichen Entwicklung. Autonomie, Funktion, Struktur und Aktion“, in: id. (ed.), *Geschichte und Gewerkschaft. Politisch-historische Beiträge zur Geschichte sozialer Bewegungen*, Köln 1981, pp. 428-454.

<sup>36</sup> Jonathan Zeitlin, “From labour history to the history of industrial relations”, in: *Economic History Review* XL/1987, pp. 159-184, here: p. 159.

<sup>37</sup> Cf. Hans Günter (ed.), *Transnational Industrial Relations. The Impact of multi-national corporations and economic regionalism on industrial relations*, London 1972; J. Flanagan/A. R. Weber (ed.), *Bargaining without Boundaries. The Multinational Corporation and International Labour Relations*, Chicago 1974; Duane Kujawa, “Transnational industrial relations: a collective bargaining prospect?”, in: id. (ed.), *International Labor and the Multinational Enterprise*, Praeger New York 1975, pp. 94-137; id., *International Labor Relations Management in the Automotive Industry*, op. cit.

“global” labour history approaches do not take up the notion. Most labour market research continues to assume that the term should not be used unless labour mobility has reached a certain scale.<sup>38</sup>

However, if labour markets are considered as being shaped by labour supply *and demand* it is obvious that employment and wage levels not only depend on cross-border migration patterns but also on international trade and capital movements. This insight has been taken up by research on global and European economic integration, conceptualising migration just as one among other “exit” options in international markets: As much as labour may be attracted by superior employment conditions capital migrates where investment conditions appear to be good, and consumer purchasing power shifts to cheaper or “better” foreign products.<sup>39</sup>

Conceptualised in this large sense international labour markets have existed at least since the first “wave” of economic globalisation between the 1850s and 1914.<sup>40</sup> After the protectionist inter-war period the return to a liberal trading and currency regime after World War II entailed a second wave of international labour market integration. In Western Europe multinational companies came to play a particular role in this process from the late 1950s onwards. In the first post-war decade - partly as a legacy of the 1930s, partly as the result of continued national trading restrictions and exchange controls - they had in most cases not been much different from domestic firms: National subsidiaries enjoyed a large degree of autonomy, and there was little international co-ordination of product and marketing policy.<sup>41</sup>

This pattern changed radically when by the late 1950s most West European countries returned to full convertibility of their currencies while, at the same time, the creation of EFTA and the European Economic Community heralded a new era of trade and capital liberalisation. American firms were quickest to seize the new opportunities of cross-border market integration. Still more importantly than the steep increase in the

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<sup>38</sup> Cf. for instance: Nick Adnett, *European Labour Markets. Analysis and Policy*, London/New York 1996. This holds also true for the large field of labour migration studies though here some authors have suggested to introduce the notion of “global labour markets” – see Jeffrey G. Williamson, “The evolution of global labour markets since 1830: Background evidence and hypotheses”, in: *Explorations in Economic History* 32/1995, pp. 141-196.

<sup>39</sup> Cf. Gerold Ambrosius, „Institutioneller Wettbewerb im europäischen Integrationsprozeß“, in *Geschichte und Gesellschaft* 27/2001, pp. 545-575.

<sup>40</sup> Cf. Kevin H. O'Rourke/Jeffrey G. Williamson, *Globalization and History. The Evolution of a Nineteenth-Century Atlantic Economy*, Cambridge MIT Press 1999.

<sup>41</sup> Cf. for Ford: Mira Wilkins, *American Business Abroad. Ford on Six Continents*, Wayne State University Press, Detroit 1964, pp. 360ff.

volume of their investments was the fact that US-owned companies successively standardised product ranges and integrated their European facilities.<sup>42</sup>

The American automobile firms followed this trend set by companies such as Monsanto, Dow or DuPont. As early as the late 1950s Ford had developed plans for the integration of its main European subsidiaries in Germany and Britain. However, these were slowed down when assumptions that there would be an early British entry into the EEC or a merger of EFTA and EEC turned out to be mistaken. After years of hesitation and confusion Ford eventually embarked on radical change: Between 1965 and 1972 it standardised its entire European product range and, in 1967, created the holding company “Ford of Europe” to co-ordinate all its future business on continental scale.<sup>43</sup> General Motors with its subsidiaries *Opel* in Germany and Vauxhall in the UK belatedly followed Ford’s example in the mid 1970s.<sup>44</sup>

From the early 1980s onwards there was a further shift of strategy in both companies: In the context of a new wave of worldwide market liberalisation Ford and GM began to pursue schemes of global product standardisation and production integration. However, due to sales setbacks with “world cars” and over-ambitious plans of corporate globalisation this shift remained partial. By the year 2000 both companies combined European and global elements in their corporate strategies.<sup>45</sup>

That these changing internationalisation strategies did have a deep impact upon labour market patterns can be grasped most easily by looking at employment statistics: Both Ford and General Motors used their much higher flexibility to switch investment and production between plants in different countries, resulting in a shifting “geography” of employment.<sup>46</sup> Generally this did not mean that the companies would simply close plants in one country and open new ones elsewhere. Their own commercial interests to

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<sup>42</sup> Cf. Geoffrey Jones, *Multinationals and Global Capitalism. From the nineteenth to the twenty-first century*, Oxford University Press 2005, pp. 92-100; for an early account stressing the differences between European and American firms in approaching the economic integration of the continent see Charles P. Kindleberger, *Europe and the Dollar*, Cambridge MIT Press 1968.

<sup>43</sup> Cf. Steven Tolliday, “The origins of Ford of Europe: From multidomestic to transnational corporation, 1903-1976”, in: id./Hubert Bonin/Yannick Lung (eds.), *Ford, 1903-2003: The European History*, vol. 1, pp. 153-242, here: pp. 182ff.

<sup>44</sup> Cf. Carl H.A. Dassbach, *Global Enterprises and the World Economy. Ford, General Motors, and IBM*, Galrand New York/London 1989, pp. 426ff; Yves L. Doz, *General Motors Overseas Operations – Europe*, Harvard Business School case, 1980. The time lag in GM’s international business integration means that the initial part of this study will only be concerned with developments at Ford.

<sup>45</sup> Cf. for Ford: Gérard Bordenave, “Ford of Europe, 1967-2003”, in: Bonin/Lung/Tolliday, *Ford, 1903-2003*, vol. 1, pp. 243-317, here: pp. 292ff.; id., “Globalization at the Heart of Organizational change: Crisis and Recovery at the Ford Motor Company”, in: Michel Freyssen et. al. (eds.), *One best way? Trajectories and industrial models of the world’s automobile producers*, Oxford 1998, S. 211-241.

<sup>46</sup> Cf. for Ford: Bordenave, *Ford of Europe*, pp. 282ff.

use invested assets, and numerous restrictions ranging from technical difficulties to potential public uproar affecting car sales prevented them from pursuing such a policy. The shifts of production “geography” were the result of the strategic placement of *new investment projects*. Sites in the UK clearly lost out in this process: A glance at Ford UK’s and Ford Germany’s payroll figures between 1960 and 2000 shows that fifteen years after the end of the war Ford employed more than twice as many workers in the UK than in Germany who produced 70 percent of Ford’s European car output. At the beginning of the new millennium this relationship had been reversed, and, in addition, Ford had created large additional plants in France and Spain.<sup>47</sup>

On the one hand, this development mirrored the general decline of the British motor industry in the postwar period – most clearly expressed in the collapse of the major indigenous producer British Leyland.<sup>48</sup> On the other hand, it also reflected deliberate corporate policies. In the case of Ford, for instance, a slow policy of reducing the relative importance of British plants within the European company network has been a clear objective of the firm during the 1970s.<sup>49</sup>

Against this background employment security as a fundamental trade union objective became connected to international company strategies. However, a clear distinction needs to be made between the 1960s and 1970s on the one hand, and the 1980s and 1990s on the other. In the earlier decades absolute employment levels at Ford, apart from the recession years 1966/7 and 1974/75, did actually increase, even if at a lower speed than in Germany. At Vauxhall, the beginnings of international business integration in the mid 1970s coincided with the first oil crisis but thereafter employment levels rose again until the late 1970s, albeit much slower than at *Opel* in Germany. It was only from the early 1980s onwards that the relative decline of British subsidiaries within Ford’s and GM’s European networks translated into actual and massive cuts of jobs.<sup>50</sup>

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<sup>47</sup> Cf. Steven Tolliday, Ford of Britain: Statistical Appendix to chapters 13 & 14, in: Bonin/Lung/Tolliday, Ford, 1903-2003, vol. 2, pp. 118-149, here: pp. 142/43, Paul Thomes, Searching for Identity. Ford Motor Company in the German market (1903-2003), pp. 151-195, here: pp. 172, 174.

<sup>48</sup> See for general accounts of the post-war British car industry Timothy R. Whisler, *The British Motor Industry. 1945-1994. A Case Study in industrial decline*, Oxford 1999; Roy Church, *The rise and decline of the British motor industry*, Cambridge 1994.

<sup>49</sup> Steven Tolliday, “The decline of Ford in Britain: Marketing and production in retreat, 1980-2003”, in: Bonin/Lung/Tolliday, Ford, 1903-2003, vol. 2, pp. 73-117, here: p. 95.

<sup>50</sup> Tolliday, Ford of Britain: Statistical Appendix, pp. 142/143; Holden, Vauxhall and the Luton Economy, chapter 10.

The effects of international labour market integration have not been confined to employment matters. As indicated by the review of scholarly approaches above Ford, and to a lesser extent Vauxhall, developed a systematic strategy of productivity “benchmarking” across borders, entailing pressure upon working conditions such as line speeds or manning. These comparisons also served to argue against ambitious trade union wage aspirations. Benchmarking, through the overriding car business requirement for unrestricted flow production<sup>51</sup>, had also an immediate impact upon institutional aspects of British trade unionism, most importantly related to the use of strikes in situations of industrial conflict: The search for a reduction of wildcat labour disputes, that is, strikes called locally without involvement of national trade union representatives, became a *leitmotiv* particularly of Ford UK’s internationally-inspired productivity drives.<sup>52</sup>

These last remarks already indicate that the international labour market concept is not understood according to neoclassical labour economics. Many scholars have correctly insisted that 20<sup>th</sup> century labour markets have never operated under conditions of complete competition, and that employment and wage levels have not simply been the result of supply and demand pressures.<sup>53</sup> Instead they have equally been shaped by a multitude of political, social and cultural practices. These, in turn, have been mediated through a system of institutional bargaining, within which trade unions have been active.<sup>54</sup>

These considerations equally apply to the international context under consideration. Indeed, bargaining processes extended here to areas not usually related to labour market regulation in domestic polities, and included a wider network of actors. British trade unions addressed their labour market concerns in the negotiations with local and national management, but they also made attempts to seek direct contacts with international management representatives. In their relations with the British government the unions were to raise issues in the traditional field of labour legislation

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<sup>51</sup> Cf. Karel Williams/Colin Haslam/Sukhdev Johal/John Williams, *Cars. Analysis, history, cases*, Berghahn Books Providence 1994, pp. 37ff.

<sup>52</sup> Cf. for the general post-war strike pattern in the UK motor industry: Marsden et. al., *The Car Industry*, pp. 119-139; J.W. Durcan/W.E.J. McCarthy/G.P. Redman, *Strikes in post-war Britain. A study of stoppages of work due to industrial disputes, 1946-73*, Allen&Unwin London 1973, pp. 312-351.

<sup>53</sup> Cf. Clark Kerr, “The Social Economics Revisionists: The ‘Real World’ Study of Labour Markets and Institutions”, in: id./Paul D. Staudohar (ed.), *Labour Economics and Industrial Relations. Markets and Institutions*, Cambridge, Mss. 1994, pp. 66-108.

<sup>54</sup> Cf. Bo Strath, *The Organisation of Labour Markets. Modernity, Culture and Governance in Germany, Sweden, Britain and Japan*, London/New York 1996, pp. 17ff.

but equally matters related to state regulation of cross-border capital and commodity flows.<sup>55</sup> “Political consumption” lobbies (“Buy British”) and other public campaigns constituted a further arena of trade union politics.<sup>56</sup>

It should be emphasised that all these bargaining fields have to be considered in their historically changing evolution. The circumstances and opportunities for trade union government lobbies in the 1970s, for instance, were fundamentally different from those in the year 2000. More importantly still, such bargaining processes should themselves be seen against the background of their international entanglements. Institutional regulation abroad, particularly in other host countries of Ford and GM, has shaped perceptions and bargaining strategies of British unions – in both enabling and constraining ways: Foreign government policies provided potential models to emulate, but equally, and more importantly, restricted strategic options through what in political economy terms is often described as “regime competition”, that is, the competition between post-war European Nation-States to attract internationally mobile capital into their territories.<sup>57</sup>

In a similar way union-management agreements in subsidiaries abroad could increase pressure on British unions to engage in concession bargaining but at the same time could also point to new ways to secure labour market interests. Co-operation with trade unions abroad could strengthen domestic bargaining positions.

Moreover, the significance of international institutional entanglements was not limited to the direct effects upon domestic bargaining processes. They could have broader implications for British unions. The example of foreign labour movements operating within the international Ford and GM networks is instructive here. Their labour market policies and procedural patterns of interest representation could be used as “benchmarks” by British labour (or indeed management!) in domestic negotiations.

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<sup>55</sup> In principle there was also the additional arena of international regulation of multinational firms. So-called codes of conduct for multinational firms were debated by the Economic and Social Committee of the United Nations, the ILO and the OECD; the European Community, the World Bank and GATT equally contributed to regulatory efforts. Yet, the provisions of all these codes remained broad and legally not enforceable – if the codes were adopted at all. Moreover, regulatory zeal was rather short-lived for by the late 1970s most codes were living in the shadow. Despite some renewed efforts by the WTO during the 1990s leading historians of multinational enterprise (Jones, *Multinationals and global capitalism*, p. 223) still today diagnose a lack of international regulation. Therefore the whole complex will not be further pursued here. See J. Robinson, *Multinationals and Political Control*, Aldershot 1983; P. T. Muchlinski, *Multinational Enterprises and the Law*, Oxford 1999.

<sup>56</sup> Cf. for this field more generally: Michele Micheletti, *Political Virtue and Shopping. Individuals, Consumerism, and Collective Action*, palgrave Macmillan, New York, 2003.

<sup>57</sup> Cf. Ambrosius, *Institutioneller Wettbewerb im europäischen Integrationsprozess*, pp. 547f. The terms “regime competition” and “investment competition” will be used synonymously in this study.

But beyond this they could also trigger more general debates *within* British unions about the merits and disadvantages of foreign practices, resulting in selective appropriation or the reinforcement of traditional “paths”.

### ***III. British trade union policy at Ford and Vauxhall (1960-2001): Actors and structures***

Who were the trade union actors facing the challenge of internationally integrated labour markets at Ford and Vauxhall between 1960 and 2001? Structurally, post-war trade union policy at Ford and Vauxhall has evolved within a multi-level organisation structure, ranging from local shop stewards to the leadership of the British trade union confederation TUC.

In continuity with the pre-war period organisation structures in the British motor industry were characterised by multi-unionism with competition for members.<sup>58</sup> The two principal manual unions were the Amalgamated Engineering Union (AEU, later AEF/AUEW/AEEU)<sup>59</sup>, whose craft traditions resulted in a concentration of recruitment in skilled sections of workforces, and the Transport and General Workers Union (TGWU), dominating among semi-skilled and unskilled workers. Until the 1960s there was a sizeable third organisation, the National Union of Vehicle Builders (NUVB), which by 1970 was absorbed by the TGWU.<sup>60</sup> The picture was completed by a multitude of other unions with smaller membership levels in the motor industry, of which the two most important were the Electrical Trades Union (ETU, later EETPU) and the National Union of General and Municipal Workers (NUGMW, later GMWU/GMB). White-collar employees had their own unions, the Draughtsmen’s and Allied Technicians Association (DATA, later TASS) for designers and technicians, and ASSET (later ASMTS), a trade union for clerical and supervisory staff. Both unions merged in 1988 to form „Manufacturing, Science, Finance” (MSF).<sup>61</sup>

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<sup>58</sup> Cf. Tim Claydon, “Trade unions, employers and industrial relations in the British motor industry 1919-1945”, in: *Business History* 39/1987, pp. 304-324.

<sup>59</sup> The AEU, itself the successor of the century-old Amalgamated Society of Engineers (ASE), changed its name several times, into AEF in 1967 and AUEW in 1970, as result of mergers, before reverting to its original title in 1986. In the early 1990s a further merger with the electricians union EETPU formed the “AEEU”.

<sup>60</sup> For more detail about the structures of the principal unions in the British car industry in the 1950s and 1960s see Turner/Clack/Roberts, *Labour Relations in the Motor Industry*, pp. 192-223.

<sup>61</sup> For DATA/TASS see Tony Foley, *A most formidable union. The history of DATA and TASS*, London 1992; for ASMTS see Clive Jenkins, *All against the Collar*, London 1990.

Moreover, national trade union confederations played a certain role although the main unions AEU and TGWU usually tried to avoid their involvement. On the one hand, there was the Confederation of Shipbuilding and Engineering Unions (CSEU), bringing together unions from the whole engineering sector. On the other hand there was the TUC, whose role in the motor industry increased somewhat between the 1960s and the 1980s, particularly with regard to the broader national and international economic problems affecting the industry.

Trade union patterns at Ford and Vauxhall, while reflecting the overall national picture, displayed some specific features. At Ford, AEU and TGWU were the two largest manual organisations co-existing with a multitude of smaller craft associations; the number of unions rose from initially ten at the time of the first collective bargaining agreement in 1944 to more than twenty in the 1960s and 1970s before the merger wave of the 1980s and 1990s brought the number down radically. At Vauxhall, by contrast, there were only three recognised unions, AEU, TGWU/NUVB and the electricians' union ETU/ETTPU until its merger with the AEU in 1992. In both companies multi-unionism was, to some extent, neutralised in collective bargaining procedures through the creation of national negotiation committees, comprising representatives from all (manual or staff) unions. These committees became the most important bargaining arenas.

At local level "shop stewards" were the voice of trade unionism in the plants. They were elected directly by a group of workers, and were responsible to deal with day-to-day grievances arising in their sections. From their midst shop stewards elected "convenors" whose task was to take up broader questions of local and national significance. National convenor committees co-ordinated company-wide initiatives.

At Vauxhall convenors were also part of the national negotiating committee throughout the post-war period. Additionally, until the late 1960s, there existed a so-called "Management Advisory Committee" for the purpose of labour-management consultation, in which convenors usually held seats.

At Ford, by contrast, convenors remained excluded from national negotiation structures until the late 1960s. They were, however, represented in the company's so-called "Joint Works Committees" at plant level where they met local management for consultation on a regular basis.<sup>62</sup>

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<sup>62</sup> Tolliday, *Ford and Fordism in postwar Britain*, pp. 83ff.; Holden, *Vauxhall Motors and the Luton Economy*, pp. 131ff.; Lyddon, *The car industry*, pp. 195f.

The multiplicity of actors involved has made it necessary to ground this study on a broad base of primary sources. At the highest level this includes the analysis of TUC Congress records and Economic Committee Minutes, as well as the examination of motor industry debates within TUC and CSEU. The proceedings of Ford and Vauxhall national negotiating committees provide the perhaps most important source material. The involvement of the various unions and of the plant-based shop steward organisations has been covered through material from regional AEU and TGWU offices and, in the case of Vauxhall, also from company records – supplemented by the analysis of major parliamentary inquiries, pamphlet literature and interviews with former national trade union officials, convenors and company managers. With regard to the question of international trade union co-operation it was possible to draw additionally on archival sources in Germany and the United States.

#### *IV. The dynamics of the historical process: Driven towards inter-nationalisation*

In recent methodological debates it is often correctly emphasised that approaches such as transnational or international history in themselves provide a new analytical perspective rather than being labels to describe concrete historical processes.<sup>63</sup> What does it mean then to speak about the period between 1960 and 2001 as a time in which British trade union politics at Ford and General Motors has been “driven towards inter-nationalisation”?

Firstly, it means that in contrast to the immediate post-war period labour market discourses and practices of British unions in these two companies have included an important international dimension ever since the early 1960s. This dimension was characterised not by a commitment to the principles of international labour solidarity but by the internationalisation of everyday practices such as research on company investment strategies, reflections about the potential to regulate multinational firms, or the observation of foreign trade union policies.

This periodisation should not be understood as if international aspects did not play any role in the years until 1960 – witness for instance the impact of events in the United States for the recognition of trade unions at Ford UK in 1944.<sup>64</sup> Yet, it was only in the course of the 1960s that the more permanent features of international labour market

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<sup>63</sup> Cf. for instance: Patel, *Transnationale Geschichte – ein neues Paradigma*, op. cit.

<sup>64</sup> Cf. Tolliday, *Ford and Fordism*, pp. 83f.

integration unfolded: the internationalisation of company product and marketing strategies, closely related to the opening of national automobile markets in Western Europe, international aspects of debates about the role of industrial relations in the British “production system”, the “discovery” of multinational firms as target of public policy, international trade union exchanges.<sup>65</sup>

Secondly, driven towards *inter-nationalisation* as a formula highlights the ambiguous and complex relationship between national and international elements in trade union policies. Confirming a basic finding of most international history research it can be argued that British post-war trade union policy at Ford and Vauxhall has been characterised by internationalisation and nationalisation at the same time. Not only has labour market integration not entailed a dilution of the fundamental character of British unions as *national* interest organisations. Time and again it has, on the contrary, been instrumental in reinforcing their thinking and acting in national terms. International interdependences helped to re-create and re-shape their “national character”. This pattern runs through the period analysed in this study even though its precise configuration has been altered in manifold ways.

Thirdly, the four decades under review here have witnessed, nevertheless, a fundamental transformation of the way in which *inter-nationalisation* of British trade union policy has become manifest. Broadly speaking one may describe this transformation as the shift from a view that perceived national interests and allegiances in opposition to the process of international labour market integration itself, towards a position that accepted and even actively promoted this process as a framework of national policy. This is not to say that British trade union discourses and practices did not become more international already in the 1960s and 1970s. Even strategies of resistance to internationalisation needed an international dimension to be effective and legitimate. But it was the prevalence of an attitude of reluctance that distinguished British union approaches from around 1967 up to the mid1980s. The internationalisation of union discourses found its main purpose in disputing international strategies of managements. Widespread cross-border wage comparisons,

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<sup>65</sup> It should be noted that the latter aspect, international trade union exchanges, started to have an impact on British unions at Ford and Vauxhall already in the late 1950s when suggestions of the American UAW for internationally co-ordinated bargaining caused vivid and controversial debates in the UK. That these debates “pre-dated” the beginnings of business internationalisation in Europe demonstrates plainly that institutional aspects of international labour market integration were not merely appendages to economic integration. For the sake of narrative flow, these developments will be discussed in *chapter 2* dealing with the period from 1960 to 1966.

for instance, did not represent efforts to catch up with higher incomes in other European countries but served primarily to counter management's international productivity comparisons.

At the turn of the century the picture looked very different: Any protectionist leanings had disappeared. With the acceptance of international business integration as a *fait accompli* notions of national economic independence had been abandoned. British industrial relations and trade union patterns were not anymore perceived as being in need to be shielded against intrusions from abroad; on the contrary, foreign models now served as an important source of inspiration for reform. International trade union co-operation had lost its image, prominent particularly in the 1960s, of destabilising national union structures, and had been discovered as a valuable, albeit limited instrument in securing future employment stability for the British Ford and Vauxhall plants.

It needs to be acknowledged that this description to some extent simplifies a historical process whose complexities, for example those related to the important differences in outlook between and within British unions, will be brought out more clearly in the individual chapters. Moreover, what scholars of globalisation emphasise for their object of inquiry<sup>66</sup> also holds true for a study of British trade unions in multinational car companies: Driven towards inter-nationalisation should not be misunderstood as being a reconstruction of a linear or teleological process that, at last, almost inevitably led to the transformations depicted. Inter-nationalisation has remained an open and contingent development. This is expressed, for instance, by the fact that widespread union opposition against international labour market integration at Ford from the late 1960s had been preceded by a short period in the early 1960s in which a majority of union leaderships, while rejecting some of the institutional aspects of this integration, had welcomed its economic dimension.

These reflections lead, fourthly, to some tentative remarks about the dynamics underlying the historical process considered in this study. That British unions have been *driven* towards inter-nationalisation is to say that their policies, above all, have been characterised by the absence of any long-term strategy to deal with international labour market integration. Studying British trade unions in an international context provides yet another variation of what Allan Flanders has once described as follows: "Trade

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<sup>66</sup> See for instance Jürgen Osterhammel/Niels P. Petersson, *Geschichte der Globalisierung. Dimensionen, Prozesse, Epochen*, C.H.Beck, München 2003, pp. 112ff.

unions may be a force for progress, but in their actual functioning they are, in the literal and unusual meaning of the word, 'reactionary' bodies."<sup>67</sup>

This should not be understood as if British unions at Ford and Vauxhall have been powerless organisations at the mercy of a relentless drive towards internationalisation. Indeed, their practices have at times themselves influenced the pattern of international economic integration in the two companies, and the omission to develop longer-term strategies can be regarded as a crucial element in that process – as it prevented them from searching potentially alternative paths. This study is, therefore, not only concerned with the variety of contingent aspects that have moulded British union policy, ranging from the various shifts of company strategies and the overall changes in the political and economic environment at national and international level to the policies pursued by Ford and Opel works councils in Germany. The politics of British unions itself is regarded as a major factor of contingency.

By implication, it should be borne in mind that the transition at the end of the 20<sup>th</sup> century, although heralding a new historical period of British trade union politics at Ford and Vauxhall, by no means represents a "final stage" of that history. It is a basic lesson of historical experience that inter-nationalisation is not an irreversible process.

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The narrative of this study is preceded, in *chapter 1*, by a theoretical analysis, setting out in more detail the four major lines of inquiry, already mentioned above, and placing them into the framework of scholarly work on post-war British trade unionism.

The remainder of the chapters follows a chronological approach, taking major changes of company strategies and transformations of the economic and political environment as turning points structuring the analysis. Each of the chapters will start with an outline of the changing context for trade union policy in the respective period.

Point of departure for the analysis in *chapter 2* (1960-1966) is November 19, 1960 when the Detroit headquarter of the Ford Motor Company acquired full ownership and control of its British subsidiary, the event which for the first time raised the question of international labour market integration as an issue of strategic importance for British trade unions. The chapter traces ensuing debates about the benefits and drawbacks of

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<sup>67</sup> Allan Flanders, "Trade Unions and the Force of Tradition", in: id. (ed.), *Management and Unions. The Theory and Reform of Industrial Relations*, Faber and Faber, London, 1970, pp. 277-294, here: p. 293.

international economic integration, and the policies in reaction to the first internationally-inspired productivity drive by Ford.

*Chapter 3 (1967-1973)* reconstructs the transformation of British union policies following the creation of the Ford of Europe holding company in 1967 with its far-reaching schemes of cross-border rationalisation of product development, manufacturing and marketing. Events are interpreted against the background of debates about British membership in the EEC and about the reform of British industrial relations. The chapter also highlights the importance of a shift towards the Left within the two major trade unions AEU and TGWU.

In *chapter 4 (1974-1979)* the analysis extends to the case of Vauxhall, now being integrated into the emerging European business network of its parent company General Motors. The chapter analyses the consequences of the crucial transformation in 1974/5 when the British motor industry underwent a deep crisis in the aftermath of the oil shock, which entailed a new pattern of government intervention through public control over British Leyland. Trade union policy at Ford and Vauxhall faced the double challenge of how to prevent the companies from exploiting the crisis to reduce their operations in Britain, and how to approach the potentially new opportunities of state intervention in the industry.

*Chapter 5 (1980-1987)* departs from the watershed of the early 1980s when a further leap in international business integration at Ford and Vauxhall coincided, for the first time in the post-war period, with major and durable employment cutbacks. It describes how trade union agendas became dominated by employment security matters and how these concerns were translated into new forms of campaigning against the background of an increasingly hostile political climate, characterised by the demise of British Leyland and successive waves of anti-trade union legislation.

In *chapter 6 (1988-2001)* the transformation of British trade union policy towards a new form of inter-nationalism is reconstructed as a response to, on the one hand, the acceleration of international integration at Ford and General Motors in the framework of European and global market liberalisation, and, on the other hand, the crisis of an interest representation pattern based on the mobilisation of workforces. The chapter depicts the consequences of this dual challenge for union policy, ranging from a re-assessment of the role of the law in industrial relations to a new emphasis on international trade union co-operation.

The conclusions will summarize the most important results of the study and discuss some broader implications for aspects of post-war British trade unionism. The findings will be further enriched by a selective comparison<sup>68</sup> with German trade union policy, pointing to a number of intriguing contrasts that help to deepen the understanding of British peculiarities.

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<sup>68</sup> For comparison as a research methodology see Hartmut Kaelble, *Der historische Vergleich: Eine Einführung zum 19. und 20. Jahrhundert*, Campus, Frankfurt/M., 1999; for the relationship between comparison and the analysis of international entanglements see id./Jürgen Schriewer (eds.), *Vergleich und Transfer: Komparatistik in den Sozial-, Geschichts- und Kulturwissenschaften*, Campus, Frankfurt/M., 2003.

## Chapter 1

### **Four aspects of inter-nationalisation of British trade union policy at Ford and Vauxhall (1960-2001)**

#### *I. International business integration: a case for national and/or state control?*

On the most fundamental level the emergence of international labour markets at Ford and Vauxhall confronted British unions with the permanent challenge of assessing their labour market interests against the background of cross-border business integration. This raised a number of basic questions: was this form of integration likely to enhance the employment security of British Ford and Vauxhall workers and improve their wages and working conditions? What impact did it have upon trade union capacities of interest representation? Consequently, should business integration be supported or resisted? Translated into strategies, one of the most important questions for British unions was whether or not they should lobby for state intervention to deal with multinational firms like Ford and Vauxhall – be it through planning, trade and investment controls, or even through the means of nationalisation.

That international economic integration has often had the effect of fostering debates about economic nationalism and state-centred visions of the economy has been a recurrent historiographical theme. Yet, for the particular case of the British labour movement, Trentmann's stimulating essay on the ambiguity between commitment to free trade and the belief in a "national political economy" prevailing in the years prior to World War I<sup>1</sup> has failed to inspire much further research. For the period after 1945 a systematic study of this topic is lacking. Available literature on the British political economy and British trade union attitudes towards the European Community provides only a rough approximation. There is remarkably little work done, for instance, on trade union attitudes towards the so-called "Alternative Economic Strategy" (AES), developed by the Left in the Labour Party under the leadership of Tony Benn in the early 1970s which focussed upon the idea of

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<sup>1</sup> Trentmann, *Wealth versus Welfare*, op. cit.

liberating Britain from "the chains of the world economy".<sup>2</sup> Gamble claims that the shift towards the AES was nurtured by a general turn to the Left within the British trade union movement, triggered by shopfloor radicalism and disillusionment about government policies. Minkin, on the other hand, argues that the most influential British trade union leaders in the 1970s did nothing to actively push the AES despite it being official TUC Congress policy because they anticipated resistance against such "unrealistic" proposals by the government and because of a general scepticism towards "grand planning" schemes.<sup>3</sup>

These issues are relevant to the study of trade union policy at Ford and Vauxhall in light of the fact that stricter national control over multinational firms was one of the key points of the AES, to be achieved through national planning and government control of cross-border commodity and capital flows. The literature dealing with British union attitudes towards multinational firms in the late 1960s and early 1970s clearly indicates that unions during this period systematically advocated government intervention, e.g. in the form of agreed guarantees for the future of British subsidiaries or, subsequently, through so-called "planning agreements"<sup>4</sup>. This appears to prove that the unions' desire for political regulation was not purely limited to Congress discourses.

The same conclusion can be drawn from sustained trade union opposition to British EEC membership between the early 1970s and the mid 1980s. This opposition was partly motivated by attempts to restrict the freedom of multinational companies, which were perceived as exploiting European economic integration to shift production and employment from Britain to the Continent.<sup>5</sup> Here, control was to be achieved indirectly through an at least temporary protection of British industry from international competition. A similar logic underpinned union calls for import controls in the 1970s and 1980s.

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<sup>2</sup> Andrew Gamble, *Britain in Decline. Economic Policy, Political Strategy and the British State*, 4<sup>th</sup> ed., Macmillan, London 1994, p. 177; cf. Tony Benn, *Parliament, People and Power. Agenda for a Free Society*, Verso, London 1982; The London CSE Group, *The Alternative Economic Strategy. A Response by the Labour Movement to the economic crisis*, London 1980.

<sup>3</sup> Gamble, *Britain in Decline*, p. 172; Lewis Minkin, *The Contentious Alliance. Trade Unions and the Labour Party*, Edinburgh University Press 1991, pp. 169ff.

<sup>4</sup> Cf. Gennard, *Multinational Corporations*, pp. 42f.; Marsden et. al., *The Car Industry*, pp. 169f.

<sup>5</sup> Cf. Teague, *Labour and Europe*, pp. 93ff.; Clemens Wurm, "Verbände und europäische Integration. Großbritanniens Beitritt zur EG aus der Sicht von Industrie (CBI) und Gewerkschaften (TUC) 1969-1971", in: Frany Knipping/Matthias Schönwald (ed.), *Aufbruch zum Europa der zweiten Generation. Die europäische Einigung 1969-84*, Wissenschaftlicher Verlag Trier 2004, pp. 329-377, here: pp. 365ff.

On the other hand, Minkin's dismissive position has to be taken seriously: Several scholars have emphasised the largely "apolitical" character of mainstream British post-war trade unionism, which concentrated its activities on collective bargaining and workplace organisation instead of grand political schemes that were perceived to yield little benefits and even entail the danger of permanent state intervention into trade union affairs.<sup>6</sup>

When approaching these complex issues of political regulation it should also be taken into account that national policy has evolved against the background of an international environment. Two aspects appear of particular importance.

Firstly, constraints arose from market integration among West European states. In the first post-war decade governments of large countries such as Britain could base their policy largely on the need for multinational firms to gain access to their domestic market. This enabled governments to screen foreign investment projects with regard to their implications for domestic growth, employment, and the balance of trade – underpinned by the imposition of exchange and import controls.<sup>7</sup>

With successive waves of tariff reductions and the creation of EFTA and EEC in the late 1950s margins of policy discretion narrowed as regime competition intensified. Conventional wisdom in the field of international political economy claims that the opening of national economies initially remained partial and cautious, allowing for a pattern of "benign mercantilism" in national economic policies, which was eroded only after the breakdown of Bretton Woods and the global liberalisation of capital markets in the late 1970s.<sup>8</sup>

Regardless of the general validity of these claims it appears that in the special case of multinational firms competition between European states for investments had become a well-entrenched pattern already by the mid 1960s. Even the French government, in the past

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<sup>6</sup> Cf. Campbell/Fishman/McIlroy, *The Post-War Compromise*, pp. 76/77; Irving Richter, *Political Purpose in Trade Unions*, Allen&Unwin, London 1973, *passim*.

<sup>7</sup> Cf. Tim Rooth/Peter Scott, "British Public Policy and Multinationals during the 'Dollar Gap' Era, 1945-1960", in: *Enterprise and Society* 3/2002, pp. 124-161; Geoffrey Jones, "The British government and foreign multinationals before 1970", in: Martin Chick (ed.), *Governments, Industries and Markets. Aspects of Government-Industry Relations in the UK, Japan, West Germany and the USA since 1945*, Edward Elgar, Aldershot 1990, pp. 194-214; in the British motor industry, import controls – together with the national loyalty of consumers – ensured that until the early 1960s foreign brands were unable to make any inroads into the British market – cf. for import controls in post war Britain more generally: Alan S. Milward, *Britain's place in the world: a historical enquiry into import controls 1945-60*, New York, Routledge, 1996.

<sup>8</sup> Cf. Robert Gilpin, *Global Political Economy: Understanding the international economic order*, Princeton University Press 2001, pp. 235ff.

at times hostile and uncompromising in this regard, now actively lobbied foreign firms to locate projects in the country.<sup>9</sup> As for Britain it has been demonstrated that European market integration was one of the driving forces for the relaxation of government controls in the second half of the 1950s.<sup>10</sup> Even the most radical political forces in Western Europe such as the Communist parties in France and Italy shrank back from extreme measures of state control over foreign investors. Nationalisation programs, for instance, were understood to be limited to domestically-owned firms; a similar assumption was made by the promoters of the AES in Britain.<sup>11</sup>

Until the oil crisis in 1973 the effects of regime competition were offset by high economic growth rates. Continued consumer loyalty to national brands also helped to maintain a pattern of national market segregation even though imports in the car industry began to take considerable market shares since the late 1960s.<sup>12</sup> From the 1980s global liberalisation and the opening of previously "closed" economies such as those in Eastern Europe accelerated regime competition to a previously unimaginable degree.<sup>13</sup> In Western Europe this process was compounded by slower economic growth and eroding consumer interest in "national" products although in the British car market the breakthrough to import levels of more than 70 percent only occurred during the 1990s.

However, and here we come to the second point, the international environment did not only act as a constraint but also provided – at least in a limited sense and until the 1990s - models of regulation that could be emulated. The post-war rise of Keynesianism in many West European countries brought a general shift towards planning and state control of the

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<sup>9</sup> Cf. for the case of Ford: Hubert Bonin, "Ford's Bordeaux-Blanquefort plants: A history (1969-1982)", in: Bonin/Lung/Tolliday, *Ford, 1903-2003*, vol. 2, pp. 397-409, here: p. 398; more generally: David Bailey/George Harte/Roger Sudgen, *Transnationals and governments: recent policies in Japan, France, Germany, the United States and the United Kingdom*, Routledge, London/New York 1994, pp. 47-76.

<sup>10</sup> Rooth/Scott, *British Public Policy and Multinationals*, pp. 146f.

<sup>11</sup> Cf. Stuart Holland, *The Socialist Challenge*, Quartet Books, London, 1975, pp. 347f.; in the case of British Labour Party the presence of two American-owned multinationals had been perceived as being an obstacle to nationalisation schemes already in the late 1940s – cf. Sue Bowden, "The motor vehicle industry", in: Robert Millward/John Singleton (eds.), *The political economy of nationalisation in Britain 1920-1950*, Cambridge University Press 1995, pp. 88-115, here: pp. 106/107.

<sup>12</sup> Peter S. J. Dunnett, *The Decline of the British Motor Industry. The Effects of Government Policy, 1945-1979*, Croom Helm, London 1980, pp. 122f., 168. For import data in the car sector see Tolliday, *Ford of Britain: Statistical Appendix*, p. 131.

<sup>13</sup> Ambrosius, *Institutioneller Wettbewerb*, pp. 568ff.

economy, accentuated by the spread of the notion of national economic sovereignty. Britain with its 1945-51 Labour government was a prominent example in this process.<sup>14</sup>

Ideas of state control became particularly salient in the late 1960s and early 1970s. Triggered by the enormous rise of US foreign investment in Europe and reflected in publications like Servan-Schreibers' bestseller *Le défi américain*, debates about the challenges to national sovereignty posed by multinational firms flourished throughout Western Europe.<sup>15</sup> Concern over how the influence of such companies could be contained became a major issue of economic policy. On the one hand, there was the creation of "national champions" associated with the idea to develop firms "[...] that could carry the national flag into the internationally competitive arena."<sup>16</sup> National governments brokered mergers that would result in a domestically-owned structure capable of counterbalancing the multinationals. The creation of British Leyland in the UK motor industry in 1968, followed by the nationalisation of the company in 1974, was an archetypical example of this process as it was explicitly designed to contain Ford, Vauxhall and Chrysler UK.<sup>17</sup>

As for the regulation of multinationals themselves the instrument of "planning agreements" came to be used in several European countries such as Italy, France and Belgium. These were (non-legal) contracts between firms and governments with mutually agreed targets related to future production, investments, exports, and other issues. These assurances were supposed to ensure the compatibility of corporate strategies with national economic planning. This foreign practice provided the blueprint for similar ideas among the British Left, eventually incorporated into the AES.<sup>18</sup> In fact, the principle of company

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<sup>14</sup> Cf. Peter A. Hall (ed.), *The Political power of economic ideas: Keynesianism across nations*, Princeton University Press, 1989.

<sup>15</sup> Servan-Schreiber, *Le défi américain*, op. cit.; for an example of contemporary debates in Britain see James McMillan/Bernard Harris, *The American Take-Over of Britain*, Leslie Frewin, London, 1968.

<sup>16</sup> Cf. Jack Hayward, "Introduction: Europe's Endangered Industrial Champions", in: id. (ed.), *Industrial Enterprise and European Integration. From National to International Champions in Western Europe*, Oxford University Press 1995, pp. 1-20, here: p. 2.

<sup>17</sup> Cf. Michael Hodges, *Multinational Corporations and National Government. A case study of the United Kingdom's experience, 1964-1970*, Westmead Farnborough 1977, pp. 143ff; Stephen Wilks, *Industrial Policy and the Motor Industry*, Manchester University Press 1984, pp. 91f.; 236; in a broader European context similar policies had already been pursued earlier: State support for *Volkswagen* in Germany dated back to the Nazi period. In Italy *FIAT* enjoyed a privileged status since the early post-war days, as was the case with the nationalised *Renault* company in France. In the late 1960s and early 1970s this positive discrimination in favour of domestically-owned firms intensified – cf. Simon Reich, "Roads to Follow: Regulating Direct Foreign Investment", in: *International Organization* 43/1989, pp. 543-584.

<sup>18</sup> Cf. Holland, *The Socialist Challenge*, pp. 223ff; cf. for regulatory measures of West European states towards multinational firms more generally: A. E. Safarian, *Multinational Enterprise and Public Policy*. A

“assurances” had been used by successive British governments if only on an ad-hoc basis. At Ford UK, even the Conservative Macmillan government had negotiated company commitments to future investment and domestic sourcing when all shares of the British subsidiary had been taken over by Ford USA in 1960.<sup>19</sup>

For the study of trade union policy at Ford and Vauxhall this means that the analysis of attitudes towards political regulation can not be confined to the period between 1967 and 1975 but must be extended to the entire period covered from the early 1960s onwards. It will also be necessary to address union positions on the controversially debated question whether government interventionism was likely to hamper British prospects in international regime competition and whether government action should not, financially or otherwise, provide incentives for foreign investors rather than exercising control. Moreover, the precise nature of state intervention was controversial: Did British unions support the idea of retaining, in line with the “national champion” strategy, a high degree of autonomy for British subsidiaries of multinationals, or did they favour an approach that attempted to secure a favourable place for them within emerging international networks?<sup>20</sup> What was the role of the lobby against EEC membership in this respect?

Finally, attention will be paid to union attitudes towards “national control” patterns based on market functioning rather than government action: Did their strategies, as suggested by Marsden et. al. for the early 1980s<sup>21</sup>, also exploit the need of companies to retain a British-built image for commercial success, and the corresponding vulnerability of Ford and Vauxhall to public and consumer campaigns denouncing their “unpatriotic” behaviour? In other words: Did they develop “political consumption” lobbies?

Contrary to the diverging opinions of scholars about British union attitudes towards political regulation of multinationals between the late 1960s and the mid 1980s there is wide agreement that in the period from the late 1980s British unions – in the face of global liberalisation and a hostile domestic environment - abandoned strategies of national political control, symbolised in the reversal of TUC opposition to the European Economic

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study of the industrial countries, Edward Elgar, Aldershot 1993; Bailey/Harte/Sudgen, *Transnationals and governments*, op. cit.

<sup>19</sup> Cf. Hodges, *Multinational Corporations and National Government*, pp. 186f.

<sup>20</sup> Cf. for this problem with regard to Chrysler: Wilks, *Industrial Policy and the Motor Industry*, pp. 133f., 174f.

<sup>21</sup> Cf. Marsden et. al., *The Car Industry*, p. 161.

Community in 1988.<sup>22</sup> The analysis of the Ford and Vauxhall cases will serve to shed light on the peculiar dynamic of this transformation in the two companies, and assess the resulting consequences for the inter-nationalisation of trade union policy.

## *II. Union-management relations: antagonism and/or (national) partnership?*

A second major line of inquiry is concerned with the impact of international labour market integration upon the relationship between trade unions and management at Ford UK and Vauxhall: When and why did this integration nurture antagonism between organised labour and the companies? Under what circumstances, on the contrary, was it conducive to a partnership approach?

Union-employer relations have, of course, been among the perennial themes of British post-war labour history. Despite varying interpretations as to the causes and consequences of their evolution, scholars have generally agreed that a division in three distinct periods should be made – by acknowledging major variations between sectors and companies: A first period comprises the two decades up to the mid 1960s and is usually described as the “post-war compromise”, characterised by a relatively high degree of interest accommodation and – compared to what was to follow – a low level of strikes.<sup>23</sup> A number of authors such as Crouch and Fox already discerned signs of “strain” and “tension” by the late 1950s, indicated not least by the rise of local shop steward structures as a form of “parallel” and at times militant unionism acting largely outside the realm of official union policies – a feature of particular relevance in the car industry.<sup>24</sup>

The subsequent period up to the late 1970s is generally regarded as a time of antagonism and trade union militancy, culminating in the strike wave of the “Winter of Discontent” in 1978/9. According to different approaches different emphasis is put on

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<sup>22</sup> Cf. Ben Rosamond, “National labour organisations and European integration: British unions and ‘1992’”, in: *Political Studies* XLI/1993, pp. 420-434; Denis MacShane, *Trade unions and Europe*, in: *Political Quarterly* 62/1991, pp. 351-364.

<sup>23</sup> Alan Campbell/Nina Fishman/John McIlroy, “The Post-War Compromise: Mapping Industrial Politics, 1945-64”, in: id., *British trade unions and industrial politics*, vol. 1, pp. 69-105.

<sup>24</sup> Colin Crouch, *The Politics of Industrial Relations*, Fontana Glasgow 1979, chs. 1-4; Fox, *History and Heritage*, pp. 373-431; for developments in the motor industry see Turner/Clack/Roberts, *Labour Relations in the Motor Industry*, op. cit.

economic decline and government failures, rising worker expectations and tight labour markets, employer hostility and a left shift of major trade unions in accounting for this shift.<sup>25</sup>

The 1980s and 1990s witnessed a major turn towards co-operative attitudes, and it is widely agreed that this occurred in a context of trade union weakness, of which membership decline was the most visible sign. This loss of mobilisation potential, together with hostile legislation by Conservative governments, the emergence of mass unemployment, new employer strategies of worker involvement and a political shift to the Right within the British labour movement are regarded as the main factors that brought unions to abandon strategies of militancy. Some authors also mention the advance of economic internationalisation. As a result strike levels fell to a very low point during this period, and “social partnership” was now explicitly advocated by many, albeit not all major unions.<sup>26</sup>

Available accounts of trade union history at Ford UK and Vauxhall tend to confirm this periodisation with a general bias towards more co-operative attitudes at Vauxhall, due to a lack of militant tradition in the Luton area and more sophisticated and accommodating management strategies in the early days of plant trade unionism in the 1940s. In the 1950s and 1960s this legacy spared Vauxhall the experiences of Ford where occasional waves of unofficial militancy caused major confrontations - despite co-operative relations with the national trade unions represented in the company’s joint negotiation committee. These differences also endured during subsequent periods. While both companies witnessed an upsurge of trade union militancy from the late 1960s to the late 1970s, Ford was affected much more heavily than Vauxhall – with three major strikes in 1969, 1971 and 1978. Equally, the transition towards a new pattern of partnership in the 1980s was more rapid at

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<sup>25</sup> For a summary see John McIlroy/Alan Campbell, “The High Tide of Trade Unionism: Mapping Industrial Politics, 1964-79”, in: Campbell/Fishman/McIlroy, *British trade unions and industrial politics*, vol. 2, pp. 93-130.

<sup>26</sup> David Marsh, *The New Politics of British Trade Unionism. Union Power and the Thatcher Legacy*, ILR Press Ithaca, New York 1992; John McIlroy, *Trade unions in Britain today*, Manchester University Press 1988, pp. 195ff.; John Kelly, “British Trade Unionism 1979-89: change, continuity and contradictions”, in: *Work, employment and society* 1990, pp. 29-65; Jeremy Waddington, “Trade Union Organization”, in: Paul Edwards (ed.), *Industrial Relations. Theory and Practice*, 2<sup>nd</sup> ed., 2003, pp. 214-256.

Vauxhall. In any case, by the 1990s a “social partnership” approach had been adopted by the unions in both companies.<sup>27</sup>

The question of whether and how this changing pattern of union-management relations has been influenced by international aspects is not developed systematically in existing scholarly work. Only the issue of international productivity comparisons has received some detailed attention. Often connected to threats of investment switching these comparisons, it is argued, entailed pressure on trade unions to adopt a co-operative attitude towards management. The available research also suggests, however, that such pressure at times led to the complete opposite, namely the intensification of conflict: Beynon has described comparisons of work standards between German and British Ford plants as one of the most contentious issues between management and shop stewards in the 1960s and 1970s. He has analysed in some detail how Ford, since the 1960s, regularly used such comparisons linked to the threat to withhold new investment projects to win over labour co-operation on the productivity question – with varying degrees of success.<sup>28</sup>

Several authors point out that this type of bargaining “in the shadow of exit” reached a new dimension in the 1980s when Ford, and also General Motors, openly threatened to close plants in the UK unless productivity improved. Marsden et. al. and Darlington argue that both companies deployed this threat as a key sanction in their relations with unions and shop stewards – through strategies of direct confrontation as well as of “employee involvement” (e.g. visits to Belgian and German plants). They maintain that in the changed context of the 1980s productivity comparisons indeed helped to turn British unions at Ford and Vauxhall towards more co-operative attitudes.<sup>29</sup>

These scholarly accounts provide valuable insights that will be taken up in subsequent chapters. Nevertheless, the picture provided remains patchy in terms of chronological and thematic coverage. Attention is focused on the 1970s and 1980s, and the implications of cross-border productivity comparisons. It appeared necessary for this study to include a number of other aspects.

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<sup>27</sup> More detailed accounts will be given in the individual chapters.

<sup>28</sup> Cf. Beynon, *Working for Ford*, pp. 347ff.

<sup>29</sup> Cf. Marsden et. al., *The Car Industry*, pp. 148f.; Darlington, *The dynamics of workplace unionism*, pp. 210ff.

Studies of post-war German trade unionism at enterprise level have pointed to the emergence of multi-plant firms as one important source of co-operative attitudes among labour representatives. Such agglomeration processes rendered the link between commercial success of a company and production in single plants more tenuous, especially where networks were large and had mechanisms for the substitution of activities. The creation of a central management structure deprived local management of decision-making power. Taken together this led, particularly during times of economic downturn, to intense competition for resources within companies, a pattern that encouraged local "interest coalitions" between management and trade unions/works councils.

Such coalitions were not necessarily confined to companies with international dimensions. However, the historical legacies of nationalism provided particularly fertile ground therewithin – and this was increasingly so in the 1980s and 1990s. Studies of German automobile companies in the 1990s<sup>30</sup> have demonstrated that the acceleration of international sourcing competition pushed labour representatives towards "nationalisation" in that their main aim became to secure favourable arrangements for the German locations. Given that local managements often proved equally anxious about the future of "their" plants, a pattern of "national pacts" occurred, representing on a micro-scale what German sociologists have termed as "competitive corporatism".<sup>31</sup>

On the labour side this pattern implied a transformation of outlook also in the sense of a widening of agendas towards a preoccupation with classical management areas such as product and investment planning; the self-understanding of works councils in the 1990s often became that of "co-managers", with "national pacts" explicitly covering questions of future product allocation. At the same time, as critics were quick to point out, these practices heightened the competition between labour representatives in different plants and countries since "pacts" in one location frequently came at the expense of other sites.<sup>32</sup>

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<sup>30</sup> Cf. Bob Hancké, *Industrial Restructuring and Industrial Relations in the European Car Industry. Instruments and strategies for employment*, discussion paper Wissenschaftszentrum Berlin, 1998, pp. 6ff.

<sup>31</sup> Wolfgang Streeck, "The internationalization of industrial relations in Europe: Prospects and Problems", in: id. (ed.), *Korporatismus in Deutschland, Zwischen Nationalstaat und Europäischer Union*, Frankfurt/M./New York 1999, pp. 159-188.

<sup>32</sup> Cf. Udo Klitzke, Heinrich Betz, Mathias Möreke (eds.), *Vom Klassenkampf zum Co-Management? Perspektiven gewerkschaftlicher Betriebspolitik*, Hamburg 2000; Hermann Kotthoff, *Betriebsräte und Bürgerstatus. Wandel und Kontinuität betrieblicher Mitbestimmung*, Hampp, München, 1994.

The voluminous body of scholarship emphasizing the political, legal and cultural specificities of German trade unionism in international comparison<sup>33</sup> reminds us that a transfer of this perspective to the British context must proceed with caution.

Nevertheless, a number of indications suggest that this will be a fruitful endeavour. To begin with, it is interesting to note that the emergence of multi-plant corporations in the UK has led to similar problems of inter-plant rivalries between union organizations as in Germany, although it is not quite clear what role resource allocation questions played in this process. At Ford, conflicts arising from the limitations of “factory consciousness” have been notorious.<sup>34</sup> With regard to the international sphere there is wide agreement among scholars that rivalries in terms of investment and production have constituted a crucial obstacle to closer co-operation between unionists in multinational firms - not least in the motor industry. Tolliday’s study of the early years of Ford of Europe has discerned similar attitudes on the side of management; at Ford of Britain hostility towards the German subsidiary was a deeply-rooted attitude reaching up to the company’s top management.<sup>35</sup> Moreover, there is evidence that in the cases of both Ford UK and Vauxhall international business integration has led British unions to go beyond their traditional concerns for wages and working conditions, and to take an active interest in questions of corporate forward planning.<sup>36</sup> For the 1990s it has been demonstrated that “national pacts” concluded in the German subsidiaries of Ford and General Motors entailed similar agreements in Britain.<sup>37</sup>

While these brief comments bespeak the relevance of the “national partnership” hypothesis they also point more generally to the importance of international labour markets for union-management relations in Britain: Collective bargaining arrangements and outcomes in Ford and GM subsidiaries abroad could have an important impact on the pattern of union-management relations in the UK – not only in terms of resource allocation but also with regard to wages and working conditions. Favourable settlements achieved by foreign trade unions could be used as „benchmarks“ in domestic negotiations. On the other

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<sup>33</sup> Cf. Hyman, *Understanding European trade unionism*, op. cit.; Colin Crouch, *Industrial Relations and European State traditions*, Oxford University Press 1993.

<sup>34</sup> Cf. Beynon, *Working for Ford*, passim; more generally see Michael Terry, “Combine Committees: Developments of the 1970s”, in: *British Journal of Industrial Relations* 23/1985, pp. 359-378.

<sup>35</sup> Cf. Tolliday, *The origins of Ford of Europe*, pp. 190ff.

<sup>36</sup> Cf. Marsden et. al., *The Car Industry*, pp. 158f.

<sup>37</sup> Cf. Bob Hancké, “European Works Councils and Industrial Restructuring in the European Motor Industry”, in: *European Journal of Industrial Relations* 6/2000, pp. 35-59, here: pp. 43/44.

hand, labour concessions abroad brought additional pressure for moderation of bargaining demands. Scholars like Kujawa, without developing this aspect systematically, have pointed to the occasional use of international wages and conditions comparisons by British trade unions at Ford and Vauxhall since the 1960s.<sup>38</sup>

This issue will be looked at in more detail in this study. If Kujawa's claim is correct that - in most cases - such comparisons have not been pressed seriously in domestic bargaining the question arises what purpose they might have served. Scholarship in the field of international history has demonstrated that domestic conflicts have often included an international discursive component as both sides made references to practices abroad to buttress the legitimacy of their case. To what extent and under which concrete circumstances this feature has applied to trade union policy at Ford UK and Vauxhall will be an element of subsequent analysis, to be studied through the systematic connection of international labour market aspects with the changing pattern of union-management relations at national and company level.

Finally, a further distinct element of internationalisation will be addressed, namely the new interdependence of trade union strike policies:<sup>39</sup> on the one hand, cross-border business integration increased the vulnerability of companies to industrial action because of extensive internal trade flows between subsidiaries, thus enhancing trade union power. On the other hand, strike patterns in the different national subsidiaries themselves became part of international productivity "benchmarking". Although an element of bluff was often involved in company threats of investment switching during strikes, the case of Ford UK nevertheless demonstrates that high British union militancy compared to the pattern prevailing in the German plants in the longer term contributed to a relative shift of investments and production from the UK to the continent.<sup>40</sup>

For trade unions this entailed not only the need to assess the credibility of management threats in individual disputes, and the potential impact of investment switching upon employment in Britain, but also - in the event of strikes - the task to devise discursive counter-strategies to avoid a weakening of mobilisation among workers.

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<sup>38</sup> Cf. Kujawa, *International Labor Relations Management*, pp. 86, 111ff., 199f.

<sup>39</sup> Cf. for Ford: Thomas Fetzer, "Walking out of the national workplace. Industrial disputes and trade union politics at Ford in Britain and Germany in the 1970s and 1980s", in: Bonin/Lung/Tolliday, *Ford, 1903-2003*, pp. 393-415.

<sup>40</sup> Tolliday, *The Decline of Ford of Britain*, p. 95.

### *III. Entangled national systems of labour relations and trade unionism*

The review of international history literature indicated that international economic integration – since the mid 19th century and not least in Britain – has been accompanied by intensified cross-border comparisons of “national production systems”, including aspects of labour relations and trade unionism. Although it can be assumed that with better and cheaper facilities of international communication this process further accelerated in the period after World War II trade union scholars have paid relatively little attention to these questions. In the field of comparative industrial relations there had initially been a strong interest in the question of international convergence but the subsequent absence of a clear trend in that direction deflected curiosity from cross-border transfers altogether.<sup>41</sup> A similar picture has prevailed in comparative trade union scholarship: Sharp distinctions between different national models limited the interest in international entanglements.<sup>42</sup>

International history, as has already been pointed out, is not confined to the analysis of trends of cross-border convergence. From the lack of such trends it can not be inferred that nations have been stable and unconnected units that merely competed against each other on world markets. Longer-term national “path dependencies”, crucial as they may be, were regularly contested, re-shaped and re-negotiated, and it is during such processes of domestic debate that the observation and reception of foreign practices became an important issue.<sup>43</sup>

This perspective appears to be particularly intriguing for the case of post-war Britain, a period that in terms of industrial relations and trade union history has been described as the cumulative erosion of a distinctive pattern of “voluntarism” peculiar to Britain in international comparison.<sup>44</sup> Over the course of the 1950s voluntarism or “collective *laissez-*

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<sup>41</sup> Cf. Roger Smith, “The convergence/Divergence debate in comparative industrial relations”, in: id./Mike Rigby/Teresa Lawlor, *European Trade Unions. Change and Response*, London/New York 1999; for the classical convergence thesis see John Thomas Dunlop, *Industrial Relations Systems*, Holt New York 1958; one notable exception in Britain has been the debate about (the limits of) the process of Americanisation in British industry, including in the field of labour relations – cf. for the motor industry: Steven Tolliday/Jonathan Zeitlin, (eds.), *Between Fordism and Flexibility: The Automobile Industry and its Workers*, Oxford Berg, 1992.

<sup>42</sup> Cf. for instance Hyman, *Understanding European Trade Unionism*, op. cit.; Werner Abelshauser (ed.), *Konflikt und Kooperation. Strategien europäischer Gewerkschaften im 20. Jahrhundert*, Essen 1988.

<sup>43</sup> Paulmann, *Internationaler Vergleich und interkultureller Transfer*, pp. 676, 684.

<sup>44</sup> Paul Davies/Mark Freedland, *Labour Legislation and Public Policy. A Contemporary History*, Clarendon Press, Oxford, 1993, p. 59.

*faire*", to use the notion of Otto Kahn-Freund, one of its most prominent intellectual advocates<sup>45</sup>, had become a widely accepted theory to account for the phenomenon that compared to most other industrialised countries the law played a much smaller role for the relations between employers, workers and their representatives in Britain.

This "exceptionalism" expressed itself in the priority accorded to voluntary as opposed to compulsory procedural rules for industrial relations. Several aspects can be distinguished:<sup>46</sup> Firstly, the law provided little support for the establishment of consultation and bargaining machinery. In contrast to most other industrialised countries there was no legal obligation upon employers to recognize and bargain with trade unions. It was not illegal for a company to make non-membership of unions a condition of employment. Neither did British labour law follow the practice of most West European countries to create a system of statutory employee representation such as works councils – bodies with whom employers were required to consult and, to different degrees in different countries, also to negotiate. If British employers accepted to bargain with representatives of workers these negotiations were usually conducted with trade unions alone. This so-called "single-channel" approach stood in contrast to the dualism of trade union and works council structures in many other European countries.<sup>47</sup>

Secondly, collective bargaining agreements had no legal force. There was no "peace obligation" that could prevent employers or trade unions from challenging contractual terms during the life of an agreement. Unions or employers could not be legally sued and made liable for breach of contract.

Thirdly, British labour law did not intervene in the regulation of industrial disputes. Apart from exceptional circumstances government arbitration was confined to a voluntary service. Regulation of strikes was "negative" in that it granted workers and their representatives engaged in peaceful industrial action immunity from being liable to

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<sup>45</sup> Cf. Simon Deakin/Frank Wilkinson, "The Evolution of Collective Laissez-Faire", in: *Historical Studies in Industrial Relations* 17/2002, pp. 1-43; cf. for Kahn-Freund's writing: Otto Kahn-Freund, "Labour Law", in: M. Ginsberg (ed.), *Law and Opinion in England in the 20<sup>th</sup> Century*, Stevens, London, 1959, pp. 215-263.

<sup>46</sup> Cf. Davies/Freedland, *Labour Legislation and Public Policy*, pp. 11-23. Interest is limited here to features of collective labour law, leaving aside the regulation of individual employment relationships – cf. *ibid.* pp. 24ff.

<sup>47</sup> Cf. for a comparative survey of statutory representation systems in Western Europe in the post-war period: Kathleen Thelen/Lowell Turner, *Die deutsche Mitbestimmung im internationalen Vergleich*, in: Wolfgang Streeck/Norbert Kluge (eds.), *Mitbestimmung in Deutschland. Tradition und Effizienz*, Frankfurt/New York 1999, pp. 135-223.

criminal or civil prosecution under common law. It did not erect statutes related to the use of the strike weapon. Equally, unions' rulebooks remained outside the orbit of state regulation.<sup>48</sup>

Davies and Freedland have chronicled the erosion of collective *laissez-faire* over subsequent decades, driven by increasing public disquiet about industrial relations problems as a source of economic decline, the new post-war government role to promote welfare and economic growth, and debates about the implications of voluntarism for social order and justice. Tripartite agreement vanished from the mid-1960s onwards, symbolised by the appointment of the "Royal Commission on trade unions and employer associations" in 1965.<sup>49</sup> Since then, debates did not anymore exclusively centre around the question whether but also in what way the law was needed for the reform of British industrial relations.

As a general pattern, Conservative governments (1970-74, 1979-1997) put their emphasis on the restrictive side of legislation, mainly through the reduction of traditional trade union and trade dispute immunities, and stricter control of internal trade union affairs.<sup>50</sup> On the other hand, the Labour governments (1964-70, 1974-79, 1997-2001) tended to give preference to enhanced legal support of collective bargaining over legal sanctions in the area of industrial disputes although "trade union restraint" also became a *leitmotiv* of their industrial relations policies. The latter aspect was expressed, for instance, by almost incessant attempts to involve the unions in corporatist wage policies in the 1960s and 1970s, or, more recently, by the decision of "New Labour" not to repeal most of the Conservative industrial relations law of the 1980s.

But, above all, Labour governments' policy displayed a strong tendency to lend legal support to the strengthening of collective bargaining procedures, for instance through legal

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<sup>48</sup> To some extent, the doctrine of collective *laissez-faire* was exaggerated as already by the 1950s labour law fulfilled important auxiliary and regulatory functions in the UK. In international comparison these were, however, marginal – cf. Davies/Freedland, *Labour Legislation and Public Policy*, pp. 27ff.

<sup>49</sup> Cf. Colin Crouch, *Class Conflict and the Industrial Relations Crisis. Compromise and Corporatism in the Policies of the British State*, Heinemann London 1977, chapter 8.

<sup>50</sup> Cf. Andrew Taylor, "The Conservative Party and the Trade Unions", in: Campbell/Fishman/McIlroy, *British Trade Unions and Industrial Politics*, vol. 2, pp. 151-186; Marsh, *The New Politics of British Trade Unionism*, op. cit.

protection for trade union membership and recognition, or the extension of consultation requirements for employers and participation rights of employee representatives.<sup>51</sup>

In its cumulative effect these developments meant that by the end of the 20<sup>th</sup> century the term "British exceptionalism" had lost much of its meaning: A large body of legal rules now regulated the conduct of industrial disputes and also of internal trade union affairs. Trade union recognition could be enforced through a statutory procedure. European Union directives on information and consultation legally consolidated the spread of works council type consultation structures - effectively codifying the end of the single-channel representation approach in its pure form. The non-enforceability of collective bargaining agreements remained the only major element of voluntarism, which had "survived" successive waves of legalisation.<sup>52</sup>

The role of trade unions in this historical process can be roughly divided in two distinct periods. From the 1960s to the mid1980s the large majority of British unions was united in rejecting legal restrictions of the freedom to strike incorporated in the traditional British system. Their resistance rendered the 1971 Industrial Relations Act of the Conservative Heath government ridiculous, and they were the main driving force in the repeal of that Act by the subsequent Labour government in the mid1970s.<sup>53</sup>

Attitudes towards legal support of collective bargaining were more ambiguous and controversial within the TUC. A considerable number of affiliates had traditionally sought a degree of state help to protect their labour market interests while particularly unions with a strong craft tradition had tended to refrain from such claims for fear of hostile state intervention in strike laws.<sup>54</sup> On the whole, in terms of post-war historical change, gravity certainly shifted from the latter to the former position, as can be seen in the changing attitudes towards statutory trade union recognition. While official Congress policy was opposed to this principle still in the mid1960 the TUC actively lobbied for legal measures

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<sup>51</sup> Cf. Andrew Thorpe, "The Labour Party and the Trade Unions", in: Campbell/Fishman/McIlroy, *British Trade Unions and Industrial Politics*, vol. 2, pp. 133-150; Denis Barnes/Eileen Reid, *Governments and Trade Unions. The British Experience, 1964-79*, Heinemann Books, London 1980; John McIlroy, "The enduring alliance? Trade unions and the making of New Labour, 1994-97", in: *British Journal of Industrial Relations* 36/1998.

<sup>52</sup> Cf. Michael Terry, "Employee representation, shop stewards and the new legal framework", in: *Edwards, Industrial Relations*, pp. 257-284, here: pp. 274ff.

<sup>53</sup> Cf. Middlemas, *Threats to the Post-war Settlement*, pp. 362ff.

<sup>54</sup> Cf. Alasdair Reid, "Trade Union History: The Consolidation of Revisionism", in: *Mitteilungsblatt des Instituts für soziale Bewegungen* 27/2002, pp. 85-102.

in this area from the mid 1970s onwards. Ambiguity and internal divisions remained, however, for instance in relation to schemes of statutory employee representation in company boards. There was consensus about the principle that trade unions should have the monopoly of employee interest representation (the so-called "single channel" principle). Statutory provisions for the creation of an additional "second channel" mechanism through works councils were opposed.<sup>55</sup>

Triggered by the changed political and economic circumstances of the 1980s British trade unions revised their overall stance towards the law since the latter part of that decade. High unemployment, hostile Conservative governments, continued membership decline and a widespread public approval of Thatcherite anti-strike laws, reflected also in "New Labour's" approach to industrial relations, brought the TUC majority to acquiesce into the new regime of strike laws – although it should not be overlooked that demands for the total restoration of union and strike immunities still commanded the support of a strong minority. At the same time, the search for legal rights that furthered trade union interests became one of the central features of TUC policy – lobbying governments for further statutory enactment. Targets included minimum wage and working time legislation, and the upgrading of consultation rights. It was accepted by a majority within the TUC that the transformation of British industrial relations would also involve the end of single-channel representation – even though British unions lobbied for consultation arrangements that would *de facto* continue to give them a monopoly position in representing employees.<sup>56</sup>

The international dimension of the historical demise of voluntarism – and the role of trade unions therein - has not been systematically studied. There are, however, clear indications that an international perspective will indeed enhance the understanding of this process.

To begin with, it has been demonstrated that the exposition of British "exceptionalism" by scholars like Kahn-Freund and Flanders in the 1950s and 1960s was not a purely descriptive exercise but implied a strong belief that Britain should continue to stand aloof from the more legalised industrial relations systems abroad mainly because voluntarism was seen to be a guarantee of independent trade unionism and democratic

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<sup>55</sup> Cf. Davies/Freedland, *Labour Legislation and Public Policy*, pp. 386ff.

<sup>56</sup> Cf. Waddington, *Trade Union Organization*, pp. 229f.

pluralism more generally<sup>57</sup>; their traumatic personal experiences of Weimar and Nazi Germany convinced these intellectuals that voluntarism – even if sometimes hampering economic efficiency – was preferable to a legalistic system that undermined collective mobilisation and involved the danger of corporatism and fascism. Its advantages were “[...]obvious to those who have lived through the dying days of Weimar and witnessed the moral and political collapse of the gigantic German unions, which had long ceased to be a movement.”<sup>58</sup> The British pattern of “industrial self-government” was praised as more “mature”; other countries were implicitly expected to “catch up” in the course of “further development”.<sup>59</sup>

In prescriptive terms, the elaboration of collective laissez-faire as a guiding principle of Britain’s “national system” of industrial relations served not least to counter the increasing attacks upon the system that attempted to introduce legal sanctions against unofficial strikes. It enabled defenders of the status quo to argue that given the exceptional British traditions any such endeavour would prove futile and ineffective.<sup>60</sup>

Yet, the proponents of change had meanwhile themselves discovered the utility of international comparison: Since the set-up of the Donovan Commission in 1965 employer associations and Conservatives pointed regularly to patterns of industrial relations and trade unionism in other countries with a “better” record of industrial peace. As much as the exposition of British “exceptionalism” this was not a “scientific” operation. Comparative international strike statistics regularly found that the cycles of post-war strike activity followed similar curves in many industrialised countries. Britain, while indeed displaying a relatively high strike incidence, still ranked “behind” a number of other nations, although the contrast with Germany – one of the most important horizons of comparison in the cases of Ford and General Motors – was notable.<sup>61</sup>

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<sup>57</sup> Cf. Hugh Armstrong Clegg, “Otto Kahn-Freund and British Industrial Relations”, Roy Lewis, “Method and Ideology in the Labour Law Writings of Otto Kahn-Freund”, in: Bill Wedderburn/Roy Lewis/Jon Clark (eds.), *Labour Law and Industrial Relations: Building on Kahn-Freund*, Clarendon Press Oxford 1983, pp. 14-28, 107-126; John Kelly, “Social democracy and anti-communism: Allan Flanders and British industrial relations in the early post-war period”, in: Campbell/Fishman/McIlroy, *British trade unions and Industrial Politics*, vol. 1, pp. 192-221.

<sup>58</sup> Otto Kahn-Freund, *Labour Relations. Heritage and Adjustment*, Oxford University Press, 1979, p. 20.

<sup>59</sup> Fox, *History and Heritage*, p. 373.

<sup>60</sup> Davies/Freedland, *Labour Legislation and Public Policy*, p. 263.

<sup>61</sup> Mc Ilroy/Campbell, *The High Tide of Trade Unionism*, p. 109; see C.T.B. Smith et. al., *Strikes in Britain: a research study of industrial stoppages in the United Kingdom*, London 1978, pp. 18-20; Kenneth Walsh,

In any case, many British employers increasingly *believed* that labour troubles were a result of the lack of a stricter legal framework; for them, in the words of Henry Phelps Brown, “[...] it had become a matter for self-questioning instead of self-congratulation” that the UK stood out among Western democracies by its reliance on voluntarist schemes.<sup>62</sup> In order to restore its competitive position on international markets British industrial relations should be adapted to “more successful” practices in operation abroad. The “necessities” arising from being part of an integrated international economy were described as overriding British social peculiarities.

Unsurprisingly, therefore, concrete policy projects often drew directly from foreign models, most visibly in the case of the Heath governments’ 1971 Industrial Relations Act: It has been demonstrated how much Conservative strategy was driven by the desire to reshape British industrial relations and trade unionism according to German and American standards; the Act itself heavily borrowed from US labour law.<sup>63</sup>

From the point of view of British trade unions the most salient feature of cross-border comparison was not related to general assessments of economic and political stability but to the impact of industrial relations systems upon labour market achievements and representation patterns of trade unions themselves. This type of observation had a long tradition even though its practice had remained ephemeral and selective. It included, on the one hand, the comparison with foreign trade unions’ achievements in terms of wages and employment security - notwithstanding the fact that it is objectively difficult to ascertain to what extent such macroeconomic results are causally connected to trade union activities.<sup>64</sup>

On the other hand, the comparative exercise was concerned with the patterns of interest representation in different countries. The levels of membership and mobilisation were one parameter but comparison also covered assessments of internal union democracy, and the question of participation in corporate decision-making. From the early 1960s onwards British trade union observations were shaped by a general and controversial debate about different systems of “industrial democracy” among West European trade union

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Strikes in Europe and the United States. Measurement and Incidence, Frances Pinter, London, 1983, pp. 155ff.

<sup>62</sup> Henry Phelps Brown, *The Origins of Trade Union Power*, Clarendon Press Oxford 1983, p. 172.

<sup>63</sup> Taylor, *The Conservative Party and the Trade Unions*, pp. 153f.; Davies/Freedland, *Labour Legislation and Public Policy*, pp. 278ff.

<sup>64</sup> Cf. Werner Abelshauser, “Gewerkschaften zwischen Konflikt und Kooperation”, in: id., *Konflikt und Kooperation*, pp. 7-13, here: p. 10.

movements – essentially a debate about what constituted “best practice” in the representation of worker interests.<sup>65</sup>

The practical conclusions drawn from this pattern of cross-border comparison appear to have undergone radical change. The few indications available for the 1960s and 1970s suggest a prevailing perception of superiority that regarded British unionism as an *avantgarde* within the international movement. Independence, membership and mobilisation levels were perceived to compare favourably with the labour movements on the European continent and in North America, which were seen as being restrained by cumbersome legal frameworks. This judgement applied particularly to the cases of Germany and the United States. In its evidence to the Donovan Commission in 1966 the TUC stated unmistakably: “It is where trade unions are not competent, and recognise that they are not competent, to perform a function, that they welcome the state playing a role in at least enforcing minimum standards, but in Britain this role is recognised as second best alternative.”<sup>66</sup> Only few critical voices occasionally pointed to the continued dropping of British wage levels in international league tables – again confirming the general insight of international history research that perceptions of foreign practices can not be regarded as “objective” comparisons.<sup>67</sup>

With this mental framework, unsurprisingly, British unions soon embraced the idea of “exceptionalism” – time and again reinforced by the fact that employers and Conservative politicians extolled the virtues of German and American trade union systems, which were seen as particularly “weak”. Union leaders like Jack Jones, for instance, declared that the

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<sup>65</sup> This debate has not yet been systematically analysed; for a comprehensive account of legislative attempts in the area of “industrial democracy” at EC/EU level see Armin Höland, *Mitbestimmung in Europa. Rechtliche und politische Regelungen*, Frankfurt/New York 2000; Jutta Figge *Mitbestimmung auf Unternehmensebene in Vorschlägen der Europäischen Gemeinschaften*, Baden-Baden 1991.

<sup>66</sup> Cited after: Richard Hyman, “The historical evolution of British Industrial Relations”, in: Edwards, *Industrial Relations*, pp. 37-57, here: p. 46.

<sup>67</sup> Cf. Johannes Paulmann, *Interkultureller Transfer zwischen Deutschland und Grossbritannien. Einführung in ein Forschungskonzept*, in: Muhs/Paulmann/Steinmetz, *Aneignung und Abwehr*, pp. 21-43, here: p. 25. British unions despised their German counterparts for a lack of wage militancy in the 1970s despite the fact that real wage levels in the United Kingdom stagnated during this period. European comparisons of trade union membership levels show that British union density was indeed higher than in many other countries but the differences to countries like Austria, Belgium and Italy were marginal while Scandinavian unions had far better achievements – see Charles Feinstein, “Changes in nominal wages, the cost of living and real wages in the United Kingdom over two centuries, 1780-1990”, in: P. Scholliers/V. Zamagni (eds.), *Labour’s Reward. Real wages and economic change in 19<sup>th</sup> and 20<sup>th</sup> century Europe*, Edward Elgar, Aldershot 1995, pp. 3-36, here: p. 31; Bernhard Ebbinghaus/Jelle Visser, “A Comparative Profile”, in: id (eds.), *Trade Unions in Europe since 1945*, pp. 33-74, here: p. 63.

1971 Industrial Relations Act was designed to “Americanise” and “castrate” the British trade union movement<sup>68</sup>, and the Act was also seen as connected to government attempts for entry into the EEC: British union resistance against the Common Market in the early 1970s was not least motivated by the desire to isolate the movement from potential pressure for adaptation to continental, particularly German, trade union patterns.<sup>69</sup>

With the weakening of British unions since the 1980s attitudes seem to have been completely reversed. A number of scholars have pointed out how much the new union quest for legal regulation was inspired by the sharp turn towards Europe during that period. MacShane has spoken of a “continentalisation” of British trade unions.<sup>70</sup> Looking across the channel, rather than reinforcing a sense of superiority, now became a source of regeneration – all the more since the EC/EU with its supranational law-making capacity now became actively involved in industrial relations legislation, especially in the field of employee consultation.

This was not a simple manoeuvre to counter Conservative anti-union legislation but appears also to reflect continued cross-border comparison under the unfavourable circumstances of the 1980s and 1990s: Facing large-scale unemployment and a decline of membership and mobilisation legal safeguards in line with the practices of many European countries came to be regarded as supporting rather than weakening trade union strength and labour market interest representation capacities. This did not exclude that opinions about the “import” of specific features such as works councils remained ambiguous and divided.<sup>71</sup>

The environment of multinational firms like Ford and GM/Vauxhall seems particularly conducive for a study of international entanglements of labour relations and trade union patterns. Various scholarly accounts suggest that events at Ford - at least in the late 1960s and early 1970s - played a crucial role for national debates of voluntarism: With its decision to ask for a court injunction against the breach of a collective agreement by AEU/AEF and TGWU in 1969 the company was regarded as having attempted a “revolutionary” assault on the voluntarist principle of legal non-enforceability of collective

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<sup>68</sup> Middlemas, *Threats to the Postwar Settlement*, p. 318.

<sup>69</sup> Cf. Clemens A. Wurm, „Sozialisten und europäische Integration: Die britische Labour Party 1945-1984“, in: *Geschichte in Wissenschaft und Unterricht* 38/1987, pp. 280-295, here: pp. 287-289.

<sup>70</sup> MacShane, *Trade unions and Europe*, p. 255.

<sup>71</sup> Terry, *Employee representation*, p. 277; for the debate on works councils see John Kelly, “Works Councils: Union Advance or Marginalization?”, Richard Hyman, “Is There a Case for Statutory Works Councils in Britain?”, in: A. McColgan (ed.), *The Future of Labour Law*, London 1996, pp. 46-63, 64-84.

agreements<sup>72</sup>; it was not least this episode that prompted trade unions to level accusations of "alien" labour practices against multinational firms.

More generally, Ford UK appears to have conducted its relations with trade unions with a strong international dimension, as can be grasped from a publication of one of its former labour directors: "In Britain Ford tried for a long time to persuade British unions to act like American unions [...] After the creation of Ford of Europe, we also started to look at German industrial relations".<sup>73</sup>

On the other hand, the institutional networks of multinational companies facilitated cross-border observation and comparison by British trade unions themselves through more frequent contacts with trade unionists in other countries: At Ford, for instance, apart from the top-level international union meetings organised by the IMF, regular gatherings of plant convenors from Britain, Germany and Belgium were held since the late 1960s. These exchanges served not only to compile comparative data on wages and working conditions, but also to discuss different national labour relations and trade union systems.<sup>74</sup>

#### *IV. International trade union co-operation: enhancing or endangering national interests?*

Research about international trade union co-operation in multinational firms has a long tradition particularly in industrial sociology. Yet, positions of national unions towards such co-operation have not received systematic attention, at least not in the case of Britain.<sup>75</sup> If any conclusion can be drawn from available scholarship it amounts to a general note of caution not to assume any fixed set of perceptions and strategies on the part of national unions. That their policies did not express an intrinsic enthusiasm for proletarian internationalism<sup>76</sup> can by now be taken as granted. Yet, the fact that at the end of the 20<sup>th</sup> century European works councils negotiated with international managements at Ford and

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<sup>72</sup> M.D. Steuer et. al., *The impact of foreign direct investment on the United Kingdom*, London 1973, p. 57.

<sup>73</sup> Paul Roots, *Do Companies get the trade unions they deserve?*, Nottingham 1984, pp. 15/16.

<sup>74</sup> Cf. Piehl, *Multinationale Konzerne und internationale Gewerkschaftsbewegung*, pp. 243ff.

<sup>75</sup> For an account of British union policies towards political aspects of post-war international trade unionism see Anthony Carew, "The Trades Union Congress in the International Labour Movement", in: Campbell/Fishman/McIlroy, *British Trade Unions and Industrial Politics*, vol. 1, pp. 145-167.

<sup>76</sup> Cf. for an approach that links international trade union co-operation to proletarian internationalism: Peter Waterman (ed.), *For a new Labour Internationalism*, The Hague 1984.

General Motors<sup>77</sup> also proves the inappropriateness of arguments claiming that the historical process of trade union integration into Nation-States or, in Marxist terms, “national systems of reproduction”<sup>78</sup>, makes international union co-operation an impossible task. The latter conclusion had often been reached after high hopes for the breakthrough towards international collective bargaining in multinational firms had turned out to be premature in the 1970s.<sup>79</sup>

That national unions often attempted to use international structures for the purpose of servicing their domestic bargaining processes is a familiar theme in the literature<sup>80</sup> and will also be confirmed by this study. But this did not *a priori* preclude the unions' readiness for more far-reaching co-operation schemes. Equally, international “job competition”, the trade union equivalent to the regime competition between governments, has at times provided a powerful incentive to seek international alliances with unions abroad rather than being an obstacle to co-operation. Indeed, the concern about low wages in other countries that appeared to threaten domestic employment has often been at the origin of international initiatives.<sup>81</sup>

Furthermore, a number of aspects have turned out to be more contingent than scholars may have believed in the past: The Cold War, which in the first post-war decades often transformed international union organisations into vehicles of the East-West conflict<sup>82</sup>, slowly diminished in importance since the 1970s before losing its significance in the 1990s. The absence of management interlocutors at international level and of a supranational legal framework has ended with the European works council directive of 1994. Other aspects such as trade union integration into “national pacts” with employers and governments may continue to play a crucial role but changed circumstances make them not anymore appear to be incompatible with a measure of international trade union co-operation.<sup>83</sup>

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<sup>77</sup> Cf. Thomas Klebe/Siegfried Roth, „Die Gewerkschaften auf dem Weg zu einer internationalen Strategie?“, in: *Arbeitsrecht im Betrieb* 12/2000, pp. 749-757.

<sup>78</sup> Cf. for instance: Elmar Altvater, “Multinationale Konzerne und Arbeiterklasse”, in: Kurt P. Tudyka (ed.), *Multinationale Konzerne und Gewerkschaftsstrategie*, Hamburg 1974, pp. 79-105.

<sup>79</sup> See for instance Tudyka/Etty/Sucha, *Macht ohne Grenzen und grenzenlose Ohnmacht*, op. cit.

<sup>80</sup> See in particular John P. Windmuller, *International Trade Union Movement*, Kluwer, Deventer 1980.

<sup>81</sup> Van der Linden, *Transnationalizing American Labor History*, p. 1085.

<sup>82</sup> Cf. for instance Gary K. Busch, *The Political Role of International Trade Unions*, London 1983.

<sup>83</sup> Cf. for Germany: Wolfgang Streeck, „Gewerkschaften zwischen Nationalstaat und Europäischer Union“, in: *WSI-Mitteilungen* 51/1998, pp. 1-14, here: p. 10/11.

This is not to argue that the analysis should neglect the voluminous list of issues scholars have put forward in explaining the limitations of international trade union action in multinational firms in the past.<sup>84</sup> Indeed, some of them, for instance national union-management coalitions and national industrial relations traditions, have been introduced as central areas of inquiry themselves. Moreover, attempts will be made to explore a dimension that is often underrated in available accounts, namely the obstacles to co-operation arising not from labour's integration into its national environment but from the organisational interests and solidarity notions defended by national unions themselves.

As particularly the work of Kassalow has demonstrated British unions, like their German counterparts, were extremely cautious about international co-operation in the 1960s not least because they feared them to cause a weakening of national organisation and solidarity patterns. There is also evidence that this fear was related to internal power struggles in which union leaderships often acted against the desire of automobile workers for more autonomy within national bargaining structures.<sup>85</sup>

Research on German union perceptions of multinational firms in the 1970s confirms these findings, revealing a deep anxiety about negative effects of international co-ordination for intersectoral and inter-union solidarity at national level. According to this view international union contacts induced high-paid sections of the membership such as car workers to leave national "orbits of comparison" that linked their earnings to those of workers in other industries, entailing weakened solidarity with lower-paid membership groups and tensions within the organisation.<sup>86</sup>

Here, international union co-operation appears to have confronted national organisations with a delicate choice, once more underlining the ambiguities of internationalisation and the fact that international issues, while being approached from a national perspective, could in turn have a deep impact on domestic trade union affairs: on the one hand international co-operation potentially provided "benchmarks" that could be

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<sup>84</sup> Cf. for instance Piehl, *Multinationale Konzerne und internationale Gewerkschaftsbewegung*, pp. 210-247.

<sup>85</sup> Cf. Kassalow, *The International Metalworkers Federation*, passim.

<sup>86</sup> Cf. G.B.J. Bomers, *Multinational Corporations and Industrial Relations. A comparative study of West Germany and the Netherlands*, Amsterdam 1976, pp. 156ff.

used in subsequent domestic negotiations, on the other hand it could imply a risk for national cohesion.<sup>87</sup>

But, again, these issues have to be seen in their historical contingency – during the 1980s and 1990s they seem to have disappeared altogether, pointing to a more general shift of trade union concerns with regard to international co-operation: The agendas of the 1960s und 1970s were dominated by debates about the co-ordination of wage bargaining and the interdependence of strike policies. Under the changed economic and political circumstances of the 1980s and 1990s attention clearly moved to employment security, and the related questions of how to approach the cross-border distribution of investments and - in the event of adverse market conditions - how to potentially share the pain of production cutbacks.

Agreements negotiated by the Ford and GM European works councils in 2000 did at times include wages and conditions aspects but merely in the sense of a guarantee that the diverse existing national provisions would continue to apply in the future. Renewed attempts for cross-border co-ordination of wage bargaining, for instance by the European Metalworkers Federation (EMF), shifted their target from multinational firms to the more general level of industries.<sup>88</sup>

It should be cautiously avoided to depict changing British union policy as a “success” story, according to which, after decades of hesitation, they had eventually come to embrace international trade unionism in the 1990s. Such a vision would not least conflict with evidence available for the most recent past: While it is undoubtedly true that British unions did intensify international trade union contacts in the framework of their general re-appraisal of international economic integration and European Union policies since the late 1980s one should not overlook signs of ambiguity. For instance, the creation of European works councils at Ford and General Motors, and their upgrading into a negotiation forum, went in parallel to an intensified pattern of interrelated national bargaining rounds during which German, British, Spanish and Belgian trade unions attempted to strike job security

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<sup>87</sup> For a theoretical elaboration of this dilemma see Lloyd Ulman, “Multinational Unionism: Incentives, Barriers, and Alternatives, in: *Industrial Relations*, 4/1975, pp. 1-31, here pp. 11f.

<sup>88</sup> Thorsten Schulten, „Der Koordinierungsansatz des Europäischen Metallgewerkschaftsbundes“, in: id./Wolfgang Bispinck (eds.), *Tarifpolitik unter dem Euro*, Hamburg 1999, S. 197-226.

arrangements independently – and often at the expense of each other.<sup>89</sup> Here, again, internationalisation remained an ambiguous process.

More fundamentally, scholars widely agree that the transformation of British union thinking towards the question of international trade union co-operation since the late 1980s was largely driven by the acceleration of cross-border economic integration itself, symbolised in the “Single European Market” project, which appeared to require new strategies and actions.<sup>90</sup> This fits with a more general point related to the conditions of international trade union co-operation emphasised by Koch-Baumgarten: in the 20<sup>th</sup> century such co-operation remained dominated by national actors whose willingness to pool their resources and activities largely depended on the degree to which international economic interdependence was perceived to affect their labour market interests.<sup>91</sup>

It is against this complex and historically contingent background that British trade union attitudes towards international union co-operation will have to be analysed.

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<sup>89</sup> Cf. Hancké, *European Works Councils*, op. cit.

<sup>90</sup> Cf. Rosamond, *National labour organisations and European Integration*, passim.

<sup>91</sup> Koch-Baumgarten, *Gewerkschaftsinternationalismus und die Herausforderung der Globalisierung*, pp. 37f.

## Chapter 2

### The beginnings of international labour market integration (1960-1966)

#### *1. The economic and political context*

##### *1. The British car industry in European context*

Due to the particular circumstances of the immediate post-war period the British motor industry initially became one of the country's most dynamic sectors. Buoyant demand at home and abroad combined with the absence of competition from war-damaged continental Europe ensured that the industry achieved very high growth rates. Indeed, in 1950 Britain became the world's largest exporter of motor vehicles. This exceptional record lasted until about the mid-1950s when difficulties in export markets rose due to increasing trade barriers in Commonwealth countries, the restoration of the supply monopoly by the "Big Three" in the United States, and the recovery of the German car industry. The latter overtook Britain in terms of annual output volumes in 1956. Nevertheless, the sector continued to grow dynamically and still increased its share of total world output until 1960. Annual production grew from 860 000 in 1957 to 1,5 million units in the mid-1960s, and this was accompanied by the expansion of employment. In international comparison, the position stagnated in the early 1960s before starting to decline from 1964 onwards; in addition to Germany France and Italy also gained ground in Europe.<sup>1</sup>

The reasons for this reversal of fortunes were complex but two factors were particularly crucial: on the one hand, demand in the domestic market rose at a slower speed than in continental countries, mainly due to the generally superior economic growth rates there and the fact that car ownership density in the UK was already higher than in most European nations. On the other hand, British firms did not manage to secure a comparable foothold in the quickly expanding export markets in Western

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<sup>1</sup> Cf. Church, *The rise and decline of the British motor industry*, pp. 48/49; Stephen Wilks, "Institutional insularity: government and the British motor industry since 1945", in: Martin Chick (ed.), *Governments, Industries and Markets. Aspects of Government Industry Relations in the UK, Japan, West Germany and the USA since 1945*, Edward Elgar, Aldershot 1990, pp. 157-179, here: p. 159.

Europe, partly because of structural problems resulting in a disadvantage in terms of cost competitiveness, and partly as an effect of British exclusion from the Common Market. Following the membership application by the Macmillan government in 1961 British motor firms had made considerable and to some extent successful efforts to gain market share in EEC countries. However, de Gaulles veto to British entry in 1963 destroyed their prospects; between then and 1967 British car sales in the Common Market fell steadily despite fast growth of that market itself.<sup>2</sup>

While exporting became increasingly difficult for British motor manufacturers they could still rely on an almost complete monopoly in the domestic market until about the mid-1960s, sheltered through albeit falling tariffs, and a persisting consumer loyalty to "buy British". In contrast to Italy, Germany and France where imports hovered around five to ten percent already in the early 1960s the first serious inroads by foreign brands in Britain did not occur before 1965/6, and the share they obtained remained below the European average until the late 1960s.<sup>3</sup>

The merger of Austin and Morris that created the British Motor Corporation (BMC) in 1952 was the decisive event in shaping the structure of the UK market for the first two post-war decades. Since then BMC retained the status of market leader holding a share of roughly 40 percent. Ford UK came second with a market share of between 25 and 30 percent. The other three firms Vauxhall, Standard and Rootes were much smaller, hovering around the ten percent mark.

## 2. Ford UK in the international company network

During the first post-war decade the European operations of Ford equated what scholars of multinational business have called a multi-domestic structure, that is, national subsidiaries operated independently from each other and with little control by corporate headquarters. Business behaviour came close to that of domestically-owned firms.<sup>4</sup>

In the case of Ford this was a pattern that had been forced upon the company by the contingencies of European history. When Ford started the assembly of vehicles in

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<sup>2</sup> Cf. Whisler, *The British Motor industry*, pp. 312, 315ff; Williams/Haslam/Johal/Williams, *Cars*, pp. 145f.

<sup>3</sup> Cf. D. G. Rhys, *The Motor Industry: An Economic Survey*, London Butter Worths, 1972, pp. 412f; Milward, *Britain's place in the world*, op. cit.

<sup>4</sup> Cf. Howard Perlmutter, "The tortuous evolution of multinational enterprise", in: *Columbia Journal of World Business* 4/1969, pp. 9-18.

Europe in the 1910s Detroit had exercised tight control over its overseas branches, and all had produced an identical vehicle – Model T.<sup>5</sup> It was only by the late 1920s that Detroit decided to engage in large-scale manufacturing on the old continent, and even then the initial idea was to closely co-ordinate European facilities around a central new site at Dagenham in the East of London – as the “Detroit of Europe”. But these plans soon faded away with increasing protectionism, and in 1930 Ford had to yield to the pressures of increasing tariffs and rising nationalism in order to hold on to its markets: The company established a large manufacturing operation in Cologne to serve the German market, while forming a joint venture with Mathis in France. A loose configuration of national operations emerged with an increasing level of local autonomy, a pattern that was reinforced during the Second World War when the German and British subsidiaries contributed to the military needs of the two opposite war camps.<sup>6</sup>

Against the background of persisting tariffs and “national” consumer loyalties this pattern continued after 1945; the German and British subsidiaries developed in a relatively autonomous way, with each of them producing a completely different range of vehicles. Integration plans, while briefly entertained by a few influential figures in Ford’s International Division, remained a long-term vision at best.<sup>7</sup>

Change came with the creation of EEC and EFTA in the late 1950s, triggering serious reflections about the potential integration of European operations in Detroit. Until the mid-1960s, however, these reflections remained without much practical effect if one disregards the joint British-Belgian tractor production at Antwerp and the integration of a new Belgian branch plant at Genk into the functional reporting structures of *Fordwerke AG* in Germany in the early 1960s.<sup>8</sup>

The unresolved question of British EEC membership made any moves towards integration a risky endeavour because for the time being the subsidiaries in Germany and the UK were part of two different trading blocs – with heavy tariff burdens for Anglo-German collaboration projects. As Tolliday has demonstrated de Gaulles veto in 1963 caused shock and confusion in Detroit.<sup>9</sup> Moreover, in the German and British Ford

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<sup>5</sup> Tolliday, *The Origins of Ford of Europe*, pp. 158f; Mira Wilkins & Frank Hill, *American Business Abroad: Ford on Six Continents*, Detroit 1964, pp. 99ff.

<sup>6</sup> Cf. Tolliday, *The Origins of Ford of Europe*, pp. 154-168.

<sup>7</sup> Cf. *ibid.* pp. 175ff.

<sup>8</sup> Cf. for the history of Ford in Belgium: Thierry Grosbois, “Ford in Belgium”, in: Bonin/Lung/Tolliday, *Ford, 1903-2003*, vol. 2, pp. 197-232.

<sup>9</sup> Tolliday, *The Origins of Ford of Europe*, pp. 184f.

companies themselves there was little enthusiasm for radical cross-border integration schemes. In both national organisations only gradual and piece-meal integration was favoured well into the mid-1960s, such as the joint van development between 1961 and 1965. Even advocates of faster progress argued to retain separate product identities while gradually developing common families of engines, transmissions and other components beneath differentiated bodies. There was also a great deal of national rivalry, in Britain, the war and the personal attitudes of Ford UK's long-standing Managing Director Hennessy had left a climate of general hostility towards the German operation, expressed, for instance, in fierce resistance to plans for the development of a joint Anglo-German small car in the late 1950s; Hennessy had even insisted on launching the "Archbishop" project to develop a rival car to Ford Germany's "Cardinal".<sup>10</sup>

Partly as a result of these difficulties initial enthusiasm for European integration in Detroit also suffered. Radical schemes had already been watered down when the French veto in 1963 further reinforced scepticism.<sup>11</sup> Until 1966 the British and German subsidiaries continued to produce distinct product ranges that were competing against each other in all major markets except the respective "home" markets. Detroit continued to pursue the option of European business integration but the time for a leap forward in its practical implementation had not yet come.

In the immediate post-war period Ford, continuing its historical tradition, concentrated its European investments in the UK, now being able for the first time to use the economies of scale of the vast Dagenham complex. Annual output volumes at Ford UK rapidly rose from 100 000 to 250 000 units until 1955, while the German Cologne plant produced a meagre 60 000 vehicles.<sup>12</sup> Detroit invested heavily in a massive expansion in Dagenham, and in the late 1950s it was decided to stretch capacity further by building up a completely new production site in Halewood, close to Liverpool.

On the other hand, Ford US was reluctant to pump any money into the German operation; in the early 1950s it was even considering selling out and withdrawing altogether from Germany. Change occurred only in the late 1950s: By then the German market had turned out to be the fastest growing in Europe. At the same time, the Treaty

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<sup>10</sup> Cf. *ibid.* pp. 179f.

<sup>11</sup> Cf. *ibid.* pp. 187f.

<sup>12</sup> Tolliday, *Ford of Britain: Statistical appendix*, p. 144.

of Rome put additional pressure on Ford to invest there, not least because the company had withdrawn from its French joint venture in the mid-1950s so that the German subsidiary remained the only effective manufacturing capacity within the newly created Common Market.<sup>13</sup>

But even this did not challenge British domination. Output at *Fordwerke AG* was rapidly expanded, and its proportion of overall European Ford production rose. But still in 1964 annual production volumes remained considerably higher in the UK<sup>14</sup>, a remarkable feature considering that by then the British motor industry at large had long and decisively been overtaken by its German competitors.

### 3. British trade unions, industrial policy and industrial relations: the "post-war compromise"

In terms of economic and social policy the first two post-war decades in Britain have traditionally been described as the "post-war compromise", and, acknowledging important variations in degree in different periods recent scholarship has demonstrated that this assessment remains largely valid for the field of trade union politics.<sup>15</sup> Tripartite consensus between post-war governments, employers and trade unions rested upon the double commitment to the promotion of economic growth on the one hand and full employment on the other, supplemented by vastly augmented state action to provide social welfare to citizens. In return the participating institutions acknowledged "obligations" to the state.<sup>16</sup> For British trade unions, provided with the legitimacy of being an estate of the realm, this meant primarily to ensure that membership aspirations and their industrial expressions would remain "within limits". It was agreed and understood that the whole framework would be operated according to voluntarist traditions and that, therefore, state intervention into industrial relations would not go beyond informal encouragement of collective bargaining, and would refrain from further-reaching legal regulation or coercion.<sup>17</sup>

Collective *laissez-faire* also permeated the conduct of industrial policy; to some extent it was simply the other side of the same coin. While the rise of Keynesianism

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<sup>13</sup> Id., *The Origins of Ford of Europe*, pp. 175ff.

<sup>14</sup> Id., *Ford of Britain: Statistical appendix*, p. 144.

<sup>15</sup> Cf. Campbell/Fishman/McIlroy, *The Post-War Compromise*, pp. 69f; for a "revisionist" perspective see Harriet Jones/Michael Kandiah (eds.), *The Myth of Consensus: new views on British history, 1945-64*, Basingstoke, Macmillan, 1996.

<sup>16</sup> Middlemas, *Threats to the Postwar Settlement*, p. 3.

<sup>17</sup> Cf. Davies/Freedland, *Labour Legislation and Public Policy*, chapter 2.

transformed the role of British governments into active managers of macroeconomic demand, a trend which in the case of Labour in the late 1940s was supplemented by selective nationalisations, there were no attempts to implement stringent economic planning or strategies to address microeconomic problems.

The motor industry was no exception to this general trend: Demand management policies had an important and destabilising impact on the sector, particularly through repeated instances of budgetary and monetary measures designed to reduce domestic demand in the face of balance of payment problems.<sup>18</sup> However, more specific sectoral policies were not pursued. Radical restructuring and nationalisation had already been ruled out by the Labour government by the late 1940s<sup>19</sup> but even more modest interventions remained rare if one disregards government encouragement of the BMC merger in 1952 and efforts to induce company investments in “development areas” such as Northern England and Scotland. This was in stark contrast to the public policies adopted in the other main European car producing countries Germany, France and Italy where governments, particularly through specific support schemes for the “national champions” *Volkswagen*, *Renault* and *FIAT*, adopted a much more active stance on industrial policy.<sup>20</sup>

In line with the overall national pattern in the UK, there were also no particular policies designed to deal with multinational firms. Generally, foreign investors were welcomed if their projects appeared to help economic growth and the British balance of payments, and once established in the UK, as Ford and Vauxhall, they were treated in the same way as domestically-owned firms.<sup>21</sup> Indeed, in the case of Ford the company’s major contribution to British war efforts left a legacy of very cordial relationships with the government. From the mid-1950s onwards government attitudes to foreign investment were also increasingly shaped by the perception of investment competition with other European countries, leading to a relaxation of screening policies pursued

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<sup>18</sup> Cf. Dunnett, *The Decline of the British Motor industry*, passim.

<sup>19</sup> Cf. Bowden, *The motor vehicle industry*, op. cit.

<sup>20</sup> Cf. Reich, *Roads to Follow*, pp. 558ff; id., *The Fruits of Fascism. Postwar prosperity in historical perspective*, Ithaca/London 1990. Reich overstates his point by holding the government alone responsible for non-interventionist policy. As other scholars have demonstrated an at least equal shared responsibility rested with the motor firms themselves – cf., for instance, Church, *The rise and decline*, pp. 53ff; for public policy towards the motor industry in Germany, France and Italy see Reich, *Fruits of Fascism*, pp. 186ff; Jean-Louis Loubet, *Citroen, Peugeot, Renault et les autres... Histoire de strategies d’entreprises*, ETAS, Paris 1999, pp. 33ff; Valerio Castronovo, *FIAT, 1899-1999: un secolo di storia*, Milano, Rizzoli, 1999.

<sup>21</sup> This generally welcoming attitude was also largely shared within the British trade union movement, despite the anti-union stances of several newly-arrived foreign, particularly American firms – cf. Knox/McKinlay, *Working for the Yankee Dollar*, op. cit.

under the Exchange Control Act of 1947. Following the failure of a joint EEC-EFTA free trade area such concerns further intensified, ironically parallel to increasing public uneasiness about the growth of American investment in the country.<sup>22</sup>

Industrial relations policies equally followed the *laissez-faire* pattern. Governments, whether Labour or Conservative, were anxious to preserve industrial peace in the country's leading export sector but they intervened only in an ad-hoc fashion, most importantly with a view to provide arbitration in industrial dispute situations. At times, the government also applied direct pressure on companies to accede to union demands rather than heading for large-scale confrontation. These interventions left employers, particularly those affiliated to the Engineering Employers Federation (EEF) with a resentful sentiment of being betrayed in their efforts to impose wage restraint. But, if anything, they longed for less, not more government involvement.<sup>23</sup>

On their part, the two major motor industry unions AEU and TGWU deployed considerable efforts to contain shopfloor aspirations in the first post-war decade, at times to the point of unwittingly strengthening the role of the smaller NUVB.<sup>24</sup> In the late 1940s the main objective of AEU and TGWU was to support the policy of the Labour government. In subsequent years their right-wing leaderships pursued strategies of membership control because they feared that wage militancy would foster the position of Communists within the industry, and, more generally, that it might encourage movements to form break-away unions for car workers. Such initiatives had indeed sprung up on isolated occasions, and Communist activists – following a pragmatic party line focused upon the support of local militancy - did often play an important role in local shop stewards organisations.<sup>25</sup>

These considerations reveal that “post-war compromise” did not mean the absence of conflict in factories and workplaces. The control of union leaderships was partial, particularly in the case of the AEU where Left-Right factionalism flourished and where local district committees traditionally enjoyed a large degree of policy-making

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<sup>22</sup> Cf. Rooth/Scott, *British Public Policy and Multinationals*, pp. 145ff; Jones, *The British government*, pp. 199ff.; for Ford: David Burgess-Wise, *Ford at Dagenham: the rise and fall of Detroit in Europe*, Breedon Books, Derby, 2001, pp. 66-96

<sup>23</sup> Cf. Tolliday, *Government, employers and shopfloor organisation*, pp. 122ff.

<sup>24</sup> Cf. *ibid.* pp. 117ff.

<sup>25</sup> Cf. John Mc Illroy, “Notes on the Communist Party and Industrial Politics”, in: Campbell/Fishman/McIllroy, *British Trade Unions and Industrial Politics*, vol. 2, pp. 216-258, here: pp. 239f.

autonomy.<sup>26</sup> Indeed, strikes in the motor industry, mostly called by shop stewards without involvement of national union leaderships, became an increasingly debated topic since the late 1950s.

The creation of such shop stewards' organisations in the large British motor firms, supported to varying degrees by the unions, had started during the Second World War. The movement was inspired by ideas of craft control aspiring not simply to raise wages but to ensure a durable negotiating power of labour representatives over the production process, for instance with regard to piece rates, workloads and labour mobility. There has been a long controversy about the origins, character and consequences of this shop stewards movement, which can not be discussed here in detail.<sup>27</sup>

What appears from the debate is that the growth of shopfloor organisation was a slow and uneven process. In most companies the emergence of a (still patchy) workplace organisation did not occur before the late 1950s. Moreover, while tight labour markets, local trade union traditions and the activism of militants were important factors, the movement was strongest where managements made concessions under shopfloor pressure to maximise output and where a wage system based on piece rates was operated.<sup>28</sup> The outlook of shop stewards was often sectional and characterised by short-term thinking; even scholars emphasising the humanist aspirations of the job control movement have criticised the limitations of this "factory consciousness".<sup>29</sup>

Despite these shortcomings "job control" became the reference point for workplace trade union representatives in the entire British motor industry from the late 1950s, accompanied by a major upsurge of industrial conflict. The motor industry rapidly "caught up" with traditionally strike-prone sectors such as mining or shipbuilding. National union leaderships seemed increasingly unable to control the

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<sup>26</sup> Cf. R. Undy et. al., *Change in Trade Unions. The development of UK unions since the 1960s*, Hutchinson London, 1981, pp. 43f.; B. C. Roberts, *Trade Union Government and Administration in Great Britain*, London 1957, pp. 125f., 291, 396; David J. Edelstein/Malcolm Warner, *Comparative Union Democracy. Organisation and Opposition in British and American Unions*, Transaction Books, New Brunswick, 1979, pp. 265-311.

<sup>27</sup> Cf. Tolliday, *Government, employers, and shopfloor organisation*, op. cit.; Lyddon, *The car industry*, op. cit.; Wayne Lewchuk, *American Technology and the British vehicle industry*, Cambridge University Press 1987; Jonathan Zeitlin, "The Emergence of Shop Steward Organisation and Job Control in the British Car industry: A review essay", in: *History Workshop* 10/1980, pp. 119-137; Claydon, *Trade unions, employers and industrial relations*, op. cit.; for the debate about the job control movement more generally see Zeitlin, *From labour history to the history of industrial relations*, op. cit.

<sup>28</sup> Tolliday, *Government, employers, and shopfloor organisation*, passim.

<sup>29</sup> Richard Hyman/Tony Elger, „Arbeitsplatzbezogene Schutzstrategien: Englische Gewerkschaften und „restrictive practices““, in: Knuth Dohse/Ulrich Jürgens/Harald Russig (ed.), *Statussicherung im Industriebetrieb. Alternative Regelungsansätze im internationalen Vergleich*, Campus Frankfurt/New York 1982, pp. 407-442, here: p. 439.

situation; their internal structures were ill-adapted to cater for the needs of automotive memberships, and they failed to develop an overall policy for the industry. In the case of the TGWU union policy was itself undergoing a shift to the Left after the election of Cousins as General Secretary in 1956. In the AEU factionalism restricted the manoeuvres of its right-wing president Carron.<sup>30</sup>

In national debates the motor industry now often became associated with the perception of crisis. More generally, by the late 1950s, there was increasing uneasiness about the fact that British growth rates were considerably lower than those of many other European countries. Symptomatic of the crisis mood was the shift of opinion with regard to British membership in the Common Market.<sup>31</sup>

Along the awareness of crisis came a polarisation of views about the future of the "post-war compromise". More radical views claiming the need for coercive government intervention particularly in the field of industrial relations emerged; currents within the Conservative Party even suggested new legal instruments to restrict strikes and trade unionism.<sup>32</sup> Yet, for the time being these opinions remained that of a small minority, not considered even by a Tory government. Partisan views and conflicts about necessary economic and social changes acquired more weight but the "post-war compromise" was not abandoned. On the contrary, it was renewed in what Middlemas has called a "*rassemblement*"<sup>33</sup>: The government took on a more active role in encouraging dialogue at all levels of economic activity but it refrained from coercion. The Ministry of Labour, for instance, now held regular meetings with employers and trade unions in the motor industry to discuss labour relations, resulting in a reaffirmation of the voluntarist principles.<sup>34</sup> On the side of industrial policy, the government's role in economic planning was upgraded by the creation of the tripartite National Economic Development Council (NEDC) but again any further-reaching measures were discarded.

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<sup>30</sup> Ibid. pp. 133f.; Turner/Clack/Roberts, *Labour Relations in the Motor Industry*, pp. 201f.; Campbell/Fishman/McIlroy, *The Post-War Compromise*, pp. 82f.

<sup>31</sup> The failure of the planned EEC-EFTA free trade area and the decline of Commonwealth trade made Britain's external economic position increasingly vulnerable, and from 1959 the majority opinion within government and industry, hitherto opposed to Common Market membership, shifted to advocacy of EEC entry. The unions were divided with the majority supporting membership, provided the "right" conditions could be negotiated, while a minority led by the TGWU opposed entry – cf. Teague, *Labour and Europe*, pp. 82ff.; for the shift of British government policy see Alan S. Milward, *The Rise and Fall of a national strategy. The UK and the European Community*, vol. 1: 1945-63, Frank Cass, London, 2002, pp. 310-351.

<sup>32</sup> Cf. Taylor, *The Conservative Party and the Trade Unions*, pp. 151f.

<sup>33</sup> Middlemas, *Threats to the Postwar Settlement*, p. 9.

<sup>34</sup> Cf. Turner/Clack/Roberts, *Labour Relations in the Motor Industry*, pp. 24f.

The majority of TUC unions subscribed to this new settlement although for different reasons. Those on the Right hoped that strengthened tripartism would help them to re-assert control over the shopfloor, while the more radical currents rejoiced at having averted legal restrictions of strikes. There was much suspicion about the new government role in economic planning as this could imply the planning of incomes. Here, political cleavages were neutralised in a curious way since the scepticism of state planning was shared by the traditional advocates of "business unionism" on the Right of the movement and the rising Left inspired by a tradition of non-revolutionary syndicalism. But reassured by ministers about collective bargaining autonomy NEDC membership was accepted by a TUC majority.<sup>35</sup> The unions were part of a renewed, if less stable version of the "post-war compromise".

#### 4. Labour-management relations at Ford UK

As overall in the industry the degree of unionisation at Ford UK remained low until the Second World War, and it was only in 1944 that the company was eventually forced to recognise union bargaining rights. Over the subsequent two decades union recruitment proceeded rapidly, and by the late 1960s Ford had *de facto* become a union shop. Among the manual unions TGWU and AEU clearly dominated, with GMWU, ETU and NUVB being in a minor role.<sup>36</sup>

Labour-management relations developed significantly different from the rest of the industry. Under the influence of the American parent company's long-standing hostility to trade unions, Ford procrastinated to recognise unions at all, giving way only after the occupation of management offices by angry workers in late 1943. The resulting agreement negotiated directly with the TUC leadership stipulated that shop stewards and local trade union officers would be excluded from the bargaining table of the newly-created "National Joint Negotiating Committee" (NJNC). The company, inspired by the practice in its American plants, insisted that it would only negotiate with the national leaders who were seen as "responsible people" in contrast to the

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<sup>35</sup> Cf. *ibid.* pp. 52f.; Richter, *Political Purpose*, pp. 103f.; in the late 1950s and early 1960s the decreasing value attached to state planning and control within the British labour movement was reflected not least in the attempts to abandon, or at least modify the traditional Labour Party commitment to public ownership – cf. Lewis Minkin, *The Labour Party Conference. A Study in the Politics of Intra-Party democracy*, Allen Lane, London 1978.

<sup>36</sup> Turner/Clack/Roberts, *Labour relations in the motor industry*, pp. 193f.; Beynon, *Working for Ford*, p. 269.

“troublemakers” on the shopfloor. Ford was also aware that key positions in the local AEU structures were occupied by Communists.<sup>37</sup>

Their strategy was largely backed by the TUC negotiators who were anxious to ensure that shop stewards had no direct access to wage negotiations. Two years later, under pressure from shopfloor militants local AEU officials, Ford backtracked to some extent from its hard stance by recognising the role of shop stewards for the resolution of local labour problems and allowing for their participation in consultative Joint Works Committees (JWC) at plant level. However, these concessions were of a very limited nature. Moreover, the company further widened the distance between national union officials in the NJNC and the local lay representatives by insisting that shop stewards were elected as representatives of their departments instead of being lay delegates of particular unions.<sup>38</sup>

This confrontational attitude soon proved to be a recipe for serious trouble. Ford’s wage system, based on fixed hourly rates instead of piecework, protected the company against the decentralised shopfloor bargaining typical for the British-owned motor firms but the exclusion of stewards from *any* meaningful negotiations and the antagonism between union officials and shopfloor representatives fostered frustrations and a climate of latent conflict. Tensions rose after the company took over its traditional neighbouring body supplier Briggs in 1952. Briggs shop stewards’ organisation had become established during the war with negotiating rights on issues like job standards and labour mobility, and their resistance to adaptation along the Ford model triggered broader discontent and an increasing number of disputes over workloads, line speeds, and other issues since the mid-1950s. Rising unrest culminated in two major confrontations in 1956/7 and 1962/3, both of which came to an end only through the intervention of the Ministry of Labour setting up Courts of Inquiries to investigate the disputed matters. While the inquiries mostly confirmed company decisions the more significant long-term effect of these confrontations was a hardening of attitudes on the shopfloor, translated into more radical aspirations of job control. Ford achieved a temporary weakening of shopfloor organisations at the price of leaving a legacy of hostility in the plant, which was to have a crucial impact when a more effective shop steward organisation emerged from the mid-1960s onwards.<sup>39</sup>

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<sup>37</sup> Tolliday, *Ford and Fordism in postwar Britain*, pp. 83ff.

<sup>38</sup> *Ibid.*

<sup>39</sup> *Ibid.* pp. 88, 90f.

## *II. The Ford take-over 1960*

### *1. The public debate*

November 19, 1960, marked a watershed in the history of British trade union policy at Ford. On that day the Detroit headquarter of the Ford Motor Company approached the British government requesting permission for a transaction under the 1947 Exchange Control Act. Ford US, which already held a 55 percent majority of the stock of its UK subsidiary now requested the government's consent to buy-out the British minority shareholders, and thus to acquire complete ownership.<sup>40</sup> This company initiative triggered, for the first time, a major debate about labour market aspects of international economic integration.

Given the evolution of industrial policy in the UK throughout the 1950s Ford could reasonably have expected a smooth and rapid handling of its application. Since 1956 there had been a steep increase of American investment in the UK, and many other US companies had acquired full ownership of their British subsidiaries. In line with this general *laissez-faire* policy successive Conservative governments had also relaxed procedures for inward investment. Moreover, Ford's track record in the UK did not seem to collide in any way with the broader economic objectives of British post-war governments: the company had invested heavily, its export record had been exceptionally good, and it was generally regarded as the most efficient of the domestic motor firms.<sup>41</sup>

Nevertheless, and certainly much to Ford's dislike, the issue soon became the subject of a nation-wide public debate. The "Ford deal" started to fill newspaper front-pages, and it was discussed several times in the House of Commons with John Parker, Labour MP for Dagenham, warning Ford in a memorable speech of a "Boston Tea Party" on the Thames if the British settlers felt exploited by American rule.<sup>42</sup> The national press reported "heated exchanges" in parliament with Selwyn Lloyd, Chancellor of the Exchequer, being put under pressure not only from leading Labour politicians like Harold Wilson but initially also from a considerable fraction of Tory

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<sup>40</sup> Cf. Hodges, *Multinational Corporations and National Government*, pp. 186f.

<sup>41</sup> See for a contemporary view G. Maxcy/A. Silbertson, *The Motor Industry*, London 1959.

<sup>42</sup> House of Commons, *Parliamentary debates*, Fifth Series, vol. 630, col. 859.

deputies.<sup>43</sup> Faced with this public uproar the government took the unusual step to seek (and obtain) assurances from Detroit, namely that the company would plough back most profits into UK operations, that expansion in the Liverpool area would continue, that management and employment policies would remain unchanged, and that Ford UK would continue to source nearly 100 percent of its components in Britain. These assurances proved sufficient to swing opinion in the Conservative Party but the final vote in the House still received the unanimous opposition of the Labour Party.<sup>44</sup>

Underlying this unrest was a more general shift of post-war economic thinking in Western Europe towards Keynesianism, which accentuated notions of "national economic sovereignty"<sup>45</sup> and corresponding fears about too much "foreign control". While such fears had occasionally surfaced in the inter-war period, e.g. in the case of the Vauxhall take-over by General Motors in 1925<sup>46</sup>, they had become stronger in the late 1950s when a number of large British firms had been taken over by US companies.<sup>47</sup> Even Lloyd, the Chancellor, if only to calm down the atmosphere, felt obliged to stress that the Ford case did not involve the problem of control, which had already passed to Detroit, but that generally in the future there would be limits for the penetration of foreign capital.<sup>48</sup>

It should be noted that criticisms of Labour Party leaders were not linked to more general demands for increased state intervention in the economy through planning and public ownership. By the late 1950s revisionism pushed forward by the party chairman Hugh Gaitskell had largely abandoned such visions by embracing the idea of a "mixed economy" in which Keynesian policy would be confined to macroeconomic steering. Gaitskell had even attempted to neutralise the old party commitments to public ownership.<sup>49</sup> Consequently, only a number of Labour backbenchers advanced the suggestion that the government itself should buy the 45 percent British-owned shares of Ford UK and appoint a director to the board, or, indeed, nationalise the company straightaway.<sup>50</sup> Wilson and Gaitskell, in line with the general public sentiment, seemed

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<sup>43</sup> Financial Times, 16 November 1960.

<sup>44</sup> The Guardian, 22 November 1960.

<sup>45</sup> Cf. for Britain: Gamble, *Britain in Decline*, pp. 170f.

<sup>46</sup> In contrast, the Ford implantation in Britain in the 1910s had not aroused particular hostility - cf. Holden, *Vauxhall Motors and the Luton Economy*, pp. 28f; for other cases of public anxiety over foreign direct investment in inter-war Britain see Jones, *British government*, p. 196.

<sup>47</sup> Rooth/Scott, *British Public Policy and Multinationals*, p. 151.

<sup>48</sup> House of Commons, *Parliamentary debates, Fifth Series*, vol. 630, cols. 827-828.

<sup>49</sup> Cf. Minkin, *The Labour Party Conference*, pp. 48f.

<sup>50</sup> House of Commons, *Parliamentary debates, Fifth Series*, vol. 630, cols. 859; 880.

to be more worried about the loss of *British* as opposed to *foreign* control than about the potential for government intervention – hence the peculiar assurance by Ford US to retain a majority of UK citizens on the British company board.

Beyond these general concerns about “economic sovereignty” there was another aspect of the transaction that was of crucial importance for the debate: the issue of future employment policy. Two questions attracted most attention: Firstly, there was concern about future employment security, mainly stemming from Ford’s ambiguous public statement that specified the prime objective of the transaction as achieving “greater operational flexibility” in the use of company facilities in Europe and America.<sup>51</sup> In fact, a large proportion of the parliamentary and media debates revolved around the interpretation of this statement and its implications for employment prospects in British Ford plants despite the fact that almost all parties agreed on its basic meaning: Ford UK was to become more closely integrated into a larger, US-controlled international business organisation. Secondly, a diffuse anxiety was expressed about an impending “Americanisation” of labour relations and employment conditions.<sup>52</sup>

The case for retaining a measure of “national control” was mostly made with reference to one of these two aspects. Wilson and other Labour MPs argued that Dagenham would in future be subordinated to the interests of the US parent company and perhaps also to those of the German Ford subsidiary. Major fears were that the British company would be prevented from exporting to the American and European markets (reserved for US and German Ford), and that in case of a slump Ford would reduce or close down its UK operations to concentrate resources in Detroit and Cologne. This would ultimately lead to unemployment.<sup>53</sup> Ford’s assurances, although welcomed, were deemed insufficient to safeguard British interests since they were not enforceable, and the company would not feel bound by them under changed business conditions.<sup>54</sup>

These anxieties reflected a genuinely new dimension of foreign investment in the context of a changing international environment. They correctly sensed a shift in the pattern of Ford strategy away from a “multi-domestic” towards a more international approach that had been triggered by the creation of EFTA and EEC in the late 1950s. It is doubtful whether the critics envisaged anything that came close to the radical

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<sup>51</sup> Financial Times, 22.11.1960, p. 1.

<sup>52</sup> House of Commons, Parliamentary debates, Fifth Series, vol. 630, cols. 539; 855.

<sup>53</sup> Cf. *ibid.*, cols. 831-841, 845-847, 868-871.

<sup>54</sup> *Ibid.* Cols. 771, 835.

Europeanisation of Ford business a decade later, all the more since in practice any such suggestions had hitherto been contested and met with little success within the company.<sup>55</sup>

Nonetheless, protests expressed the genuine fear that internationalised company strategies would lead to more international competition for investment and consequently threaten employment security in the UK. This sentiment was fuelled by the deterioration of the international competitive position of the British motor industry since the mid-1950s. Ford UK had to some extent been swimming against this tide since even in 1960 it accounted for 69 percent of Ford's European output. However, it could not be overlooked that Detroit, in order to expand its Common Market presence, had invested massively in the German subsidiary since 1958, with production volumes rising faster than in Dagenham. It was feared that this trend could accelerate once Ford US, in complete control over its British subsidiary, would seriously start to implement international integration strategies.<sup>56</sup>

As a matter of fact, the Macmillan government largely shared this analysis of the international implications of the deal – but it drew different conclusions. Chancellor Lloyd was at pains to point out that the Ford application had to be seen against the background of the company's development plans in Europe and the basic choice whether these would be focussed upon the German or British subsidiary. The 1960s, as he saw it, would be a period of further expansion of the European car market, but with a much stronger competition between the major producer countries. In this context it was crucial whether Ford would decide to expand in Germany or in Britain in order to source European export demand. Lloyd acknowledged that there was indeed the risk of Dagenham losing out in this process but argued that it was precisely for this reason that the government had granted the company request.<sup>57</sup> On the one hand, the German subsidiary had been almost fully American-owned for a time so that a refusal of the application would imply the risk that investment would be diverted to Cologne. On the other hand, buying-out of the British minority shares implied a substantial further investment by Detroit, which the government saw as an additional safeguard for future expansion in Britain.<sup>58</sup>

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<sup>55</sup> Cf. Tolliday, *The Origins of Ford of Europe*, pp. 179ff.

<sup>56</sup> *Financial Times*, 21 November 1960.

<sup>57</sup> House of Commons, *Parliamentary debates*, Fifth Series, vol. 630, col. 541.

<sup>58</sup> *Ibid.* cols. 829/830.

Thus, government and opposition fundamentally agreed that Ford's internationalisation would lead to intensified investment competition between countries with an important potential labour market impact. Labour warned against the risks of exposing Ford UK to this new pattern without retaining a measure of national control while the Conservatives claimed that the risks depicted by Labour would arise not from joining Ford's "international empire" – which would be beneficial to Britain – but from the failure to do so.

Both these views exaggerated their case. The government played down the implications of national control, which had previously existed through the appointment of minority shareholders, and it also overstated the danger of investment diversion to Germany: Ford's British market share in 1960 was three times higher than in Germany, and in the absence of Anglo-German product standardisation this gave operations in the UK an enduring advantage. Moreover, Ford UK had privileged access to EFTA markets although cost advantages there were limited by relatively low external tariffs.<sup>59</sup> Clearly, therefore, government attitudes were also influenced by other factors.<sup>60</sup>

However, the government certainly had a point when it came to EEC exports. While these were also inherently limited by Ford UK's "automatic" exclusion from the German market Dagenham was nevertheless running the risk of losing the sourcing of the French, Italian and Benelux markets to the fast-growing German operation. The Labour opposition completely failed to address this point and the related argument that liberal government attitudes in the Federal Republic put pressure on the UK to follow suit. Labour's insistence upon the freedom to export to the United States was also highly questionable at a time when British firms had just experienced a sales disaster across the Atlantic.<sup>61</sup>

## 2. Positions within the British trade union movement

What role did the British trade union movement play in these debates? In the first place, given the importance of employment aspects in the debates of the Ford take-over, it was striking how little the unions made their voice heard. On request by Labour MPs

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<sup>59</sup> Ford Germany enjoyed considerable sales success in EFTA countries such as Norway and Sweden already in the early 1960s – despite tariff barriers – cf. Tolliday, *The Origins of Ford of Europe*, p. 185.

<sup>60</sup> Among those featured the short-term benefits for the balance of payments and the traditional concern about retaliation against British business abroad if foreign firms encountered restrictions in the UK – cf. Hodges, *Multinational Corporations*, p. 191.

<sup>61</sup> Cf. Whisler, *The British Motor industry*, pp. 315f.

Chancellor Lloyd had invited the unions to make representations but both the TUC and the CSEU leadership declined any top level involvement and thought the issue should best be dealt with by the trade union side of the company's National Joint Negotiating Committee (NJNC). The only public intervention by a union leader came from George Barratt, the General Secretary of the CSEU, who found it difficult to understand why Ford wanted to acquire full ownership of its UK subsidiary at a time of recession in Britain. He also voiced a general concern that American control over Dagenham "might not be to the benefit of our car industry".<sup>62</sup> From within the NJNC some members were reported to have taken quite a critical stance immediately after Ford's bid had leaked to the press. The points raised echoed those made in the House of Commons, notably the fear of Ford UK being dependent on its US parent, risking a curtailing of production in case of a recession in the United States and a shift of investments to the continent. One NJNC member was cited as warning the company that the unions "may consider asking the government to prevent the deal going through".<sup>63</sup>

However, it soon became clear that this was not a serious threat, and the speculation of the "Financial Times" that most national officials on the NJNC would oppose the Ford deal<sup>64</sup> proved groundless. In fact, national trade union officials soon disappeared from debates altogether. To the embarrassment of Labour MPs the NJNC Chairman Beard did not even take up an official invitation to meet the Chancellor of the Exchequer.<sup>65</sup>

There can be little doubt that this pattern reflected an attitude of tacit encouragement. Like all those taking an interest in the evolution of the British motor industry the unions were concerned about the implications of the Ford transaction but it appears that their positions were far from those of Labour leaders in parliament. Perhaps a more critical initial assessment had later been pacified by a special meeting of the NJNC and the assurances given by the company. It is also possible that initial opposition came only from a minority within the NJNC, led by the left-wing NUVB representative Winchester and Claude Berridge, a Communist AEU officer. Winchester raised the American transaction again in January 1961 but found no support among his

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<sup>62</sup> Financial Times 16 November 1960.

<sup>63</sup> Ibid.

<sup>64</sup> Ibid.

<sup>65</sup> House of Commons, Parliamentary debates, Fifth Series, vol. 630, col. 827.

NJNC colleagues.<sup>66</sup> In any case, the absence of vociferous public interventions indicated trade union acquiescence.

On the other hand, protests were reported from within the Dagenham trade union organisation even though the local Labour MP certainly exaggerated when claiming that Ford workers unanimously opposed American ownership.<sup>67</sup> There were no strikes reported against the take-over, and many shop stewards were busy with everyday grievances. This situation was most clearly expressed by the fact that simultaneously but unrelated to parliamentary and media debates, a dispute about labour mobility dragged on in Dagenham, revolving around the question under which conditions employees could be transferred between departments. Moreover, there was a strong current of opinion refuting the claim that whether the plants were owned by American or British capital would influence trade union positions.<sup>68</sup>

#### **a. Background I: Opposition in Dagenham**

Shopfloor opposition was concentrated in the body plant where a number of highly activist Communist shop stewards held strong positions. Only a few hours after the public announcement of the take-over body plant shop stewards passed a resolution rejecting the company plans and calling the government to prevent the purchase of British shares. Subsequently, the issue was debated in a number of local union meetings in Dagenham, and a deputation was also sent to London to lobby members of Parliament.<sup>69</sup>

The concerns submitted were somewhat diffuse, but in general they focussed less on the central issues of national public debates, investment and export markets, than on a perceived impending "Americanisation" of working conditions. One resolution expressed the fear that "high-pressure American methods might be introduced, which could lead to redundancies, and that the "present friendly atmosphere" could give way to a climate where workers would lose their individuality".<sup>70</sup> American working conditions were seen as "too hard and too rigid".<sup>71</sup> Ford's assurance that employment

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<sup>66</sup> Notes of proceedings of a meeting of the Ford NJNC, 27 January 1961, p. 18, in: MRC, MSS. 126/TG/Sack 24/1.

<sup>67</sup> House of Commons, Parliamentary debates, Fifth Series, vol. 630, col. 855.

<sup>68</sup> Financial Times, 18 November 1960, Dagenham Post, 16 November 1960.

<sup>69</sup> Financial Times, 21 November 1960, Dagenham Post 23 November 1960.

<sup>70</sup> Dagenham Post, 23 November 1960.

<sup>71</sup> Dagenham Post, 16 November 1960.

policy would continue to be carried out autonomously by the British subsidiary signified an attempt to calm these shopfloor anxieties.

With regard to expansion in the Liverpool area shopfloor opinion in Dagenham was hostile rather than supportive: the new Halewood plant was seen as a threat to employment security in the context of the recession, which had hit the British car industry in autumn 1960. By September leading shop stewards warned openly against the planned expansion of capacity on Merseyside.<sup>72</sup> In contrast to national debates, fears that Dagenham might lose production volumes to another location were related to the opening of Halewood rather than to plants in Germany or the United States although such arguments were also advanced.

The main fear related to the American take-over was the introduction of "high-pressure" methods, which, in the context of a stagnant car market, might lead to redundancies and, moreover, endanger aspirations for the improvement of working conditions. A national meeting of Ford shop stewards in late November 1960 adopted a resolution expressing concern about the "Americanisation of the car industry" and mentioned the intensification of time and motion studies to increase workloads as a central issue in this regard.<sup>73</sup>

Clearly, the background to this thinking was provided by the job control strategies, which had increasingly been pursued by shop stewards in the British car industry in the 1950s. At Ford, given the absence of piecework bargaining, the attention of shop stewards had been concentrated on questions such as workloads, manning, relief times and labour mobility. The centre of this movement had clearly been in the Dagenham body plant (the old Briggs works) where workers had become accustomed to shopfloor bargaining since the wartime. A major confrontation in 1956/7 had ended with a complete victory for the company but subsequently former Briggs' stewards, having had to accept "standardisation" along the Ford model continued to pursue job control strategies in a more decentralised way.<sup>74</sup>

It was, therefore, not by chance that protests against "Americanisation" in the wake of the take-over by Detroit were strongest in the body plant. The prospect of American-inspired pressure for higher workloads met most resistance where it was confronted with an established shopfloor tradition of job control. Unrest was

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<sup>72</sup> Cf. Minutes of JWC Assembly Plant, 8 September 1960, in: Archive AEEU Dagenham, file "JWC Minutes 1959-1966".

<sup>73</sup> Dagenham Post, 30 November 1960.

<sup>74</sup> Tolliday, *Ford and fordism*, p. 89.

compounded by the expectation that the take-over would reinforce Ford's traditional industrial creed of refusing shopfloor representatives any influence over production-related matters.

Moreover, shopfloor protests also highlighted another, sometimes neglected feature of the job control movement, namely its concern for short-term employment security. In their traditional craft-inspired form job controls had always contained an element of employment protection, and the peculiar situation of the British car industry with its frequent lay-offs in the inter-war and immediate post-war period due to high demand fluctuations had been an important factor in encouraging job control strategies in the 1950s.<sup>75</sup> In 1960 this aspect had been given added weight. Only weeks prior to the Ford take-over the industry had been hit by a new recession, and already by September the NJNC unions had been warned about an impending curtailment of production.<sup>76</sup> In this situation, resistance against expected American "high-pressure methods" followed the same logic as shopfloor restrictions of hiring or demands to postpone the Halewood expansion plans: the aim was to stabilise short-term employment prospects.

Shopfloor reactions to the take-over displayed the typically localist character of job control strategies, which over the years had been reinforced by lacking national trade union efforts to develop a broader strategy for the sector.<sup>77</sup> There was little concern for the wider national implications of the transaction, for instance those related to expansion at Halewood. Dagenham shop stewards, who had consistently opposed this project had no regard for the potential consequences of a government refusal for expansion plans. Moreover, the effectiveness of local job control practices was necessarily limited in an industry operating in international product markets. If expansion or the intensification of work took place in other countries this would, in the longer term, have repercussions on Dagenham – regardless of the success or otherwise of resistance against US-inspired "speed-up" in a single plant. The new problems of competition for investment between different European Ford locations resulting from the company's more international business strategy were not even mentioned by the shop stewards. In short, they appeared to be less concerned about potential

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<sup>75</sup> Cf. Claydon, *Trade unions, employers and industrial relations*, p. 318, Turner/Clack/Roberts, *Labour Relations in the Motor Industry*, p. 333; for the longer-term origins see Fox, *History and Heritage*, pp. 64f.

<sup>76</sup> Notes of proceedings at a meeting of the Ford NJNC, 12 September 1960, in: MRC, MSS. 126/TG/Sack 24/1.

<sup>77</sup> Turner/Clack/Roberts, *Labour Relations in the Motor Industry*, pp. 220f.

consequences of this new pattern of investment competition for future employment security in Britain than about the take-over's impact on local working conditions and labour-management relations in Dagenham.

## **b. Background II: National trade union officialdom**

At first sight, the public silence of national trade union officials may seem more surprising than the mixture of indifference and protests by shop stewards in Dagenham. However, behind this silence stood a clear majority view that looked at the Ford transaction in a very favourable way. As a matter of fact, the TUC even refused to entertain requests by local trade councils or union branches to make representations to the British government. In the TUC Economic department it was noted that there had been a strong reaction against the bid "from several quarters"<sup>78</sup> but in a letter to the London Trades Council it was nevertheless emphasised that the TUC General Council had "not thought it necessary to take up any attitude or make any statement"<sup>79</sup>.

Clearly, Ford can be seen as one important example of a more general union leadership attitude towards foreign-owned companies in the early 1960s, which Middlemas has described as "enthusiastic".<sup>80</sup> The TUC actively defended the American take-over against internal critics. It shared this position with the leadership of the Confederation of Shipbuilding and Engineering Unions. CSEU documents noted that government approval of the take-over would yield benefits for Britain because American firms, and Ford in particular, had made a good contribution to exports and employment in the UK after the war. Moreover, the CSEU concurred with the government view that refusal would have resulted in investment diversion to Ford of Germany; it was expected that US investment in the EEC would rise steeply during the 1960s. It was also emphasised that Ford represented a special case where control had already passed to Detroit, and that it would therefore not create a precedent for future cases.<sup>81</sup> The TUC economic department echoed government views according to which approval of the take-over not only served to avoid potential dangers but in itself

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<sup>78</sup> Note D. Delay to L. Murray, 21 November 1960, in: MRC, MSS. 292 B/617/1.

<sup>79</sup> Letter TUC research and economic department to London Trades Council, 8 December 1960, in: MRC, MSS.292B/617/1.

<sup>80</sup> Keith Middlemas, *Industry, Unions and Government. Twenty-one years of NEDC*, Macmillan London 1983, p. 63.

<sup>81</sup> Unsigned note "United States private investment in Britain", undated [November 1960], in: MRC, MSS.44/TEN. 4/8.

strengthened the role of Ford UK within the company's overseas operations. Furthermore, the assurance to continue expansion at Halewood constituted an important contribution to reduce unemployment in the Merseyside region.<sup>82</sup> At a meeting between the TUC economic committee and leading CSEU representatives in January 1961 it was "[...] generally agreed that some benefit should occur from the Ford take-over". The CSEU delegation expressed the view that "capital was a scarce commodity and it would go to competitors abroad if it was not invested in this country".<sup>83</sup>

These few comments clearly indicate that most national trade union officials, contrary to shopfloor activists in Dagenham, saw the Ford transaction as a positive development. It is also remarkable how little their positions reflected concerns about working conditions and labour-management relations as voiced by the shop stewards, instead concentrating upon the implications of Ford's internationalisation for future production and employment in the UK. Why were the national leaders of the British trade union movement so enthusiastic about a transaction that afforded Detroit full ownership of its UK subsidiary – despite the fact that even a substantial number of Conservative MPs had expressed their anxiety? Why did they not consider in more detail potentially problematic aspects that had been raised in parliamentary and media debates, and in the Ford plants themselves?

To begin with, British union leaderships, apart from left-dominated organisations like DATA, had welcomed foreign investment already in the 1950s as a means to foster the growth of production and incomes, and the creation of employment – despite the fact that a number of US-owned firms adopted anti-union policies and displayed a great deal of hostility to shopfloor organisation.<sup>84</sup> In the motor industry, Ford was praised for its high export levels, which had helped to sustain post-war expansion of output and employment.

In the particular situation of 1960 these attitudes were powerfully reinforced by a number of developments. As already mentioned the British motor industry had been hit by a severe recession in the autumn of that year. By November the unions had become very worried about the situation. Cutbacks of production had resulted in redundancies and short-time working, less at Ford than at Vauxhall, Rootes and Standard. Even more

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<sup>82</sup> Letter TUC research and economic department to London Trades Council, 8 December 1960, in: MRC, MSS.292B/617/1.

<sup>83</sup> Report of a meeting between the Economic Committee and Representatives of the Confederation of Shipbuilding and Engineering Unions, 30 January 1961, in: MRC, MSS.292B/617/1.

<sup>84</sup> Cf. Knox/McKinlay, *Working for the Yankee Dollar*, pp. 9ff.

worrying was the prospect that the major expansion planned for the coming years might lead to over-capacity and thus a more permanent insecurity of employment.<sup>85</sup>

At home the government had introduced anti-inflationary measures in spring 1960, among which hire-purchase restrictions had badly affected domestic car sales. The situation in export markets looked still bleaker. Since 1945 Britain had become a car-exporting nation, and the industry could not maintain its production and employment levels without success in overseas markets. However, by the late 1950s, export prospects had become clouded. Orders on the Commonwealth market decreased heavily due to local development policies that attempted to create domestic car industries shielded from world markets through tariffs and local-content provisions. These losses had been temporarily offset by increased exports to North America, however with the launch of "compact cars" in the United States this option quickly evaporated.<sup>86</sup>

In this situation British motor industry unions had joined the chorus of those who saw the fast-growing markets in Western Europe as primary targets for British exports. A CSEU document from August 1960 noted that "with the competition from the US in building compact cars and the growth of native car industries in other parts of the world, there is no doubt that the British car industry will have to look for its export increasingly to Western Europe".<sup>87</sup> In this context, the unions also started to worry about the effects of Britain's exclusion from the EEC since UK producers now suffered a competitive disadvantage compared to *Fiat*, *Renault* or *Volkswagen*, each of whom benefited from a new larger "home market". EFTA markets were perceived to offer little compensation.<sup>88</sup> The unions pointed to the establishment of assembly operations in Italy by BMC and Rootes to emphasise the "job export" danger arising from EEC exclusion. Therefore it was thought that the government should "[...] face up to the fact that to protect our interests there is no sensible economic alternative but for this country to offer to join the Common Market straight away".<sup>89</sup>

It is against this background that the favourable attitudes of British union leaders to the Ford take-over have to be interpreted. Union leaders anticipated that Ford UK

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<sup>85</sup> "Motor Vehicle Industry – Special Meeting held, 22 December 1960", in: Public Record Office, Board of Trade, BT 64/5207.

<sup>86</sup> Cf. Whisler, *The British Motor industry*, pp. 312ff.

<sup>87</sup> CSEU, Draft Report on the motor industry, August 1960, in: MRC, MSS. 44/TEN.4/8.

<sup>88</sup> The Motor Industry, paper submitted by brother L.R. Kealey (TGWU), 18 July 1960, in: MRC, MSS.44/TEN 4/8.

<sup>89</sup> CSEU, Draft Report on the motor industry, August 1960, in: MRC, MSS. 44/TEN.4/8.

would benefit from the major sales efforts the company was expected to undertake in European markets in the 1960s, thus stabilising and further improving the local employment prospects. As the NJNC trade union chairman put it: "Presumably we can expect that Detroit will leave the Dagenham and Cologne plants to fill virtually all the demand in the European region, which has perhaps the greatest potential of sales expansion."<sup>90</sup>

Moreover, the continuing minor, if enhanced role of the company in Germany made it appear probable that Ford UK would receive the lion's share in the sourcing of European export demand, especially by taking into account the widespread belief in Ford's international organisation that Britain would soon be part of an integrated Europe, be it by a merger of EEC and EFTA, or by its entry into the Common Market.<sup>91</sup> Union leaders themselves – prematurely – shared this vision.<sup>92</sup> Until the time of entry Ford's large international organisation offered the advantage that it could sustain a period of marginal profit margins or even losses on European exports by drawing on temporary subsidies from Detroit – avoiding "job exports" as experienced in British-based firms such as BMC or Rootes that were unable to face competition on EEC markets unless they established assembly plants there.<sup>93</sup>

Yet, as critics of the take-over had pointed out, Ford's shift from a multi-domestic to a more international strategy was a double-edged sword from a British point of view. It could entail an acceleration of exports but also – if Detroit preferred Cologne over Dagenham – corporate restrictions of shipments to EEC countries. That the latter scenario was not a far-fetched horror vision can be easily grasped by looking at the post-war changes in the European motor industry where the competitive position of the British motor industry had deteriorated since the mid-1950s particularly in comparison to German firms. Even Ford whose European operations still remained centered around its UK base had invested massively in its German subsidiary since the late 1950s, and production volumes were rising faster there than in Dagenham. Moreover, the question of British EEC membership was itself a pending affair.

Such considerations could not simply be put aside by pointing to the new constraints of "regime competition" although CSEU and TUC officials correctly sensed the rise of this competitive pattern to attract internationally mobile capital in a European

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<sup>90</sup> Notes of proceedings of FJNC 29 May 1961, in: MRC, MSS. 126/TG/Sack 24/1.

<sup>91</sup> Tolliday, *The Origins of Ford of Europe*, p. 177; Harbridge House, *Ford of Europe*, p. I-13.

<sup>92</sup> Notes of proceedings of FJNC 29 May 1961, in: MRC, MSS. 126/TG/Sack 24/1.

<sup>93</sup> Cf. Whisler, *The British Motor Industry*, p. 276.

car market in process of integration. Ownership and control patterns represented an important element here; there can be no doubt that over the whole post-war period Ford had developed a coherent company policy to acquire full ownership of all its overseas subsidiaries, among them also *Fordwerke AG* in Germany.<sup>94</sup> But it nevertheless remained the case that full American control and internationalisation, although in the short-term perhaps precluding a diversion of funds to Germany, might have the opposite effect in the long run – quite apart from the fact that the unions overstated the danger of investment diversion in a situation where 35 percent of Ford's European sales volume in 1960 were realised in Britain.<sup>95</sup> A CSEU report on the motor industry, discussing the question of Common Market membership, indeed mentioned the major risk linked to a strategy of growth through integration with the international economy, namely that in the longer term the result could be a "drowning of home sales" instead of export-led expansion.<sup>96</sup>

From a trade union point of view it was also astonishing that TUC and CSEU leaders appeared to be barely interested in the potential implications of the Ford take-over for local working conditions and union-management relations. At the 1961 TUC Congress a motion sponsored by DATA, making explicit reference to the Ford case, had called for a government inquiry into American investment in the UK, including its consequences for social and trade union policy. But the TUC General Council representative argued against such an inquiry, pointing to the positive employment and export effects US investments had brought in the past. The motion was defeated by a majority of 60:40.<sup>97</sup>

The ease with which the majority of union officialdom accepted the Ford take-over and their benign neglect to consider the warnings of critics within and outside the union movement requires additional elements of explanation. One of them is the observation that the majority of union leaders were permeated by a general climate of *optimism that still prevailed in the crisis debates of the early 1960s*. Rising disillusion about the deteriorating position of the UK within the European economy had not yet led to radical pessimism but to the *rassemblement* of forces. In their own way the unions

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<sup>94</sup> Cf. Wilkins, *American Business Abroad*, p. 402.

<sup>95</sup> Tolliday, *Ford of Britain: Statistical Appendix*, p. 144.

<sup>96</sup> CSEU, *Draft Report on the Motor industry*, August 1960, in: MRC, MSS. 44/TEN. 4/8.

<sup>97</sup> *Report of Proceedings at the 93<sup>rd</sup> Annual Trades Union Congress*, 4-8 September 1961, pp. 393f; a similar call to investigate the effects of American take-overs of British companies had been raised at the TGWU Biennial Delegate Conference in July 1961, but, undoubtedly on pressure by the platform, had "not been pressed for a vote" – cf. *Minutes and Record of the Biennial Delegate conference of the TGWU*, 10-14 July 1961, in: MRC, MSS. 126/TG/1/4/19.

shared the optimism of government ministers claiming that in the new era of international integration at Ford with its stronger emphasis on competition between subsidiaries in different countries "[...] we can feel confident that the UK will win."<sup>98</sup>

But there were also political elements involved, originating from struggles of direction within the British trade union movement. On the one hand, the national leaderships of the motor industry unions, particularly the AEU, had become seriously concerned with their lack of control over local shop stewards and workplace organisations by the late 1950s. They had actively fought against attempts by shop stewards from different British car firms to create an industry-wide combine committee because they feared that wage militancy would foster the position of Communists within the industry, and, more generally, that it might encourage movements to form break-away unions for car workers.<sup>99</sup> These positions led them to display little sympathy for the concerns of Ford shop stewards about the implications of the American take-over for working conditions and job control practices.

The other major point concerned the question of public ownership. Here, the arrival of Hugh Gaitskell as Labour Party leader in 1955, had given a strong push to revisionist thinking, advocating a shift of priority away from the classical property-based Socialist analysis towards the acceptance of private enterprise in a "mixed economy".<sup>100</sup> In 1960 this debate had taken a dramatic twist when Gaitskell attempted to reform Clause four of the party constitution with its commitment to public ownership. Although this initiative failed at the Party Conference 1960 the revisionist principle was nevertheless incorporated into the major policy document "Labour's Aims".<sup>101</sup> Many trade union leaders, particularly in the case of AEU president Carron, had been supportive of Gaitskell's strategy but their backing of revisionism had brought them often into conflict with resolutions of delegate meetings and union congresses, which remained committed to nationalisation as a general political aim.<sup>102</sup>

Trade union reactions to the Ford take-over should also be seen in the light of this debate. The right-wing dominated leaderships of TUC and CSEU acquiesced into the transaction so easily because it fitted their domestic political strategies to modify the political economy outlook of the British labour movement. That this dimension did

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<sup>98</sup> House of Commons, Parliamentary debates, Fifth Series, vol. 630, col. 904.

<sup>99</sup> Cf. Turner/Clack/Roberts, *Labour Relations in the Motor Industry*, p. 220.

<sup>100</sup> Cf. Minkin, *The Labour Party Conference*, pp. 48/49; cf. for a critical view of revisionist doctrines Campbell/Fishman/McIllroy, *The Post-War Compromise*, pp. 89f.

<sup>101</sup> Howell, *Shut Your Gob!*, p. 133.

<sup>102</sup> Minkin, *The Labour Party Conference*, pp. 192/3.

indeed play a role would become clear in a broader trade union debate about the motor industry in the aftermath of the Ford take-over.

### *III. A divided trade union movement (1961-1963)*

#### *1. The national debate on the motor industry*

The recession in the British car industry since the autumn of 1960 soon triggered a general debate about the future of the sector within the British union movement, involving the CSEU and also the TUC Economic Committee. Deliberations within the Confederation and between CSEU and TUC representatives resulted in a policy paper, approved by the CSEU Executive Council in summer 1962 and the TUC Economic Committee in February 1963.<sup>103</sup>

The coincidence of the debate with the Ford affair meant that the latter came to be considered, too, under the broader question of what consequences "American ownership of 50 percent of the British car industry" implied for trade union strategy. The major conclusion was summarised in a joint submission by AEU, TGWU and the National Union of General and Municipal Workers (NUGMW) under the heading "difficulties of control" in May 1961. The paragraph read:

"In the past some sort of public ownership, control, guidance of the industry has been suggested within the union and labour movement. The difficulties of achieving desired objectives by these methods are substantial. A substantial proportion of the industry is now wholly American-owned, and the giant GM and Ford are pursuing a world policy of rationalising production and distribution in various regions. In consequence, there is a serious risk that if they encounter too much government interference with their operations in any given country they will switch their development policies to other countries where such restrictions are not imposed. It would not be difficult for either of these Corporations, for instance, to favour their German subsidiaries rather than their British subsidiaries, as at present, if public interference were threatened. For trade unionists, a major consideration must always be that capital employed in the British motor industry, whether American or not, is

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<sup>103</sup> "The Motor Manufacturing Industry", TUC, Economic Committee, 13 February 1963, in: MRC, MSS. 292 B/560.1/5.

providing jobs for workers here, and capital switched from this country would be providing jobs elsewhere. With this in mind, it may be considered advantageous in the first instance, therefore, to press hard for the policies outlined to be adopted without resort to intervention by government".<sup>104</sup>

Clearly, this position of the largest unions in the car industry, later with identical wording incorporated into the final CSEU policy paper<sup>105</sup>, confirmed the basic attitude taken in the event of the Ford take-over. The scarcity and mobility of international capital were emphasised again, as was the view that in such circumstances employment had to be secured in competition for investment with other countries, particularly Germany. Taken together with other parts of the paper the paragraph also confirmed the trade union strategy of using internationalisation as a means to boost exports and employment in Britain, and the optimistic view that such a strategy, although double-edged in principle, would in practice turn out to be to the UK's advantage.

In particular, the paper stressed again the importance of increased exports to Europe – the main benefit expected from the Ford deal - and the related need to secure EEC membership as quickly as possible: "If we do not manage to integrate our trade in some way with Europe, within the next ten years the demand for British cars could be so low that it would be impossible to continue producing them at prices which would compare favourably with cars we would import from abroad". It was acknowledged that turning to Europe meant facing up to tough competition, and if the British motor industry proved not efficient enough, this could mean "[...] the loss of home markets without a corresponding build-up in European markets." But this negative scenario was dismissed because "[...] there is little reason to doubt that the British car industry could compete favourably" provided the UK would join the EEC soon.<sup>106</sup>

As in the immediate reactions after the Ford take-over the paper was silent about the consequences American control and internationalisation may entail for trade union policy related to working conditions and labour-management relations. That there might be a dilemma between the aspiration to secure future employment security through international investment and the pursuit of other trade union objectives could not be overlooked. In a broader context the paper itself alluded to economic pressures that

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<sup>104</sup> The Motor Manufacturing Industry. Compositd observations of the AEU, NUGMW and TGWU on the questions circulated by the TUC, May 1961, p. 19, in: MRC, MSS. 44/TEN.4/12.

<sup>105</sup> CSEU, The Motor Manufacturing Industry. Observations of the Sub-Committee on the questions circulated by the TUC, July 1961, p. 17, in: MRC, MSS. 292B /617/1.

<sup>106</sup> Ibid. pp. 11/12.

could force unions to compromise on long-cherished principles such as work sharing in moments of market downturn – despite the fact that they ought to be regarded as established achievements. How such dilemmas could be solved remained unclear. The envisaged improvement of consultation procedures with employers would perhaps help but what if company managements did not accede to labour suggestions? Strategies of job control and industrial action were not mentioned in the paper; on only one occasion it was vaguely pointed out that the unions would need to “press hard” for their objectives.<sup>107</sup>

The major new element in the AEU-TGWU-NUGMW paper was the position related to the alleged “difficulties of control”. At the time of the Ford take-over union officials had avoided adopting a general position on the question of state intervention. Their arguments against a Cabinet veto in 1960 had partly been based on the singular character of the company case where Detroit was already in possession of the majority of shares.

Now, measures of public control over the motor industry were opposed in principle, on the grounds that “too much government interference” would induce Ford (and General Motors) to switch investments to other countries “where such restrictions are not imposed”. Competition with the weak regulatory policies other countries imposed on their business communities would make public interference in Britain undesirable and dangerous. In short, this prescription implied the abandonment of ideas about an extension of public ownership and government planning in the motor industry.

This assessment was far from compelling in this categorical sense. Admittedly the acquisition of full ownership of its overseas subsidiaries had been a policy consistently pursued by Ford in the post-war period. In Europe, this policy had contributed to withdrawal from France and Spain in 1954. In the Spanish case the company explicitly refused to accept government influence upon its ownership or control patterns.<sup>108</sup> At the same time, Detroit had increased its shareholdings of the German subsidiary in several moves over the 1950s; by 1960 *Fordwerke AG* was 99 percent American-owned.<sup>109</sup> It was also true that a substantial proportion of American investment had flown into Common market countries since the Treaty of Rome had been signed in 1957. Similarly, Ford of Germany, while still lagging far behind the UK in terms of output,

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<sup>107</sup> Ibid. pp. 7, 17.

<sup>108</sup> Cf. Loubet/Hatzfeld, Ford in France, p. 353; Estape-Triay, Ford in Spain, p. 434.

<sup>109</sup> Wilkins, American Business abroad, p. 423.

had received large capital injections from Detroit, and had expanded its capacity enormously. Finally, it was correct to see Germany as a country of weak government control over multinational business.<sup>110</sup> Taken together with a structural element of uncertainty these factors could seem to make the union attitude plausible.

However, these arguments appear less forceful if brought into a broader contextual picture. To begin with, formula like “the danger of switching development to Germany” gave the inappropriate impression as if Ford could soon withdraw from UK production if confronted by an interventionist national government – as it had done in France or Spain. The company’s involvement in Britain was not comparable to the situation in these two countries where it had never held a significant market share.<sup>111</sup> Its UK sales amounted to more than a third of its overall European turnover. The defence of this market position was crucial for Ford’s commercial success on the old continent.<sup>112</sup>

This situation made it imperative for Ford to retain a large manufacturing operation in Britain. In the absence of Anglo-German model standardisation the company simply did not have an alternative to substitute British production – offering *Fordwerke’s* model range to British consumers was certain to end in a sales disaster. Under these conditions in the short term nobody in Detroit seriously considered switching production for the British market from Dagenham to Cologne. In fact, it was declared company policy that the UK market would be exclusively supplied by the British plants, and the German subsidiary was even forbidden to sell cars in Britain.<sup>113</sup> Given these commercial interests the company had to be responsive to public policy concerns, which gave the government added bargaining leverage.

If there was potential for capital switching in the early 1960s it was related to the investments necessary to source future European export demand. But here too, corporate policy plans were limited. Detroit’s plans for the longer-term integration of European car markets still envisaged Ford Britain and Germany as largely autonomous organisations, selling competing model ranges in every European market. This “two-fishing-lines” approach was widely supported within Ford’s International organisation.<sup>114</sup> There hardly existed the danger that Dearborn would physically restrict Ford UK products from European markets. Suggestions to withdraw British cars from

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<sup>110</sup> Cf. for a general picture beyond the car industry: Heidrun Abromeit, “Government-industry relations in West Germany”, in: Chick, *Governments, Industries and Markets*, pp. 61-83.

<sup>111</sup> Cf. for France: Loubet/Hatzfeld, *Ford in France*, p. 350.

<sup>112</sup> Tolliday, *Ford of Britain: Statistical Appendix*, p. 144.

<sup>113</sup> Tolliday, *The origins of Ford of Europe*, p. 183.

<sup>114</sup> *Ibid.*

sale in EEC countries were not seriously considered before 1963 – and then not because of any grand corporate scheme of switching development policies but because of General de Gaulle's veto over British EEC entry.<sup>115</sup> The implementation of a corporate policy of European export market rationalisation would have to wait until the launch of Ford of Europe in 1967.

The available evidence suggests that the trade union verdict on the undesirability of government interference, even accounting for the uncertainty of the situation, was clearly exaggerated. It had a certain substance only with regard to the concrete options of supplying markets in the EEC in the short term where Ford's international organisation offered the advantage that it could sustain a period of marginal profits or even losses by drawing on temporary subsidies from Detroit – in contrast to the pattern of BMC or Rootes, which for cost reasons had been forced to set up assembly plants in the Common Market.<sup>116</sup> Faced with an intransigent British government Ford may have considered similar schemes instead of providing direct export sales subsidies – a situation that the unions could hardly afford at a time when recession threatened job security.

More generally, national trade union leaders, permeated by the atmosphere of *rassemblement*, still shared the optimistic belief that British growth and employment prospects would benefit from international economic integration. While occasionally acknowledging that economic internationalisation was a double-edged sword, which could also turn to the UK's disadvantage, they remained convinced that the British car industry, and more specifically Ford UK, could compete favourably in international comparison.

In addition, the CSEU position paper also revealed the continued salience of ideological elements. If its reference to "a world policy of rationalising production and distribution" was exaggerated in the case of Ford it was certainly a complete misrepresentation of the business strategies of General Motors where no plans whatsoever existed for the integration of European subsidiaries in the early 1960s.<sup>117</sup> It was also hardly credible to argue that Vauxhall had hitherto been favoured over *Opel* by General Motors in terms of investment allocation. GM indeed invested substantial funds

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<sup>115</sup> Cf. *ibid.* pp. 184f.

<sup>116</sup> Cf. Whisler, *The British Motor Industry*, p. 276.

<sup>117</sup> Cf. Dassbach, *Global Enterprises and the World Economy*, p. 426.

into Vauxhall during the 1950s, but *Opel* nevertheless grew more rapidly in terms of output and employment.<sup>118</sup>

These views do not appear to be simply caused by erroneous analysis or a lack of knowledge. They should also be interpreted as reflections of internal trade union debates about public ownership and government planning. The emphasis on “difficulties of control” partly reflected the dominance of the trade union Right within the CSEU, committed to the support of Gaitskellite revisionism with regard to public ownership. This impression is confirmed by the general dislike of government intervention displayed in the CSEU paper. To counter production and employment fluctuations in the future the Confederation pointed solely to measures to be taken by employers and unions themselves. Other potential government functions, such as the promotion of research or the support of overseas sales co-operation between the British producers, were equally ignored.<sup>119</sup>

It could be objected that the prominent role of the TGWU in the motor industry debate would make this argument implausible given that a Left General Secretary had been elected in the Transport Union in 1956. But Minkin has convincingly pointed to the limits of this Left shift as most of the union’s national officers continued to be imbued with the spirit of Cousins’ right-wing predecessors.<sup>120</sup> This was certainly the case of Les Kealeay, the TGWU’s national officer in the motor industry and the most important voice of the union in the 1961-3 debate.

Insisting on the role played by ideological debates within the labour movement is not to say that the “revisionists” attempted to actively instrumentalise the Ford affair for their cause. In fact, rather the opposite was the case. There was a discernible fear among the trade union Right that the take-over debate could trigger new fundamental debates on the issue of public ownership, accentuated by a notion of national “self-defence” against American domination that could perhaps endanger the general objectives of revisionism. At the 1961 TUC Congress the General Council representative, speaking against a DATA motion for a government inquiry on American investment, mentioned the possibility of nationalisation in cases of deliberate run-down of British firms by US parents – clearly in an attempt to calm anxieties of delegates.<sup>121</sup>

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<sup>118</sup> Cf. Rhys, *The Motor industry*, pp. 18f., 146.

<sup>119</sup> CSEU, *The Motor Manufacturing Industry. Observations of the Sub-Committee on the questions circulated by the TUC, July 1961*, in: MRC, MSS. 292B /617/1.

<sup>120</sup> Cf. Minkin, *the Labour Party Conference*, pp. 95/96.

<sup>121</sup> Report of Proceedings at the 93<sup>rd</sup> Annual Trades Union Congress, 4-8 September 1961, pp. 393f.

It should also be noted that this ideological dimension was more significant in terms of the repercussions upon general Labour Party and trade union debates than for the actual case of Ford. Very few voices on the Left of the labour movement openly raised the issue of nationalisation of Ford UK assets. Even the sponsors of the critical motion at the 1961 Congress emphasised that their aim was not to frighten away foreign investors. They did not ask for public ownership but only for a government inquiry. The Ford take-over did not lead to a re-emphasis on the nationalisation of the British motor industry.<sup>122</sup>

As much as leading Labour Party politicians such as Harold Wilson, leftist currents within the British unions seemed to be more worried about the loss of *British* as opposed to *foreign* control at Ford than about the potential for government intervention. In 1962 the Ford branch of the British Communist Party complained about the "selling out" of British industry to American interests, and called for a "fight for the independence of Britain."<sup>123</sup> DATA was concerned about the increasing outflow of British profits and dividends, and other left critics blamed the "crazy, unpatriotic contradictions of capitalism"<sup>124</sup> The national efforts of wartime production, and the accentuation of notions of "national economic sovereignty" through the spread of Keynesianism had left their imprint. In the case of the British Communist Party such ideas were powerfully reinforced by the Cold War and the fact that the bulk of foreign investment in Britain came from the United States. Calls for the strengthening of "national economic independence" were not least inspired by the desire to fight against the new capitalist world power.<sup>125</sup>

As to the more general question of public industrial policy the British trade union Left's positions were ambiguous. Left leaders like Cousins (TGWU) were as sceptical as the Right concerning radical ideas of state planning. Cousins was very suspicious of the planning overtures by the Conservative Macmillan government in the early 1960s, and was for a long time opposed to TUC participation in the newly created "National Economic Development Councils". Post-war experience led left leaders to fear that the advance of government planning in industry would draw them into wage policy

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<sup>122</sup> Ibid. p. 395.

<sup>123</sup> Leaflet Ford branch of the Communist Party of Great Britain, [ 1962], in: Public Record Office, Labour and Employment Departments, LAB 10/2065.

<sup>124</sup> Report of Proceedings at the 93rd Annual Trades Union Congress, 4-8 September 1961, pp. 393/394.

<sup>125</sup> Cf. Henry Pelling, *America and the British Left. From Beveridge to Bevan*, Black, London 1956.

schemes, a price they were not prepared to pay under the rule of a Conservative government.<sup>126</sup>

Even with regard to public ownership, certainly cherished as a general value, some disillusionment had set in with the experiences in many nationalised industries in the 1950s. As Minkin has argued revisionism owed its success partly to the fact that “those in the unions who favoured a large-scale extension of public ownership did so with less conviction than those who opposed it”<sup>127</sup>. As far as Ford was concerned, calls for nationalisation also remained isolated during the years following the American take-over. In early 1963 the idea was voiced on a number of occasions by local Communist shop stewards in Dagenham<sup>128</sup>, but it was not taken up in the national debates.

Altogether, these elements prevented the Left from developing an alternative strategy to deal with international labour market integration at Ford UK. The only real challenge to the position of national trade union officialdom arose from local shopfloor struggles in Dagenham, which followed the American take-over between 1961 and 1963.

## 2. Shopfloor struggles against international productivity pressure

Already at the time of the American take-over in 1960 the attitude of tacit approval prevailing among national trade union officials had been at odds with the mixture of indifference and token protest in Dagenham. As a matter of fact, there had not even been agreement on the issues at stake. For national officialdom the significance of the Ford transaction was mainly related to its potential to stabilise and improve employment prospects through increased sales on European markets. Dagenham shop stewards were not concerned about such trading and investment issues but about the implications of American ownership for working conditions and union-management relations – questions that national officials had in turn ignored.

This basic difference of views was to remain over subsequent years. That Dagenham stewards between 1961 and 1963 were at times concerned about future employment prospects<sup>129</sup> was not the result of fears about the switching of capital from

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<sup>126</sup> Campbell/Fishman/McIlroy, *The Post-War Compromise*, pp. 76f., 79f.

<sup>127</sup> Minkin, *The Labour Party Conference*, p. 126.

<sup>128</sup> Cf. *Dagenham Post*, 6 February 1963, 20 March 1963.

<sup>129</sup> Minutes of Dagenham Assembly Plant JWC meeting, 15 May 1961, 14 July 1961, 14 November 1961, 11 January 1962, in: Archive AEEU Dagenham, file “JWC Minutes 1959-1966”.

Britain to Germany but of their immediate experience with fluctuating demand and short-time working. In the Dagenham assembly plant, for instance, leading shop stewards were committed to avoid a repetition of these events, operating a policy of extensive overtime and strict limitation of recruitment. The Communist plant convenor Halpin regularly complained about the company hiring too many new workers in Dagenham while curtailing the overtime "cushion" that was shielding workers against market fluctuation. Moreover, he repeatedly criticised Ford's expansion plans at Halewood, which would leave the Dagenham assembly plant with fewer different models and more vulnerable to employment fluctuations.<sup>130</sup>

The fears of shopfloor activists related to full US ownership of Ford UK focused on an expected drive for increased efficiency arising from "American high-pressure methods". In their view such an efficiency drive, assuming stagnant markets, would lead to redundancies at Dagenham. More importantly still, it would mean pressure on established working conditions, in particular on workloads, summarised by militant stewards in the notion of "speed-up". It would thus run counter emerging job control aspirations. The fear of an impending "Americanisation" of working practices, already expressed by the time of the take-over, was reiterated on many occasions in 1961 and 1962. A leaflet of the shop stewards committee from March 1962 warned of a "strong American blow" to Ford UK, with the successive replacement of British by US management, the introduction of "American production methods" and "tougher negotiations along US lines". The main accusation was that this would lead to "greatly intensified production". The stewards concluded that "to meet this American challenge we must put our own house in order", in particular by devising a uniform policy for "resistance against speed-up".<sup>131</sup>

There is wide agreement among scholars that the early 1960s were a key period in the development of shopfloor organisation at Ford, and it is also clear that the new pattern of militancy, expressed in an upsurge of strikes and overtime bans, centered around the issue of work standards<sup>132</sup> – which had been the central steward concern at the time of the American take-over. This strongly suggests – noted already by several

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<sup>130</sup> Cf. for instance: Minutes of Dagenham Assembly Plant JWC Meeting, 10 March 1961, 17 August 1961, 15 June 1962, 11 October 1962, in: *Ibid.*

<sup>131</sup> „Advance“, pamphlet of Ford Shop Stewards Committee, March 1962, in: Public Record Office, Labour and Employment Departments, LAB 10/2065.

<sup>132</sup> Cf. Tolliday, *Ford and Fordism*, pp. 89f.

authors<sup>133</sup> – that American control and internationalisation have been important factors contributing to the reinforcement of job control aspirations and a new conflictual outlook on the shopfloor in Dagenham.

Although the company immediately denied shop steward claims of “Americanisation”<sup>134</sup> there can be no doubt about the increasing influence from Detroit after the take-over in late 1960. Even management accounts stress the much more prominent role of “counselling” and plant visits by American management, also in the area of labour relations. Sander Meredeem, a former member of Ford UK’s labour management staff remembers Detroit pressuring the British subsidiary to take a “firm grip” on its labour problems, backed by the threat to withhold investment and even to send American managers to replace their British counterparts. Prodding from Detroit led Ford UK to appoint a director of labour relations for the first time in company history in January 1962.<sup>135</sup>

In addition, Detroit’s “guidance” proved also to be a major influence in how the company would handle potential troubles resulting from “speed-up”. Meredeem notes that by the middle of 1962 – as the shop stewards had feared - Ford was taking “a much tougher line” in the handling of its labour relations.<sup>136</sup> At the same time, a re-organisation of company structures was implemented “[...] to stimulate, particularly in manufacturing areas, a greater element of profit consciousness and competition”. This was deemed necessary against the background of an “increasingly competitive market and, in particular, the anticipated entry of Great Britain into the Common Market”.<sup>137</sup>

This last quote points to the need to consider the crucial relationship between the American take-over and the prospect of British membership in the Common Market when analysing the new pattern of shopfloor militancy at Ford. According to the account of a NUVB shop steward at Dagenham this militancy originated in spring 1961 when the company lectured stewards about the necessity of their co-operation in a special efficiency drive in anticipation of Britain’s entry into the Common market. At

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<sup>133</sup> Ibid. p. 91; Beynon, *Working for Ford*, p. 64; Friedman/Meredeem, *The Dynamics of Industrial Conflict*, pp. 32f.; these accounts put, however, more emphasis on “domestic” institutional factors such as Ford’s payment system and its continued ignorance to give shop stewards any negotiating rights, as used to be practice in other British car companies (cf. Tolliday, *Ford and Fordism*, pp. 88f.). Beynon (pp. 61f.), in particular, stresses the role played by militant activists.

<sup>134</sup> Dagenham Post, 28 March 1962.

<sup>135</sup> Friedman/Meredeem, *The Dynamics of Industrial Conflict*, p. 32

<sup>136</sup> Ibid. p. 33.

<sup>137</sup> Unsigned Memorandum, 21 February 1962, in: Public Record Office, Labour and Employment Departments, LAB 10/2065.

the same time international management exchanges increased. In the wake of the American take-over more and more British managers went to Detroit and Cologne, and "came back with ideas to speed up the job".<sup>138</sup> Ironically, the main thrust behind such management pressure does not appear to have come from European-wide co-ordination but rather from the heightened internal Anglo-German rivalry in producing a new middle-ranged car in the early 1960s. Detroit's support for the new German "Cardinal" project had led Ford UK's Chairman Hennessy to mobilise all of Dagenham's resources for the production of its "Archbishop" rival, which was expected to achieve greater success in European export markets.<sup>139</sup>

Militant Ford shop stewards discerned a complex relationship between American take-over, British EEC entry and European export markets. In a pamphlet entitled "What's wrong at Ford" they expressed the view that Ford's European export drive in anticipation of entry into the Common market was the background for a new "attack on trade unions".<sup>140</sup> The "attack", as they saw it, was the result of the company being forced to sell at low prices in Europe to get a foothold in Continental markets. "To achieve this they have to speed up or resist wage demands, or both". And the internationalisation of the company was perceived to offer new instruments for enforcing such pressure on workloads: "The unreasonable increase in work load has worsened since Ford USA bought out the British shareholders. It has led to methods of comparing working rates in Ford plants internationally – but not to improve living standards and working conditions. On the contrary, they want the plant with the highest rate of production to serve as a yardstick for all plants, using factories, not individuals, as pacemakers. The Cologne factory is being used for comparison with Dagenham. But speed-up is far worse there – so bad in fact that Germans are reluctant to work in the plant and much of the labour is Spanish, Italian and Greek. These people from low living-standard areas are brought in to do the job in conditions the German will not tolerate."<sup>141</sup>

The contrast between national officialdom and militant Dagenham stewards could not have been greater. Both – correctly – saw Ford UK's European export drive as the immediate effect of the American take-over, and both were also aware that the company

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<sup>138</sup> Stanton, *Inside the Ford defeat*, p. 13.

<sup>139</sup> Cf. Tolliday, *The origins of Ford of Europe*, pp. 33f.

<sup>140</sup> Joint Ford Shop Stewards Committee, "What's wrong at Ford's?", [1962], p. 2, in: MRC, MSS. 202/5/13.

<sup>141</sup> *Ibid.* p. 7.

was cutting prices and profit margins on European exports in order to secure a market foothold in anticipation of EEC entry. But while in the view of trade union officialdom this represented a "vigorous and sound long-term business policy"<sup>142</sup> it amounted to a "new attack on trade unions" for the shopfloor activists in Dagenham.

It should be noted, however, that the militancy triggered by international labour market integration remained patchy. It was concentrated in the new assembly plant, staffed partly by former Briggs workers permeated by older traditions of job control. Even within that plant opposition against "speed-up" and new work standards was mainly pushed forward by a hard core of left-wing activists and was never carried out collectively by all the shop stewards.<sup>143</sup>

This divisiveness facilitated the task of the "moderate" majority among Ford NJNC trade union officials who did nothing to support the case of the militant stewards. On the contrary, they actively discouraged aspirations of job control.<sup>144</sup> On numerous occasions shopfloor activists approached union officials with a view to devising a national agreement with Ford that would give stewards some negotiation rights on work standards. But their demands were never taken up.<sup>145</sup> Leading national officials voiced publicly their opposition against shopfloor militancy.<sup>146</sup> AEU president Carron accused shopfloor militants in the company bulletin as being driven by Communist ambitions to overthrow the liberal political system.<sup>147</sup>

As part of the national *rassemblement* most union leaders were anxious to cooperate in the efforts to increase industrial efficiency. At TUC Congresses many platform speakers spared no efforts to stress the need to enhance the competitiveness of British industry in export markets. In 1961, the TUC became one of the co-sponsors of the "Export Council for Europe", created to discuss obstacles to higher sales on the continent.<sup>148</sup> For the motor industry unions, the search for increased efficiency also included the acceptance of management control over work standards. According to Carron resistance against this principle was merely the result of insufficient

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<sup>142</sup> Notes of proceedings at a meeting of the Ford NJNC, 23 September 1963, p. 4, in: MRC, MSS. 126/TG/Sack 24/1.

<sup>143</sup> Cf. for different shop steward opinions for instance Dagenham Post, 3 October 1962.

<sup>144</sup> Cf. Beynon, Working for Ford, pp. 64f.

<sup>145</sup> Stanton, Inside the Ford defeat, p. 13.

<sup>146</sup> See for instance Dagenham Post, 25 April 1962.

<sup>147</sup> Cf. Beynon, Working for Ford, p. 65.

<sup>148</sup> Cf. Report of Proceedings at the 93rd Annual Trades Union Congress, 4-8 September 1961, p. 328.

communication efforts by management, which needed to be intensified to convince workforces.<sup>149</sup>

In the crisis talks with motor industry employers in 1961 the national union representatives did defend the role of shop stewards who in their majority were seen as preventing labour unrest rather than stirring up trouble. Union leaders accused management of unwittingly strengthening the case of radicals by conceding only under threat of industrial action, thus undermining the position of “moderates” in the plants. They also clearly refused to take on a role in “policing” industrial disputes themselves, a point strongly made by the few left-oriented officials such as Doughty (DATA).<sup>150</sup>

But the view clearly prevailed that labour needed to support efficiency drives, and that this included, above all, the avoidance of wildcat strikes. A joint employer-union declaration from April 1961 read that regardless of their causes workplace disputes needed to be settled without the disruption of production because “the structure of the industry is such that a relatively minor stoppage for any reason can seriously affect [...] the industry’s ability to compete in world markets.”<sup>151</sup>

At Ford, the new internationally-inspired “tough” company line was accepted by the unions in a joint statement signed in October 1962 as part of annual wage negotiations. The statement reiterated the aim of “harmonious and cordial relationships” on the shopfloor, and the unions explicitly acknowledged the company right to discipline employees who took unconstitutional action – provided they would not themselves be party to such measures.<sup>152</sup>

As Beynon has pointed out, the majority within the Ford NJNC was more than prepared to accept such consequences; “moderate” national officials welcomed them as an opportunity to deal a blow to the core group of left-wing Ford shop stewards, whom they perceived as a Communist-inspired circle determined to usurp the power so far vested in the NJNC.<sup>153</sup> During a government inquiry in 1957 national officials had shown their determination to take measures to control the “union within a union” at Dagenham but until 1962 they had been unable to do away with what Kealey from the TGWU described as an “embarrassing situation”, in which shop stewards “ [...] had got

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<sup>149</sup> Note on the Third Joint Meeting on Industrial Relations in the Motor industry, 20 March 1961, in: Public Record Office, Labour and Employment Departments, LAB 10/1602.

<sup>150</sup> Ibid.

<sup>151</sup> “Industrial Relations in the Motor Industry: Statement by employers and trade union representatives, 19 April 1961, in: Ibid.

<sup>152</sup> Friedman/Meredeen, *The Dynamics of Industrial Conflict*, p. 33.

<sup>153</sup> Cf. Beynon, *Working for Ford*, pp. 64f.

into the habit of trying to solve their problems” without official trade union involvement.<sup>154</sup>

To say that the majority of national union officials seized the opportunity of the new company strategy in their fight against shopfloor militancy does not invalidate their genuine concerns about employment security at Ford, and the British motor industry more generally. Moreover, there were clear limits beyond which right-wing union leaders were not prepared to go. It was out of question for the Ford NJNC union representatives to actively discipline shop stewards themselves – witness their insistence not to be part of company measures against unconstitutional action.<sup>155</sup> There can be no doubt, however, that in principle the right-wing majority in the NJNC welcomed the fact that internationalisation induced the company to take a harder line against shopfloor militants.

This harder line eventually came to a head just five days after the “joint declaration” had been signed. The company sacked a shop steward who had been one of the activists in contesting new work studies in the Dagenham assembly plant. After walkouts staged in solidarity with the steward, Ford used a redundancy for the dismissal of a further seventeen workers, among them a number of other shopfloor militants. The company made no secret of its intention to get rid of “notorious troublemakers” and to set a warning example for the future.<sup>156</sup>

What followed was a long debate within the NJNC and the Dagenham plant union organisations of whether to call an all-out strike for the re-instatement of the seventeen men, ending in the collapse of resistance in spring 1963. It turned out that victimised workers and stewards had neither unanimous backing from the shopfloor, nor the support of national trade union officials. Already the militant opposition against “speed-up” and new work standards had been patchy. In the event of the dismissals the pattern of internal division was reinforced. The assembly plant “[...] was the only one on the Dagenham estate to stop. Some stewards and a few members left the other plants, but that was all. The stewards’ committee was incapable of leading the 22 000 workers into a strike.”<sup>157</sup> No support was received from shop stewards in other British motor firms,

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<sup>154</sup> Ministry of Labour, Report of a Court of Inquiry into the causes and circumstances of a dispute between the Ford Motor Company Dagenham and members of the trade unions represented in the TU side of the FNJNC, April 1963, p. 43, in: MRC, MSS.202/5/13.

<sup>155</sup> Notes of proceedings at a meeting of the Ford NJNC, 12 October 1962, in: MRC, MSS. 126/TG/Sack 24/1.

<sup>156</sup> Cf. Beynon, Working for Ford, pp. 67f.

<sup>157</sup> Ibid. p. 70.

and even opinions in the Dagenham branch of the Communist Party were divided, with some of the leading Communist stewards remaining at work.<sup>158</sup> Perhaps this reflected a broader shift by the British CP towards strategies of influencing official union policies instead of supporting independent shopfloor militancy.<sup>159</sup>

The attitudes of the national officials on the NJNC during the events of 1962/1963 have been described as "confused and hesitant."<sup>160</sup> On the one hand, faced with a left-wing minority in the committee wholeheartedly supporting the demands for reinstatement, there was irritation about the harshness of the company approach, particularly because NJNC leaders had persuaded the strikers to go back to work on an alleged company assurance that no "victimisation" would take place. Irritation translated into a rhetoric of conflict, which caused a great deal of anxiety among other motor industry employers and the government.<sup>161</sup>

On the other hand, however, most national union leaderships showed little enthusiasm for strike action at Ford. The AEU Executive, for instance, made it clear that there would be no dispute without prior secret ballots, and also suggested further deliberations, co-opting Ministry of Labour officials. Eventually, after a conference of all concerned union executives strike action was deferred, pending the outcome of a government inquiry into the dismissal cases.<sup>162</sup> The inquiry was held in March 1963, and despite the fact that the dismissals were upheld the unions, encouraged by further vanishing support in the plants, decided to drop the demand for reinstatement. Thus, the first major conflict over internationally inspired changes of working conditions ended with a complete victory for the company. A sectionalist strategy based on job controls and industrial militancy had failed because of lacking official union approval and the inability of the strikers to secure a measure of company-wide support.

It is difficult to ascertain the extent to which the attitudes of trade union leaders were influenced by considerations related to Ford's new international business strategy. Significantly, the issue was raised in ministerial crisis meetings as a major point to justify the need for a government inquiry. There was agreement among senior ministers of the Conservative cabinet that Ford would be able to withstand a prolonged strike

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<sup>158</sup> Stanton, *Inside the Ford defeat*, pp. 15, 19.

<sup>159</sup> Cf. McLroy, *Notes on the Communist Party*, p. 233.

<sup>160</sup> Tolliday, *Ford and Fordism*, p. 89.

<sup>161</sup> Notes of Proceedings at an adjourned meeting of the Ford NJNC, 5 November 1962, in: MRC, MSS. 126/TG/Sack 24/1; Notes of meeting with Mr. Geoffrey Rootes, 7 November 1962, in: Public Record Office, Labour and Employment Departments, LAB 10/1759.

<sup>162</sup> *Financial Times*, 15 November 1962.

without the need for public intervention. However, this was seen as “[...] not necessarily helpful to the country since Ford was a world-wide organisation and able easily to alter the balance of their production in different centres. If, therefore, British production fell behind for labour reasons this might shift production from this country to e.g. Europe.”<sup>163</sup>

Given the general attitudes of NJNC union officials towards Ford's internationalisation such considerations may well also have played a role in trade union thinking. It was perhaps not by chance that the public investment boycott warning by Ford UK's Managing Director Barke in November 1962<sup>164</sup> almost coincided with the decision of national trade union executives not to proceed with a major industrial dispute in Dagenham.

### 3. The controversy about international trade union co-operation

If, as Zeitlin has suggested<sup>165</sup>, the success of job control strategies in British industry crucially depended upon the achievement of co-ordination reaching beyond individual locations then management victory over shopfloor militants in Ford's internationalised environment was at least facilitated by the absence of effective international trade union co-operation. It is arguable whether help from abroad would have prevented the “victimisation” of British activists when the latter could not even rely on mass support in Dagenham. One may also doubt whether international trade union contacts had provided any remedy with regard to the underlying issue of work standards. Nevertheless, the lack of foreign union support certainly put management in a stronger position.

This failure of co-ordination occurred despite occasional reflections on the need for international contacts among militants themselves. The perception of stronger influence from Detroit was interpreted as triggering the “need to contact our American brothers”.<sup>166</sup> Shop steward pamphlets explicitly argued that international comparison of work standards by Ford “[...] can only be stopped by establishing effective international contacts between all Ford workers to ensure that they are not used against each other. The slogan should be: An injury to one worker is an injury to all workers – British,

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<sup>163</sup> Notes of a meeting with Prime Minister about Ford, 12 February 1963, in: Public Record Office, Labour and Employment Departments, LAB 43/409.

<sup>164</sup> Dagenham Post, 14 November 1962.

<sup>165</sup> Cf. Zeitlin, From labour history to the history of industrial relations, pp. 171ff.

<sup>166</sup> Dagenham Post, 28 March 1962.

American or German." There were also reflections on the way the American UAW had resisted "speed-up" in the United States.<sup>167</sup>

To understand why such considerations remained without much practical relevance it is necessary to go back to the 1950s, and to examine the complex relationship between national and international trade union politics which emerged during that period. In fact, the first impulse to draw British unions at Ford closer into the international arena had come from the American "United Automobile Workers" (UAW). Since the early 1950s the UAW had become concerned about the rising investments of Ford and GM in Europe, which were increasingly seen as a danger to job security in the United States. Rightly or wrongly, it was believed that this process was motivated not least by the comparatively unfavourable wages and working conditions in Western Europe.<sup>168</sup>

In the international arena, the UAW adopted a twin-track strategy to counter these perceived threats. On the one hand, the union promoted the concept of "international fair labour standards", which it wanted to see monitored by international organisations such as GATT or ILO. On the other hand, direct contacts with European trade unions were sought with a view to improving wages and conditions particularly in the German and British Ford and GM subsidiaries.<sup>169</sup>

The latter initiative resulted in intensified contacts with European unionists in the automobile industry since the early 1950s. Next to bilateral contacts, the UAW proceeded through the International Metalworkers Federation (IMF), the international trade union secretariat covering the motor industry. It persuaded the European unions to create a separate IMF department for the automobile industry in 1950, and since 1953 its president Reuther called for the set-up of special international "company councils" for Ford and GM, in which American and European unionists from both companies would co-ordinate their national bargaining strategies. Already the first meetings made it apparent that the UAW initiative was more than just an incentive for European unions to raise wages and conditions. The American representatives openly questioned bargaining structures in Europe by urging their counterparts in Germany and Britain to create separate negotiation channels for the automobile industry.<sup>170</sup>

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<sup>167</sup> Joint Ford Shop Stewards Committee, "What's wrong at Ford's?", [1962], pp. 7/8, in: MRC, MSS. 202/ 5/13.

<sup>168</sup> Cf. Kassalow, *The International Metalworkers Federation*, pp. 43-48.

<sup>169</sup> *Ibid.* pp. 63, 68.

<sup>170</sup> *Ibid.* p. 122.

These initiatives had an important impact on trade union policy at Ford UK. For one thing they encouraged British union interest in bargaining procedures and outcomes in the United States, for instance with regard to redundancy payments or the UAW campaign for a guaranteed annual wage scheme. Frustrated by persistent management refusal to accept earnings comparisons with the British-owned motor firms in the Midlands NJNC union officials repeatedly pointed to superior conditions in the US to underpin their wages and conditions claims – although such transatlantic references remained rare and ephemeral.<sup>171</sup>

More importantly, the UAW manoeuvres raised fundamental issues of internal British trade union organisation and politics. The prospect of American support for bargaining in the UK attracted left-wing militants at Ford UK, hoping that this assistance could provide help for their job control aspirations. On several occasions Dagenham militants approached UAW officials or local American trade unionists to ask for information about American developments and for support of shop stewards conferences.<sup>172</sup> Regardless of whether these expectations were in any way justified<sup>173</sup> there can be no doubt that the UAW deliberately attempted to display a “progressive” image to woo left-oriented trade union currents in the European motor industry – with the long-term aim to deflect them from Communist approaches and, more concretely, from the international co-ordination attempts undertaken by the Communist “World Federation of Trade Unions” (WFTU). Pointing to the participation of British Ford activists in WFTU meetings UAW leaders exhorted their counterparts in the UK to use international co-operation as an active instrument to contain communist influence.<sup>174</sup>

While the anti-communist stance of British union leaders like Carron leaves no doubt that they shared these UAW concerns they nevertheless insisted on placing strict limits on international contacts. Even if perhaps neutralising the WFTU internationally

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<sup>171</sup> Cf. for instance: Notes of Proceedings at a meeting of the Ford NJNC, 16 May 1955, 16 July 1956, 5 December 1956 in: MRC, MSS. 126/TG/Sack 23/2.

<sup>172</sup> Cf. for instance Letter Sid Harraway, Chariman Ford shop stewards committee, to Victor Reuther, UAW International Department, March 1960, in: Archives of Labor and Urban Affairs, Detroit, UAW International Affairs Department, Victor Reuther and Lewis Carliner Files 1955-1962, Box 95-18.

<sup>173</sup> For the UAW's own domestic approach to job control issues see Steven Tolliday/Jonathan Zeitlin, “Shop-Floor Bargaining, Contract Unionism and Job Control: An Anglo-American Comparison”, in: *ids.* (eds.), *The Automobile industry and its Workers. Between Fordism and Flexibility*, Basil Blackwell, Oxford 1986, pp. 99-120; Nelson Liechtenstein, “Reutherism on the Shop Floor: Union Strategy and Shop Floor Conflict in the USA 1946-70”, in: *ibid.*, pp. 121-143.

<sup>174</sup> Letter Charles Levinson, IMF, to Victor Reuther, UAW Internatinal Department, 27 April 1956, in: Archives of Labor and Urban Affairs Detroit, UAW International Affairs Department, Nat Weinberg Collection, Part 2, Box 56-18.

the impact of the UAW advances in Britain appeared rather as encouraging the case of left-wing militants.

Moreover, a further, still more far-reaching danger was becoming apparent, namely that international exchanges gave a boost to attempts to form a break-away union for the motor industry in the UK. Pressure by the UAW on British unions for the change of collective bargaining structures towards separate negotiations for the car industry fuelled such fears.<sup>175</sup> Among many shopfloor activists industrial unionism along the UAW model enjoyed high prestige, further reinforced by frustration with official union policy in the UK. Indeed, when modest and short-lived local initiatives to form a separate trade union for the motor industry emerged in Dagenham in 1957 the UAW model was explicitly mentioned as a pattern that should be imitated in Britain.<sup>176</sup> One Dagenham body plant shop steward even directly approached the UAW leadership, complaining about AEU and TGWU policy and elaborating that “[...] it has now become common talk throughout the plant that things will cease to run smoothly until such time as they are represented by a single union for the motor industry such as you are fortunate enough to enjoy in the US [...] What I would like to know is if it would be possible to start a British branch of your union [...] If it could be done I am certain that it would be excellently supported”<sup>177</sup>

These initiatives clearly went beyond what was acceptable to the national leaderships of British trade unions, and were also rebuked by UAW leaders who emphasised the need for Ford UK shop stewards to solve their problems “within your own family”<sup>178</sup> There was Anglo-American leadership agreement that international co-ordination should not lead to break-away movements in any country.

Nevertheless similar debates re-surfaced in the early 1960s. The UAW leadership, disappointed with the limited success of its campaign for international labour standards, but still worried about wage differentials between America and Europe, intensified efforts for direct union co-operation. At the IMF auto department meeting in November 1960 discussions about how to improve shopfloor bargaining of European trade unions were again on the agenda, and British delegates, while generally welcoming international contacts, once more warned that such moves ought not to strengthen

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<sup>175</sup> Letter Charles Levinson, IMF, to Jack Conway, UAW, 16 January 1956, in: *Ibid.*

<sup>176</sup> Dagenham Post, 5 June 1957.

<sup>177</sup> Letter J.R. Cross to Jack Conway, UAW, 12 March 1959, in: Archives of Labor and Urban Affairs Detroit, UAW International Affairs Department, Victor Reuther and Lewis Carliner Files 1955-1962, Box 95-3.

<sup>178</sup> Letter Victor Reuther, UAW to J.R. Cross, 17 April 1959, in: *ibid.*

unofficial shop stewards committees or other "troublemakers" at Ford who were "attempting to usurp the policy-making functions of the unions."<sup>179</sup>

Next to this anti-communist position there was again the fear that UAW contacts would encourage movements for an automobile trade union in the UK. By the early 1960s right-wing AEU leaders had come to regard UAW organisation structures as a model to emulate but their view of industrial unionism was a projection of their own union covering all the engineering industry - not a break-away of its motor industry membership.<sup>180</sup> The other major British unions were opposed to any idea of industrial unionism.<sup>181</sup>

Fears were reinforced by the continuing approaches of UAW officials by Dagenham shop stewards with requests for information material or messages of support for shop stewards conferences in the UK.<sup>182</sup> Moreover, there were also increasingly direct shopfloor contacts between Dagenham stewards and the local UAW branch in the Detroit River Rouge plant, which were further stimulated by the dismissals of Dagenham activists in the autumn of 1962. Victor Reuther, Head of the UAW International department, wrote to Carron in April 1963 that Anglo-American shopfloor contacts had triggered intense discussions about the Dagenham events in the River Rouge plant: "I suspect that some of this interest has come from some not too reliable sources in Dagenham who have found a way of shipping some of their literature directly to a highly select group of individuals inside our Ford organisation."<sup>183</sup>

It soon became clear that stretching internationalism beyond established channels of communication between national union centres would bring Dagenham militants into open conflict with trade union officialdom both in Britain and the United States. If the promotion of international contacts involved the danger of encouraging Communist or other opposition movements to the authority of trade union leaderships then Walter Reuther, president of the UAW, knew his priorities. As a matter of fact, the UAW leadership had itself come under stronger pressure of shopfloor discontent from the

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<sup>179</sup> International Metalworkers Federation, Automotive Department, Summary of Proceedings, 4<sup>th</sup> International Automotive Conference, 28-30 November 1960, pp. 26, 31, in: *Ibid.*, Box 118-5; cf. Kassalow, *The International Metalworkers Federation*, pp. 148/149.

<sup>180</sup> Richter, *Political Purpose*, pp. 87, 89; *Financial Times*, 9 June 1964.

<sup>181</sup> Cf. Robert Taylor, "What are we here for? George Woodcock and Trade Union Reform", in: *McIlroy/Fishman/Campbell, The High Tide of Trade Unionism*, pp. 187-215, here: pp. 198ff.

<sup>182</sup> Letter William Carron, AEU, to Ken Bannon, Director UAW Ford Department, 5 April 1962, in: *Archives of Labor and Urban Affairs Detroit, UAW International Affairs Department, Victor Reuther and Lewis Carliner Files 1955-1962, Box 95-18.*

<sup>183</sup> Letter Victor Reuther to William Carron, AEU, 10 April 1963, in: *Ibid.*, *Victor Reuther and Lewis Carliner Files 1962-68, Box 35-6.*

mid-1950s onwards. The local branch in the River Rouge plant had developed into one of the centres of opposition to Reuther.<sup>184</sup> In this situation AEU president Carron could be sure that the UAW leaders would refrain from anything that endangered their own positions: "Whilst I know you would desire very much to assist those who are endeavouring to obtain better standards in their own interest as workers and also because of the principle of fair wages standards, I am equally certain that you would not wish to enhance the prestige of subversives, especially at the expense of the properly established union machinery."<sup>185</sup>

The proof came in the spring 1963: When militants of the local UAW branch in the River Rouge plant offered financial assistance to Dagenham stewards in order to organise a separate union of automobile workers AEU and UAW leaders, after some hectic and confidential co-ordination<sup>186</sup>, reacted in a concerted manner: Reuther threatened to put an injunction on the Detroit workers while Carron in the UK made moves to expel all AEU members involved in the negotiations.<sup>187</sup>

Contemporaries generally claim that local initiatives for industrial unionism lacked serious intention, and that they mainly reflected the dissatisfaction of a layer of militants with the domestic trade union situation in the UK. According to this perspective, AEU leaders merely used the incident as a convenient excuse for not having to back shopfloor resistance against the dismissal of militants in Dagenham.<sup>188</sup> On the one hand, this view can be supported with the rather unfavourable remarks on American working conditions and trade union structures voiced on other occasions by Ford shop stewards in Britain. Already at the time of the take-over in 1960 the "friendly" Dagenham atmosphere had been compared to the "hard and rigid" conditions in the United States. References to the UAW had always included an implicit disapproval of the strong leadership control over shop stewards prevailing in Walter Reuthers' union. On the other hand, the recurrence of break-away movements in Dagenham again in late 1964 suggests that the idea to create a car workers union that could rely on some transatlantic support was a rather serious endeavour in this period.<sup>189</sup>

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<sup>184</sup> Cf. Liechtenstein, *Reutherism on the Shop Floor*, pp. 129ff.

<sup>185</sup> Letter William Carron, AEU to Ken Bannon, Director UAW Ford Department, 5 April 1962, in: Archives of Labor and Urban Affairs Detroit, UAW International Affairs Department, Victor Reuther and Lewis Carliner Files 1955-1962, Box 95-18.

<sup>186</sup> Letter Victor Reuther to William Carron, AEU, 10 April 1963, in: *Ibid.*, Victor Reuther and Lewis Carliner Files 1962-68, Box 35-6.

<sup>187</sup> John Mathews, *Ford strike. The workers' story*, Panther, London 1972, pp. 41/42.

<sup>188</sup> Interview with Bernie Passingham, former convenor, Ford Dagenham.

<sup>189</sup> Cf. *Dagenham Post*, 2 December 1964.

Be that as it may the whole affair clearly left a negative legacy for the prospects of international trade union co-operation at Ford: In the aftermath of the 1963 incident, initiatives to increase shopfloor contacts with motor industry unionists abroad were blocked. In the TGWU, for example, the national officer Kealey argued strongly against requests to develop new international links in 1964, claiming that co-operation already took place under the auspices of the IMF.<sup>190</sup> UAW reports noted with concern that shopfloor representatives in the UK were not even kept informed about international developments.<sup>191</sup>

Within the IMF itself the anxiety of British union leaders came to the fore during the International Motor Industry Conference in November 1964 when the old UAW suggestion of setting up international company councils at Ford and GM was again discussed. British unions, next to the German *IG Metall*, turned out to be the most sceptical about Reuther's idea.<sup>192</sup> And, apart from practical problems like finance their crucial concern again related to fears of break-away movements by car workers at the national level, which could feel encouraged by such international developments. Public rumours in early 1964 that Reuther was thinking about the creation of a global automobile trade union<sup>193</sup> probably fuelled suspicions, although the UAW leadership instantly denied such press reports.<sup>194</sup> In any case, the British delegates at the car conference eventually accepted the launch of the company councils only after the UAW representatives had repeatedly emphasised that the councils were "[...] not intended to tamper with the trade union structure in any country" and that "[...] there was no reason to fear that this development would be divisive."<sup>195</sup>

Quite apart from this resistance by national union officials in the UK and elsewhere that precluded international co-ordination of collective bargaining, it is arguable whether independent cross-border shopfloor initiatives would have been able to achieve tangible results. No doubt, some American union pressure on Ford's

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<sup>190</sup> Report of proceedings at the national advisory conference for the car industry, 28 May 1964, p. 5, in: MRC, MSS. 126/TG/3, Sack 33/2.

<sup>191</sup> Memo Lewis Carliner to Irving Bluestone, 9 December 1964, in: Archives of Labor and Urban Affairs Detroit, UAW International Affairs Department, Victor Reuther and Lewis Carliner Files 1962-68, Box 53-7.

<sup>192</sup> Cf. Kassalow, *The International Metalworkers Federation*, pp. 161ff.

<sup>193</sup> „Reuther maps global union“, *New York Times*, 15 February 1964.

<sup>194</sup> Letter Nat Weinberg, UAW to Werner Thonessen, *IG Metall*, 18 February 1964, in: Archives of Labor and Urban Affairs Detroit, UAW International Affairs Department, Nat Weinberg Collection, Part 2, Box 53-34.

<sup>195</sup> Memo Lewis Carliner to Irving Bluestone, 9 December 1964, in: *Ibid.*, Victor Reuther and Lewis Carliner Files, 1962-1968, Box 53-7.

international management would have proven beneficial for the case of the seventeen dismissed militants. But with regard to the more general underlying issues potential for action seemed limited. It is questionable whether international support would have sufficed to sustain shopfloor mobilisation on issues such as work standards given the divisions at local level in Dagenham. In any case, shop stewards had confined their international contacts to the United States while the main international comparison of work standards had been related to the German plant in Cologne. They do not seem to have tried to establish permanent contacts with their counterparts in Germany - despite the fact that the major organisation drive *IG Metall* launched at Cologne precisely between 1961 and 1964 included a strong focus on issues such as workloads and line speeds.<sup>196</sup>

All these elements taken together made it impossible to achieve any results with regard to international union co-operation at Ford in the early 1960s.

#### ***IV. Continuity and roots of future change (1964-1966)***

The configuration of British trade union policy so far depicted in this chapter was to continue, in its basic parameters, until 1966. It was, clearly, a process of continuity in change, and some of the mutations that appeared during the mid-1960s were to have important consequences for later developments.

To begin with, trade union views of the early 1960s about the future prospects for the British motor industry had turned out to be over-optimistic. In contrast to the continuing growth in continental Europe, output levels in the UK stagnated in the mid-1960s. Incomes in Britain grew more slowly than in Common Market countries, and domestic demand was further restricted by government measures of deflation.<sup>197</sup> In export markets, the veto of British EEC entry by General de Gaulle in 1963 reduced prospects in Europe while sales in the Commonwealth, although recovering after the crisis of 1961/62, hardly surpassed the level achieved in 1955. A slight increase of sales in EFTA countries in 1964 and 1965 did not compensate for these trends.<sup>198</sup>

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<sup>196</sup> See Klaus-Peter Wittemann, *Ford-Aktion. Zum Verhältnis von Industriesoziologie und IG Metall in den sechziger Jahren*, Schüren, Marburg 1994.

<sup>197</sup> Church, *The rise and decline*, p. 49; Dunnett, *The Decline of the British Motor Industry*, p. 92.

<sup>198</sup> Cf. Whisler, *The British Motor Industry*, pp. 312, 317.

These developments also affected Ford of Britain. The labour force slightly decreased between 1964 and 1966, and there were repeated instances of short-time working.<sup>199</sup> More importantly, trade union expectations to draw benefits from American control through a boost of exports to Europe slowly withered away. The French veto to British EEC entry compromised the timetable of Ford's international organisation, which had hoped to "buy market share" on the continent in anticipation of British EEC entry at an early date. Despite an assurance by Henry Ford II in summer 1963 that European export prospects of Ford UK would not be affected by the French veto, planning at Ford International shifted ground with the realisation that a simple continuation of present strategy would incur severe cost penalties. Between 1963 and 1966 Ford UK sales in EEC displayed a downward trend instead of the upsurge that had been hoped for.<sup>200</sup>

Moreover, at a highly unfortunate time for the UK, Ford International had to proceed with longer-term plans for capacity expansion in Europe. With the UK domestic market growing more slowly British expansion depended mainly on European export sales, however given the continued tariff wall this was hard to justify. The alternative idea of assembling UK cars in an EEC branch plant was ruled out, partly because of the indecisiveness of British management, partly because of resistance by Ford of Germany. In the end, the German organisation was authorised to double the capacity of its Genk plant, and to proceed with the construction of an additional assembly plant in Saarlouis. Even if there was a planning assumption for the UK that a further body and assembly plant would be needed by 1970, the overall and longer-term direction of change in the mid-1960s was impossible to overlook. As Tolliday has put it: "By obtaining the dominant share of Ford's European capacity, Ford Germany, with its three plants was poised to take advantage of EEC growth."<sup>201</sup> Trade union expectations that the privileged position of Ford UK within the international company network would place it in a favourable position to capture markets on the continent had been disappointed – despite the fact that Ford's export performance still exceeded by far that of British-owned companies such as Rootes or BMC.<sup>202</sup>

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<sup>199</sup> Cf. Dagenham Post, 30 September 1964, 25 August 1965.

<sup>200</sup> Cf. Tolliday, *The origins of Ford of Europe*, p. 184; id., *Ford of Britain: Statistical Appendix*, p. 139.

<sup>201</sup> Tolliday, *The rise of Ford of Britain*, p. 43.

<sup>202</sup> Hodges, *Multinational Corporations and National Government*, p. 201; *Financial Times*, 18 October 1965.

These developments did not fail to affect trade union thinking. A new CSEU document, adopted in early 1964, displayed a clear shift of opinion: Although reiterating the dependence of the motor industry on European export markets and stressing the positive impact of anticipated EEC entry in boosting sales, it predicted increasing difficulties for EEC exports, and, in the longer term “added impetus to set up factories on the continent to the detriment of British workers.”<sup>203</sup> In contrast to the early 1960s, the CSEU unions now also struck a more pessimistic note in assessing benefits and risks of an integrated European car market. While continuing to perceive exclusion from EEC exports as a major loss the document speculated that the French veto had perhaps helped British firms to retain their home market shares, which otherwise might have suffered from cheap EEC imports. Higher appreciation of the import risk also led to a more positive evaluation of EFTA. Since none of the EFTA countries had a large motor industry, British firms had “much more to gain from EFTA exports than to loose from imports from this area.”<sup>204</sup> The shift towards a more cautious and sceptical view of international market integration was mirrored in criticism by a minority of officials who favoured the continuation of the approach of the early 1960s, perceiving the new document as containing “[...] too many ifs and buts, too many qualifications and certain contradictions”.<sup>205</sup>

By the mid-1960s it was equally impossible to overlook a shift of opinion with regard to foreign, and in particular American, investment in the UK. There were repeated public debates about the risks implied by foreign investments to the British economy. In particular, the request by Chrysler to purchase a minority share of Rootes in June 1964 entailed a great deal of public anxiety.<sup>206</sup> Ford’s policy was attacked on several occasions in the House of Commons. In April 1964 deputies questioned Ford’s move to integrated tractor production involving manufacture in Belgium as breaching the 1960 assurance to source nearly 100 percent of components in the UK.<sup>207</sup> In autumn 1965 Detroit was accused of restricting Ford UK exports to North America. Dagenham’s Labour MP urged the government to inquire into Ford’s cross-border

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<sup>203</sup> CSEU, “Second draft observation on the effects on the industry of Britain’s exclusion from the European Common Market” [January 1964], pp. 11, 14. in: MRC, MSS. 292 B 617/1.

<sup>204</sup> *Ibid.* pp. 5/6.

<sup>205</sup> Report of the CSEU Sub-Committee Meeting, 8 January 1964, in: MRC, MSS.44.TEN.4/13.

<sup>206</sup> Cf. Wilks, *Industrial Policy and the Motor Industry*, pp. 89f.

<sup>207</sup> House of Commons, *Parliamentary debates, Fifth Series*, vol. 692, col. 1170f.

rationalisation plans, arguing that “[...] we can not allow such an important industry to be in foreign hands and not run in the national interest”.<sup>208</sup>

Such calls for more state and/or British control over multinational firms seemed to resonate with the change of government that had taken place. The Labour Party had won the elections in the summer of 1964, with a manifesto proclaiming that the British economy could no longer be left to itself. The manifesto addressed with new vigour what the new Prime Minister Wilson had once identified as the “vacuum in Socialist thought”, namely the relationship between private industry and government. This was most explicitly expressed in the “National Plan” of 1965.<sup>209</sup> It did not seem impossible that the new approach would also have implications for government attitudes towards foreign investors. Although the election manifesto remained silent on this issue, Wilson himself had publicly criticised government permission for the purchase of Rootes shares by Chrysler in the election campaign, requesting a public inquiry into the affair.<sup>210</sup>

Trade union discourses reflected these shifts. At the 1964 TUC Congress, for instance, a motion deploring the “infiltration of foreign capital for the purpose of acquiring control of key sectors” of British industry was adopted without great debate and without attempts by the General Council to alter the content of the motions.<sup>211</sup> This change compared to the early 1960s was confirmed in the subsequent year. Again, a critical motion to practices of “foreign companies” was approved by an overwhelming majority of delegates.<sup>212</sup>

At Ford, in parallel, there were increasing signs of a new militancy on the shopfloor after the defeat of Dagenham activists in early 1962/3, particularly in the company’s new plant at Halewood on Merseyside. By 1964 a relatively strong shop stewards organisation had emerged there, and a number of determined militant stewards increasingly challenged management on issues such as line speed and manning levels. Union recruitment advanced rapidly, with the TGWU clearly being the dominant force. In contrast to Dagenham, shopfloor leaders at Halewood were in close contact with the local union officers, and – as a lesson from the 1962 defeat - actively sought to enhance their positions within the regional and national union organisation instead of building up

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<sup>208</sup> *Ibid.*, vol. 720, cols. 86f.

<sup>209</sup> Cf. Middlemas, *Power, Threats to the postwar settlement*, pp. 94/95.

<sup>210</sup> Cf. Wilks, *Industrial Policy and the Motor Industry*, p. 89; *Financial Times*, 9 June 1964.

<sup>211</sup> Report of 96<sup>th</sup> Annual Trades Union Congress, 7-11 September 1964, p. 491.

<sup>212</sup> *Financial Times*, 7 September 1965.

parallel structures.<sup>213</sup> At Dagenham, too, signs of unrest were discernible. In February 1966, TGWU and NUVB – for the first time in the history of Ford UK – declared a wild-cat walkout of a group of workers official. The company was forced to refer the issue to an official government investigation that ended with a compromise. Shortly afterwards, other groups of workers used the precedent to put in leap-frogging claims, eventually obliging the company to embark on a major review of the entire wage structure in 1966.<sup>214</sup>

The level of industrial conflict at Ford, while increasing, was low compared to the overall motor industry pattern - a situation that by the mid-1960s led to ever greater agitation in the national media that the government should take countervailing action. One response of the Wilson government, in February 1965, was the appointment of a Royal Commission, to be chaired by Lord Donovan, to look into the whole state of British industrial relations. A few months later, given the critical situation in the motor industry, the Prime Minister himself called motor employers and trade unions for tripartite talks to Downing Street.<sup>215</sup>

These initiatives foreshadowed the opening of another fundamental question of international labour market integration as government ministers and employers now discussed the idea that – in return for management acceptance of the closed shop – trade unions should discipline unofficial strikers by expulsion either from membership or from working in the motor industry. These sanctions should be backed up by legislation. International comparison clearly provided an important background for these proposals. The thrust behind arguments for legal restriction of strikes stemmed partly from the view that British industry needed to adapt to the “more successful” industrial relations systems of other countries to restore its international competitive position. In the motor industry talks employer representatives explicitly pointed to American industrial relations as the example British industry needed to follow.<sup>216</sup>

The leaders of the motor industry unions unanimously rejected this vision. Their right-wing majority certainly favoured mechanisms that would give them a stronger hold over the shopfloor but they were opposed to a legal approach and, moreover, they were coming under pressure from a strengthened Left within the unions. Even notorious

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<sup>213</sup> Cf. Tolliday, *Ford and Fordism*, pp. 90/91.

<sup>214</sup> Cf. Friedman/Meredeen, *The dynamics of industrial conflict*, pp. 41 ff.

<sup>215</sup> *Ibid.* p. 31.

<sup>216</sup> Note of a meeting, 6 May 1965, in: Public Record Office, Labour and Employment Department, LAB 10/2468.

opponents of shopfloor militancy like Carron reasoned that legal sanctions against unofficial strikers as practiced in many countries abroad would not be acceptable within the British union movement, nor could they be effective in the context of the UK motor industry.<sup>217</sup> They also – correctly – pointed to the high level of industrial disputes in the United States, although this to some extent neglected the qualitative difference between the large and often long but predictable contract renewal strikes of American unions and the prevailing pattern of unofficial disputes in Britain, which were erratic and undermined the delivery reliability of British firms particularly in overseas markets.<sup>218</sup> In any case, union representatives felt deep concern that employers increasingly questioned the voluntarist base of the “postwar compromise”.

Overall, these were significant new developments, which – in the longer-term – would have an important impact on British trade union policy at Ford. However, for the time being they were superimposed by a dominant pattern of continuity in union policy towards international labour market integration. This continuity resulted, on the one hand, from the persistence of attitudes of the early 1960s and, on the other, from a basic uncertainty about how far-reaching and durable economic and political changes would be.

As far as national union leaderships were concerned their slightly more sceptical assessment of international market integration has to be seen in perspective. While the export-import balance of trade with EEC and EFTA countries was judged somewhat more cautiously, the CSEU unions nevertheless regarded the industry’s export offensive to Europe as a success and the only alternative capable of maintaining and increasing output. Despite Britain’s failed entry into the EEC optimism continued to prevail with regard to the future prospects of the industry.<sup>219</sup>

On a more general level this optimism was grounded in the euphoria of the early period of the new Labour government under Harold Wilson who had re-united the Labour party under the banner of the “white heat of technology”, promising an active industrial policy to modernise the economy. The trade unions’ participation in this endeavour was symbolised by the appointment of Frank Cousins, General Secretary of the TGWU, as new Minister of Technology.<sup>220</sup>

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<sup>217</sup> Motor Car Talks, note 27 September 1965, in: *Ibid.*, LAB 43/440.

<sup>218</sup> Phelps Brown, *The Origins of Trade Union Power*, p. 172.

<sup>219</sup> CSEU, “Second draft observation on the effects on the industry of Britain’s exclusion from the European Common Market” [January 1964], in: MRC, MSS. 292 B/617/1.

<sup>220</sup> Cf. Middlemas, *Power, Threats to the postwar settlement*, pp. 94/95.

Multinational firms like Ford still appeared to be white hopes in such a strategy. Although their role was not specifically mentioned in the new "National Plan", their presence was perceived to be beneficial in the light of the broad macroeconomic objectives of the government. Given their track record in terms of exports, technology and resource utilisation it was expected that Ford and other US-owned companies would significantly contribute to the modernisation of industry. The CSEU motor industry paper noted, for instance, that the other British motor firms ought to follow "Ford's example of aggressive pricing and selling" in European export markets.<sup>221</sup> As the "National Plan" would bring faster and steadier expansion of domestic growth Ford and other multinationals would also be induced to invest in new and modernised capacity.<sup>222</sup>

From this analysis it follows that the shift of trade union opinion towards a more critical assessment of multinational firms in the mid-1960s mainly remained on the level of general Congress resolutions. When it came to concrete cases continuity of the approach of the early 1960s prevailed. This pattern came to be expressed most clearly during the Chrysler-Rootes episode in June 1964. As at the time of the Ford take-over the TUC made no representations to the government, despite local protests by Rootes shop stewards. In the TUC Economic department it was noted that the Chrysler bid would yield beneficial effects and represented an "inevitable" development since scale economies in manufacturing were pushing up production volumes; favouring the creation of larger companies.<sup>223</sup> The benefits expected from international business integration closely resembled the Ford case in 1960: Compared to the British-owned motor firms Chrysler was seen as superior in providing necessary capital investments for modernisation and expansion, and it was hoped that Rootes' weak European export performance would be enhanced through the access to Chrysler's sales and servicing network on the continent.<sup>224</sup> Risks of American control were seen as comparable to British-owned firms: "To some extent, foreign investment can represent a threat because the foreign owner can shut down the plant. But this can happen without foreign ownership and does not from experience seem more likely."<sup>225</sup>

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<sup>221</sup> CSEU, "Second draft observation on the effects on the industry of Britain's exclusion from the European Common Market" [January 1964], p. 8, in: MRC, MSS. 292 B/617/1.

<sup>222</sup> Hodges, *Multinational Corporations and National Government*, p. 62.

<sup>223</sup> Inter-departmental memo, D. Lea to R. Mukherjee, 9 June 1964, in: MRC, MSS. 292 B/617/1.

<sup>224</sup> *Ibid.*

<sup>225</sup> Letter TUC Research Department to Brighton, Hove and District Trades Council, 23 June 1964.  
*Ibid.*



If the majority of national union officialdom in the motor industry continued to adhere to an optimistic view of international labour market integration shopfloor attitudes in the mid-1960s were characterised by a complete absence of concern for international issues. When in the pre-election period of 1964 the Dagenham Labour Party tried to launch a debate about the "Americanisation" of Ford UK the local trades council blocked the move on the grounds that there was "[...] a complete lack of interest of Ford workers themselves."<sup>226</sup> In the autumn of 1965, in a situation of short-time work at Dagenham, shop stewards raised suspicions about export market restrictions imposed by Detroit. But as soon as workers returned to normal hours the issue was dropped, and company assurances that no corporate policy prevented Ford UK from selling overseas were accepted. For the company it was easy to point out that its export performance was far better than that of Rootes or BMC, and still included some shipments to the North American market.<sup>227</sup> It should also be noted that the international sourcing decisions taken by Ford in the mid-1960s were related to expansion of capacity – which proved to be of little interest from the localist perspective of shopfloor representatives.

The emerging new shopfloor militancy, in contrast to the early 1960s, was not primarily a defence against sophisticated management strategies. As Tolliday and Friedmann/Meredeen have emphasised, the agenda-setting was no longer in the hands of company strategists of labour relations but came under the pressure of nascent shopfloor bargaining, which developed as an emulation of the example set in other British motor firms.<sup>228</sup>

That British trade union policy did not depart radically from the pattern of the early 1960s was also due to the still somewhat "pending" character of economic and political change. While it was true that British exclusion from EEC membership clouded the prospects of Ford UK and the other motor firms, it was uncertain how long the French veto would last – although most contemporary assessments were usually rather on the side of scepticism. There was also the possibility for rapprochement between EEC and EFTA, and for general tariff reductions under the GATT regime.<sup>229</sup>

While it was undeniable that Ford had shifted the balance of its European operations decisively in favour of the German subsidiary the company had also held out

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<sup>226</sup> Dagenham Post, 10 June 1964.

<sup>227</sup> Financial Times, 3 September 1965, Dagenham Post, 3 November 1965.

<sup>228</sup> Tolliday, *Ford and Fordism*, p. 96; Friedmann/Meredeen, *The Dynamics of industrial conflict*, pp. 73ff.

<sup>229</sup> See for the assessments within Ford of Europe Tolliday, *The Origins of Ford of Europe*, p. 184.

the prospect for a third body and assembly complex in Britain. A planning assumption by Ford International foresaw its establishment by the year 1970. Press reports suggested that Ford had not abandoned but only postponed expansion in Britain, waiting for the next two or three years to gain a clearer picture of market developments and the political situation in the EEC.<sup>230</sup>

Finally, while 1965 had indeed witnessed the questioning of the voluntarist "post-war compromise" by employers and government ministers, inspired not least by international comparison, no legislative decisions had yet been made, and the Donovan Commission had just started its work. Motor industry employers had accepted a union counter-proposal for the set-up of a tripartite body to review industrial relations developments in the industry and inquire into particular instances of dispute.<sup>231</sup> This was very much in line with previous approaches, and by 1966 no clear direction was visible as to where the impending reform of British industrial relations might lead.

#### *V. Conclusion*

This chapter took its point of departure in the decision by the Ford Motor Company in Detroit to acquire full ownership and control of its British subsidiary in November 1960, which for the first time raised fundamental issues of international labour market integration. The chapter revealed a deep split in trade union reactions: At the national level union leaders were mainly concerned with the potential implications of the take-over for future employment security in Ford's UK plants, and with the question of government intervention. Contrary to widespread public fears about the diversion of capital and jobs to Germany and the United States the right-wing majority among them was of the optimistic view that full American control would accelerate expansion and help to increase British exports to the high-growth markets on the European continent. This view was confirmed in a national union debate on the motor industry in 1961-63 and persisted, albeit in a somewhat more ambiguous form, until the mid-1960s. It was acknowledged that a shift towards business internationalisation following the take-over could also be to Britain's disadvantage. However, notwithstanding clear signs of decline in the British motor industry and of Ford UK's

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<sup>230</sup> Financial Times, 3 September 1965.

<sup>231</sup> Cf. Friedman/Meredeen, *The Dynamics of industrial conflict*, p. 31.

position as compared to the German subsidiary, union leaders continued to subscribe to a basic optimism, grounded in the *rassemblement* with government and employers in the early 1960s.

At the same time, investment competition with other countries was the major argument of right-wing trade union leaders against government intervention at Ford, which rather than providing a necessary correction of multinational business strategies was perceived to induce companies to shift activities abroad. While correctly sensing the beginnings of a new pattern of regime competition in the relations between national governments and multinational firms, the argument was exaggerated particularly because it overstated the danger of investment diversion in a situation where more than one third of Ford's European sales were realised in the United Kingdom – making it imperative for the company to retain a large manufacturing operation there.

The arguments against government control reflected the broader positions of predominantly right-wing trade union leaderships supporting the case of a revisionist re-interpretation of British Labour Party views on the political economy more generally. This task was made easier because of the failure of the Left to argue the case for state intervention with sufficient force. The more radical voices within the TUC appeared to be primarily worried about the loss of *British* control over Ford rather than being interested in a potential gain of *public* control, as expressed in the concern for the retention of British nationals in the company's top management. There was also a more general fear in the trade union Left that detailed government planning of industry would eventually force the unions to accept permanent state intervention into wage policy.

On the local level in Ford's Dagenham plant the picture looked completely different. Here, a group of left-wing trade union representatives and shop stewards were much more critical. Their protests focused less on trading and investment issues than on the immediate implications of US control for workloads, which, in parallel to increasing exports to the EEC, became subject to "benchmarking" with Ford's German factory at Cologne. Contestation of internationally-inspired "speed-up" contributed to the emergence of job control aspirations at Ford, "catching up" with similar developments in the British-owned motor firms in the Midlands. Labour-management relations in Dagenham were altered by a major upsurge in the number of industrial disputes. However, resistance collapsed in 1963 in a major confrontation with the company partly because the militants lacked unanimous backing from the broader shop stewards community on the Dagenham Estate, partly due to the absence of support from the

major national union organisations. From the latter's point of view the advent of international business integration appeared to require, if anything, an even more co-operative attitude than displayed in the past. At the same time, the majority of "moderate" national union leaders welcomed the fact that events in 1962/3 resulted in a decisive defeat of left-wing shop stewards at Ford who were perceived as a threat to the decision-making authority of the National Negotiation Committee.

The latter attitude also underpinned the attitude of British union leaders, particularly in the case of the AEU, to attempts for international union co-operation at Ford. They consistently and effectively discouraged such efforts because they feared international contacts might increase Communist influence and boost movements to form break-away unions in the British motor industry. Here international labour market integration had important repercussions on struggles over political and organisational principles within British trade unionism. Left-wing shopfloor militants at Dagenham repeatedly attempted to benefit from international initiatives by the American UAW to strengthen their domestic position. The early 1960s also witnessed the emergence of movements to create a new trade union structure along the model of industrial unionism – with clear references to the American example, and at times supported by shopfloor activists in Detroit. While the seriousness of these initiatives remains somewhat uncertain, they proved serious enough for national union leaders both in the US and the UK to take determined joint action against them. More generally, these events left a legacy of suspicion that would continue to hamper international trade union co-operation in subsequent years.

## Chapter 3

### International labour market integration as a threat to national interests and trade union traditions (1967-1973)

#### *I. The economic and political context*

##### *1. The British car industry in European context*

Between 1967 and 1973 the British motor industry, while in absolute terms remaining one of the country's leading industrial sectors, continued its path of relative decline in international comparison. After the recession of 1967 output and employment soon recovered to the levels of the mid-1960s but stagnated thereafter until 1973. The British share of overall global car production fell. After having been surpassed by Germany in the late 1950s in terms of annual output the UK was overtaken by France in the late 1960s, and by 1974 it had dropped to sixth place.<sup>1</sup> Home market demand continued to be less dynamic than in other European countries, reflecting the overall backslide of the British economy. This trend was further compounded by frequent demand fluctuations caused by the government's fiscal, credit and interest rate policies. Moreover, since the late 1960s the British domestic market was much less protected against imports. The Kennedy Round of GATT effected a fall of general tariffs from 22 percent in 1968 to just eleven percent in 1972, and entry into the EEC from 1973 heralded the complete removal of tariffs between Britain and the other major European car producing countries. Rising import penetration reflected this trend. The import share of the British market rose from a mere six percent in 1966 to 27 percent in 1973 – a higher rate than in Italy, Germany or France. Next to falling tariffs increased imports also mirrored a partial shift of consumer demand for more model variety and the stronger appeal of "exotic" foreign products, which started to erode national consumer loyalties.<sup>2</sup>

In export markets difficulties multiplied. The collapse of overseas sales in 1966/7 was reversed in the subsequent two years after devaluation of the pound but the record

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<sup>1</sup> Church, *The rise and decline*, pp. 48/49; Durcan/McCarthy/Redman, *Strikes in Post-War Britain*, p. 325.

<sup>2</sup> Church, *The rise and decline*, pp. 50, 62; Tolliday, *Ford of Britain: Statistical Appendix*, p. 131; Rhys, *The British Motor Industry*, p. 415.

levels achieved in 1969 proved short-lived. By 1973 aggregate overseas shipments of the British motor industry had slipped back to the figures of the mid-1960s. Of particular importance was the fact that export hopes connected to British entry into the Common Market were disappointed. While these sales rose in anticipation of membership in the early 1970s the increase was modest and failed to offset the losses experienced in EFTA and American markets.<sup>3</sup>

The late 1960s witnessed important mutations in the structure of the industry. On the one hand, there was the arrival of Chrysler, the third US multinational, taking over the ailing Rootes corporation, of which it had already acquired a minority share in 1964. On the other hand, all remaining major indigenous firms were merged in 1968 to form the "British Leyland Motor Corporation" (BLMC).<sup>4</sup> Together with Ford UK and Vauxhall the merged companies constituted the "Big Four" of the British car industry for the next two decades.

## 2. Ford UK in the European company network

June 1967 marked the transformation of the Ford Motor Company's European operations from a multi-domestic towards a "geocentric" setting.<sup>5</sup> The structure of two parallel and rival organisations in Britain and Germany was abandoned in favour of cross-border product standardisation and production integration, backed by the creation of an international management structure. This structure, the holding company "Ford of Europe", based in Warley, Essex, was set up in the summer of 1967 – on personal initiative by Henry Ford II coming as a surprise to many in the management ranks in Britain and Germany.<sup>6</sup> While corporate plans for European integration had been discussed within the company for many years, little had changed in practice until the mid-1960s in the face of continued Anglo-German rivalry and uncertainty caused by the French veto of British EEC entry.

The creation of Ford of Europe brought sudden change. The national companies in Britain and Germany retained their legal status as independent entities but were now supposed to co-ordinate under the guidance of Ford of Europe. In practice the objectives

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<sup>3</sup> Whisler, *The British motor industry*, p. 312.

<sup>4</sup> *Ibid.* pp. 5/6.

<sup>5</sup> Cf. Howard Perlmutter, "The tortuous evolution of multinational enterprise", in: *Columbia Journal of World Business* 4/1969, pp. 9-18.

<sup>6</sup> Cf. Tolliday, *The origins of Ford of Europe*, pp. 190ff.

associated with the new structure were far more ambitious than those of a traditional holding company. Ford of Europe was organised along functional reporting structures that clearly interfered with national corporate autonomy.<sup>7</sup>

The main task of the new organisation was to integrate the British and German subsidiaries in terms of product development, manufacturing and sales. The departure from previous practice was especially abrupt in product development. Already by 1968 the new continental co-ordination had resulted in a massive upheaval of personnel following the re-distribution of responsibilities between the two centres in Dunton (UK) and Cologne-Merkenich (Germany). Until 1970 a fierce battle between German and British management ensued over the leadership of new divisions and the allocation of responsibilities. Attempts to transfer personnel to the other location created additional conflicts mainly due to language problems. In both companies a significant braindrain occurred among senior management.<sup>8</sup>

Despite these serious difficulties, the new European product development organisation was slowly consolidated. Its creation was instrumental for the integration of the British and German product lines that took place between 1968 and 1972, although some of the new vehicles were rather "national" designs that were put on a European platform. The new *Escort*, launched in 1968, was largely developed in the UK, as was the *Capri*, which appeared on the market the year after. Collaboration between British and German engineers was much closer in the development of the two new large models, the *Cortina/Taurus* range in 1971, and the up-market *Consul/Granada* in 1972, although the design leadership for the latter clearly came from Germany. By the early 1970s Ford of Europe had completely integrated its model line for cars in Europe, with only some remaining differences of style.<sup>9</sup>

In terms of manufacturing, Anglo-German co-operation translated into a new pattern of horizontal and vertical cross-border integration of plants and facilities. Horizontally, double sourcing of all the new basic models was implemented between 1968 and 1974. The *Cortina/Taurus* and the *Granada/Consul* ranges, for instance, were put into Dagenham and Cologne, while the *Escort* was assembled at Halewood and Genk (Belgium), from 1970 also in the new Saarlouis plant. Vertically, an increasingly

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<sup>7</sup> Cf. Bordenave, *Ford of Europe*, pp. 269ff.; Harbridge House Europe, *Ford of Europe. A Strategic Profile*, London 1984, Part I, pp. 1-3, Part III, pp. 5-7. I would like to thank Steven Tolliday for giving me access to the latter document.

<sup>8</sup> Cf. Tolliday, *The origins of Ford of Europe*, pp. 190ff.

<sup>9</sup> Cf. *ibid.* pp. 196ff.

extensive exchange of parts and components across frontiers was put in place. For instance, UK locations such as Halewood supplied gearboxes to the Continent, while receiving press panels from Genk. As far as marketing was concerned, the complete integration of European models meant that the traditional "two fishing-lines" approach was abandoned. A rationalisation of marketing responsibilities ensued. Instead of selling cars independently from each other in all major markets, German and British subsidiaries now represented Ford of Europe exclusively in some countries while being barred from sales in others. The British and German markets remained respectively the domain of the "home" company.<sup>10</sup>

The status of the British company within Ford of Europe clearly deteriorated between 1967 and 1973, reflecting a conscious corporate strategy, but also the broader relative decline of the British motor industry. There were exceptions. In the product development division, for instance, Ford UK retained a slight numerical dominance over Cologne throughout the period. On the other hand, Ford Germany moved clearly ahead in terms of manufacturing output, exports and investments. The European production share of the British subsidiary moved beyond 50 percent for the last time in 1967/8, subsequently becoming the permanent "junior partner".<sup>11</sup> With regard to investment Ford of Germany was also clearly favoured over the UK in the years between 1969 and 1973. There was massive expansion of production capacity on the Continent while the plans for a new body and assembly plant in Britain, contemplated in the mid-1960s, were eventually shelved in 1970. By 1974 the value of fixed assets per worker in the British plants had fallen far behind the level achieved in Germany.<sup>12</sup> Connected to this process the cross-border rationalisation of export marketing came increasingly at the expense of plants in the UK. Still in 1968, with the cost advantage of devaluation, Ford of Britain undertook a major new export drive on the continent and particularly in the Common Market.<sup>13</sup> But from 1970, the launch date of production at Saarlouis, the company was increasingly being barred from exporting to Common Market countries, which were becoming the almost exclusive domain of Ford of Germany. In addition, Detroit decided to stop the export of *Cortina* and *Capri* cars from

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<sup>10</sup> Cf. *Ibid.*; Mathews, *Ford Strike*, pp. 25ff.; Harbridge House, *Ford of Europe*, parts VI and VII.

<sup>11</sup> Tolliday, *Ford of Britain: Statistical Appendix*, p. 144.

<sup>12</sup> Tolliday, *The Decline of Ford in Britain*, p. 95.

<sup>13</sup> *Dagenham Post*, 25 December 1968.

Britain to the United States. The export share of Ford UK sales fell from around 45 percent in 1968/9 to about 30 percent in 1972/3.<sup>14</sup>

By 1972 - as an implication of this process - Ford UK had lost its status as the country's major exporting motor firm to British Leyland. In previous years, even in the early period of Ford of Europe, Ford had always been more successful in export markets than BLMC. Still in 1968 Ford sold 74 000 units in Common Market countries - more than 60 percent of overall British exports to the EEC.<sup>15</sup> By the early 1970s an academic study concluded that given Ford's international corporate restraints the motor industry's future export fortunes would largely be determined by the performance of BLMC.<sup>16</sup>

This dramatically reversed trend in export performance between Ford and BLMC reveals that Ford of Europe's preference of German over UK locations did not only reflect a broader crisis of British industry - it was also a conscious strategy that has been described as a "slow and deliberate policy" to reduce Ford of Europe's dependence on its UK manufacturing base.<sup>17</sup>

### 3. The end of the "post-war compromise"

Signs of stagnation and crisis in the British motor industry had been visible at least since the mid 1960s but at that time a mood of optimism still prevailed among trade union leaders. By 1967 much of this confidence had been lost.<sup>18</sup>

Events in the summer of 1966 provided a first turning point. By that time the government, haunted by a major balance of payment crisis, introduced severe deflation measures, effectively destroying its own growth objectives. To TUC leaders rising unemployment signalled the government's withdrawal from the post-war compromise.<sup>19</sup>

Disillusion about the merits of tripartism spread, all the more since there was a growing tendency to blame organised labour for British industrial problems. Among the deflationary government measures pay policy figured prominently, and this statutory restriction of collective bargaining was complemented by intensified debates about the strike question. The proceedings of the Donovan Commission between 1966 and 1968

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<sup>14</sup> Tolliday, *Ford of Britain: Statistical Appendix*, p. 139.

<sup>15</sup> Cf. Whisler, *The outstanding potential market*, p. 8; *Dagenham Post*, 25 December 1968.

<sup>16</sup> Rhys, *The Motor Industry*, p. 410.

<sup>17</sup> Harbridge House Europe, *Ford of Europe*, p. VIII-10.

<sup>18</sup> Dunnett, *The Decline of the British Motor Industry*, p. 97.

<sup>19</sup> Cf. Middlemas, *Threats to the post-war settlement*, pp. 139ff.; Barnes/Reid, *Governments and trade unions*, pp. 45f.

confirmed that the new line of arguing for legal restrictions on the freedom to strike, taken by motor industry employers since 1965, had become a consistent trend. Employer associations, the Conservative Party and even the Ministry of Labour all pressed this point, although in different forms and to a variable degree. Some proposals centered on legal penalties to be applied directly against striking workers, others wanted to make the trade unions liable for the actions of their members, e.g. through the requirement that unions - under penalty of deregistration and loss of immunities - discipline strikers acting outside agreed bargaining procedures.<sup>20</sup>

Incessant debates about the curbing of union power and statutory restrictions of collective bargaining strengthened the Left within the trade union movement. As a matter of fact, pressure for a more radical stance had been growing for a number of years. By the mid-1960s the position of shop stewards in British industry had been greatly strengthened, with the UK-owned motor companies as prime examples. The expectations of workers had risen with regular pay increases after the war and the arrival of new generation of young employees on the labour market. At the same time management reliance on shop stewards for production organisation had consolidated stewards' role as "parallel" collective bargaining agents in many companies.<sup>21</sup>

Partly as a reaction to this decentralisation of bargaining, partly as a conscious policy, trade union strategies at the national level slowly shifted ground. From the mid-1960s onwards the TGWU, increasingly influenced by Jack Jones, took the lead in this process. Inspired both by the wish to democratise union structures and bargaining procedures, and by the ambition to expand the TGWU membership without costly recruitment drives, Jones pioneered a new approach of heavy reliance on the shopfloor for negotiations and the recruitment of new members. This included the encouragement of local militancy.<sup>22</sup> Both in the car industry and in other sectors, this led to heightened inter-union competition, and the positions of right-wingers in other unions increasingly came under pressure from militant currents - indicated by the growing election successes of the Left within the AEU, culminating in 1967 with the election of Hugh Scanlon as new president.<sup>23</sup>

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<sup>20</sup> Cf. Crouch, *Class Conflict and the Industrial Relations Crisis*, pp. 145ff.

<sup>21</sup> Cf. Tolliday, *Government, employers and shopfloor organisation*, pp. 132ff.; Turner/Clack/Roberts, *Labour Relations in the Motor Industry*, pp. 129ff.; Phelps Brown, *The Origins of Trade Union Power*, pp. 158ff.

<sup>22</sup> Cf. Undy et. al., *Change in Trade Unions*, pp. 97f., 275ff.

<sup>23</sup> Cf. Richter, *Political Purpose in Trade Unions*, pp. 113f; Edelstein/ Warner, *Comparative Union Democracy*, pp. 301ff.

By 1969 radicalization reached a new dimension. The Labour government – against the recommendation of the Donovan Commission for a purely voluntarist reform of collective bargaining procedures – decided to include legal measures to restrict wildcat strikes in its reform agenda “In Place of Strife”. This triggered a bitter confrontation with the TUC, accompanied by a wave of shopfloor protests. After months of infighting the government proposals were defeated.<sup>24</sup>

While this experience proved to be a lasting shock for Labour Party leaders in their relations with trade unions over the next decade, it only reinvigorated Conservative determination to tackle the issue. The Heath government, elected in 1970, immediately embarked on major reform of industrial relations, designed to place legal restrictions on the freedom to strike and to bring trade unions under legal control.<sup>25</sup>

But union resistance, led by the new left leaderships of AEU and TGWU, soon rendered the Act meaningless. Collectively de-registering and boycotting the new Industrial Relations Court, the large majority of TUC affiliates simply remained outside its scope, and the reluctance of employers to make use of the new legal code wrecked the credibility of the Act.<sup>26</sup>

International comparison had a crucial relevance for the industrial relations reform debates of the late 1960s and early 1970s. Those who wished to defend the voluntarist *status quo* drew on the exposition of “British exceptionalism” by scholars such as Kahn-Freund or Flanders, arguing that a legalisation of British industrial relations was both impractical and undesirable. Those in favour of breaking with the voluntarist tradition pointed to patterns of labour relations and trade unionism in countries with higher economic growth.<sup>27</sup>

The controversy ran through the entire period between 1966 and 1973. Most of the proposals for legal restrictions of the freedom to strike and the legal enforceability of collective agreements made before the Donovan Commission by employers,

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<sup>24</sup> Leo Panitch, *Social Democracy and Labour Militancy: the Labour Party, the trade unions and incomes policy, 1945-1974*, Cambridge University Press, 1976, pp. 171-203; Peter Jenkins, *The Battle of Downing Street*, Knight, London, 1970.

<sup>25</sup> Robert Taylor, “The Heath government and industrial relations: myth and reality”, in: Stuart Ball/Anthony Seldon (eds.), *The Heath Government 1970-1974. A Reappraisal*, Longman, London/New York, 1996, pp. 161-190.

<sup>26</sup> Cf. *ibid.* pp. 173ff.

<sup>27</sup> It should be emphasized again that this comparative exercise was far from being “scientific”. International comparisons of strike patterns did not support a clear-cut connection between legal restrictions on the freedom to strike and the incidence of disputes. Generally, Britain was among the group of countries with high levels of industrial conflict in the late 1960s and early 1970s – but the trend for increased strike activity was not confined to the UK, and it was even more pronounced in a number of other countries – cf. Smith, *Strikes in Britain*, pp. 18-20; Walsh, *Strikes in Europe*, pp. 155ff.

Conservative lawyers and ministerial bureaucracies were inspired by international comparison, which in the case of motor industry employers largely meant looking across the Atlantic. These opinions clashed with those of the defenders of "British exceptionalism", prominently represented in the Commission by Kahn-Freund and Hugh Clegg.<sup>28</sup> In the early 1970s the Industrial Relations Act of the Heath government still accentuated the frontlines. While its Conservative promoters were driven by the desire to reshape British industrial relations and trade unions to German and American standards, the Act was heavily attacked by defenders of voluntarism as being based on a "reckless use of North American labour law concepts without regard to the vastly different political and constitutional contexts in Britain"<sup>29</sup>.

The great majority of British unions sided decisively with the "exceptionalists". On the one hand, this reflected the pure necessity of countering the international comparisons advanced by employers and politicians in the reform struggle. On the other hand, attachment to "British exceptionalism" arose from intensified comparison with foreign industrial relations models by British unions themselves.<sup>30</sup> Here, the argument was not that German or American models were impractical but that they were undesirable. This conviction appears to have been grounded not so much in the high-flying theories of intellectuals perceiving trade unionism as a crucial guarantee for the survival of democratic pluralism but rather in assessments of the impact of national industrial relations systems upon labour market achievements and representation patterns of trade unions themselves. It was against this background that union leaders like Jack Jones equated the 1971 industrial Relations Act with the "Americanisation" and "castration" of the British union movement, and warned against pressure on British unions to adapt to the "weak" pattern of trade unionism prevailing in EEC countries.<sup>31</sup>

Yet, commitment to the voluntarist principle beyond resistance against laws that restricted the freedom to bargain and strike should not be exaggerated. Traditionally, unions without strong craft traditions had sought a measure of state help to protect their labour market interests, and during the period between 1966 and 1973 the internal

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<sup>28</sup> Clegg, *Otto Kahn-Freund and British Industrial Relations*, p. 20; Phelps-Brown, *The Origins of Trade Union Power*, p. 172.

<sup>29</sup> Taylor, *The Conservative Party and the Trade Unions*, pp. 153f.; Lewis, *Method and Ideology*, p. 113.

<sup>30</sup> Cf. for some hints: Ken Coates/Anthony Topham, *Industrial Democracy in Great Britain: a book of readings and witnesses for Workers' Control*, MacGibbon & Kee London 1968, pp. 349ff.

<sup>31</sup> Middlemas, *Threats to the Postwar Settlement*, p. 318; Trades Union Congress, *Report of 103<sup>rd</sup> Annual Trades Union Congress*, 6-10 September 1971, p. 485.

balance within the TUC shifted further towards a position that accepted and even promoted legal interventions, with the aim of strengthening union bargaining positions.

This trend was most clearly expressed in changing attitudes towards a statutory procedure for trade union recognition. In 1966/7, this was still dismissed as unnecessary. In the early 1970s it became part of the emerging "Social Contract" between unions and the Labour Party.<sup>32</sup> Equally, the unions now advocated legal requirements for corporate disclosure to support collective bargaining processes. Thus, while national reform debates and international comparison since the late 1960s reinforced union commitments to British "exceptionalism" in certain regards the unions - not quite consistently - moved away from collective *laissez-faire* in other areas.

Nonetheless, international comparisons stimulated a defensive attitude among British trade unions. Internationally-inspired attacks by British employers and politicians, and the observation of foreign trade union models reinforced each other and helped to create a disposition of resistance not only against industrial relations reform in the UK but also against international economic integration.

#### 4. Industrial Policy, international economic integration, and British trade unions

In conjunction with the perception of crisis, scepticism about a growth strategy based on Britain's integration into the international economy had risen since 1966/7 - not only in trade union circles. In the motor industry many independent analysts warned against a premature move towards EEC entry, which might exceed the industry's capacity to withstand stronger competitive pressure.<sup>33</sup>

In parallel to this somewhat pessimistic shift, the role of foreign-owned companies received higher and increasingly critical public attention. Triggered by the enormous rise of US foreign investment public debates about the dangers of "Americanisation" flourished throughout Western Europe, best reflected in Servan-Schreibers' internationally bestselling *Le défi américain*.<sup>34</sup>

The key event in Britain was the take-over of Rootes by Chrysler in early 1967. The fact that three of the four major motor industry firms were now owned by Detroit giants - a degree of US penetration unmatched in other European countries - created

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<sup>32</sup> Davies/Freedland, *Labour Legislation and Public Policy*, p. 253, 352ff.

<sup>33</sup> Cf. Whisler, *The British Motor Industry*, pp. 317f.

<sup>34</sup> Servan-Schreiber, *Le défi américain*, op. cit.; for an overview of changing perceptions of American investors in Western Europe see Wilkins, *The Maturing of Multinational Enterprise*, pp. 345ff.

anxious debate about the potential for American control over the entire sector in the future.<sup>35</sup> Partly connected to these developments, the terms “international” or “multinational” were increasingly used in public debates to describe the tendency among foreign-owned firms to integrate their subsidiaries across borders. Approaches were often critical, warning against the “internalisation” of trade and monetary flows by such companies, which were held to conflict with national economic sovereignty.<sup>36</sup>

Against this background the policy of the Labour government took a crucial turn. After the failure of the National Plan it now pursued a more active industrial policy, which included a re-evaluation of government policy towards foreign direct investment. Government-sponsored mergers, in line with similar trends in other West European countries, primarily attempted to create “national champions” – large indigenous firms capable of competing successfully on international markets. The new “national champions” were often explicitly designed as “countervailing forces” against the market power of foreign corporations.<sup>37</sup>

The car industry became one of the paradigmatic examples of the new government strategy. When the attempt to avoid a take-over of Rootes by Chrysler through brokerage of an alliance with BMC and Leyland failed in 1967 fervent efforts were undertaken for a merger of the remaining British-owned firms. This strategy eventually succeeded in early 1968 with the formation of BLMC. The new approach towards foreign investment also found its expression in detailed assurances extracted from Chrysler in the event of the Rootes take-over. In contrast to the Ford case in 1960 Chrysler had to accept the appointment of a government official to the company board of the British subsidiary.<sup>38</sup>

Notwithstanding this more interventionist approach and the new concern for “national champions” the Labour government’s policy towards multinational motor firms remained benevolent. The past export and investment performance of the

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<sup>35</sup> See for instance McMillan/Harris, *The American Take-Over of Britain*, op. cit.

<sup>36</sup> For one typical example see Raymond Vernon, *Sovereignty at bay: the multinational spread of U.S. enterprises*, London, Longman 1971; for a “conceptual history” of the term “multinational” as used by economists and economic historians see John H. Dunning et. al., “The theory of international production: some historical antecedents”, in: Peter Hertner/Geoffrey Jones (eds.), *Multinationals: Theory and History*, Aldershot 1986.

<sup>37</sup> Cf. Middlemas, *Threats to the post-war settlement*, pp. 150, 163f.; Hodges, *Multinational Corporations and National Government*, pp. 110ff.; for the international context of the “national champion” policy see Hayward, *Introduction*, op. cit.

<sup>38</sup> Cf. Wilks, *Industrial Policy and the Motor Industry*, pp. 91ff.; Dunnett, *The Decline of the British Motor Industry*, pp. 102ff.; Hodges, *Multinational Corporations and National Government*, pp. 204ff.; Graham Turner, *The Leyland Papers*, Eyre /Spottiswoode, London 1971, pp. 120ff.

multinationals did look rather better than that of the British-owned “portion” of the industry. Indeed, Ford’s development – at least until the late 1960s - contrasted with BMC’s chronic under-investment and weaknesses in overseas markets.<sup>39</sup> The government’s desire for a measure of control over multinational firms stopped far short of any radical interventionist schemes. Apart from the traditional liberal leanings of British commercial policy it inherited, this was also due to increased fears of competition for mobile capital in Western Europe. By 1967 even the French government, frustrated by the refusal of its European partners to contemplate joint initiatives to regulate American inward investment, had abandoned its earlier hostility in favour of an approach that combined regular screening with the intermittently aggressive promotion of investment opportunities.<sup>40</sup>

The strategy characterising British government policy between 1968 and 1970 therefore remained ambiguous. It backed British Leyland as the new “national champion” to contain the influence of the foreign-owned firms, without, however, discouraging them from continued investment in Britain. The more Ford, GM and Chrysler internationalised their business strategies the more this ambiguity came to the surface: In the case of BL the aim was to keep corporate structures as “British” as possible. At the same time, the government was anxious to promote a closer integration of Ford UK, Vauxhall and CUK into the international networks of their parent companies.<sup>41</sup>

British trade union attitudes were not unaffected by these new trends in public debates and policies. On the one hand, scepticism about the benefits of international economic integration rose. In 1967, for instance, the annual CSEU conference expressed apprehension about the potential loss of independent British research and development capacities, and requested a government inquiry into the degree of American penetration in strategic sectors of the economy.<sup>42</sup> In the same year the TUC Congress called for the application of stricter government controls over the outflow and inflow of capital.<sup>43</sup> From 1969 there also emerged a new and critical trade union discourse on

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<sup>39</sup> Cf. Whisler, *The British Motor Industry*, passim; Church, *The rise and decline of the British motor industry*, pp. 56ff.

<sup>40</sup> Cf. Safarian, *Multinational Enterprise and Public Policy*, pp. 209ff.; Bailey/Harte/Sudgen, *Transnationals and governments*, pp. 46-76; for French attitudes in the case of Ford see Bonin, *Ford’s Bordeaux-Blanquefort plants*, p. 398.

<sup>41</sup> Cf. Hodges, *Multinational Corporations and National Government*, pp. 206f., 290.

<sup>42</sup> Minutes of the meeting of the Executive Council of the CSEU, 10 August 1967, in: MRC, MSS. 259/5/3.

<sup>43</sup> TUC, *Report of the 99th Annual Trades Union Congress*, 4-8 September 1967, p. 508.

“multinational” companies.<sup>44</sup> However, the more critical stance towards foreign-owned firms was combined with a continued appreciation of their advantages – as witnessed by the approval of the Chrysler take-over in 1967 despite vivid protests from Rootes shop stewards.<sup>45</sup> A TUC report in 1973 argued that the unions welcomed inward investment “[...] in the right industries and locations”.<sup>46</sup>

Nonetheless, the evolution of British union positions towards British EEC membership shows that criticism of international economic integration became stronger over the period between 1967 and 1973. By 1967 debates had become more controversial than in the early 1960s, and it was impossible to overlook a sceptical atmosphere, but a majority, at least on the national level, still supported Britain’s entry.<sup>47</sup> By contrast, the 1972 and 1973 Congresses opposed EEC entry in principle, motivated partly by a much more critical perception of multinational firms.<sup>48</sup>

One underlying factor of this transformation was the Left shift of AEU/AEF and TGWU.<sup>49</sup> As had already been discernible in the early 1960s, left-dominated unions tended to be more critical towards foreign investment, and to stress the need for national industrial independence. Left union currents were not only worried about potential job security risks arising from internationalisation. Perhaps more importantly, they sensed that economic integration would put new pressure on them to exercise wage restraint and limit shopfloor militancy – contrary to their own aspirations. Connections were also drawn to the attempts for legal reform of British industrial relations.<sup>50</sup>

### 5. Labour-management relations at Ford UK

Radicalisation of trade union policy from the late 1960s was particularly pronounced at Ford. Signs of new shopfloor militancy had been discernible earlier but the real rupture came in 1968. Firstly, a new grading structure made Ford vulnerable to a whole series of grievances by different groups of workers. The most important case

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<sup>44</sup> Gennard, *Multinational Corporations and British Labour*, p. 5.

<sup>45</sup> Letter TUC Research department to Oxford and District Trades Council, 31 January 1967, in: MRC, MSS. 292B/617/1.

<sup>46</sup> *International Companies and International Investment*”, Economic Committee, 13 June 1973, in: MRC, MSS. 292 D, 560.1/Box 1087.

<sup>47</sup> TUC, *Report of the 99th Annual Trades Union Congress, 4-8 September 1967*, p. 417.

<sup>48</sup> See for the change of attitudes towards Common Market membership: Teague, *The British TUC and the European Community*, pp. 32/33.

<sup>49</sup> Cf. Minkin, *The Contentious Alliance*, chapter 6.

<sup>50</sup> Cf. for instance *Trades Union Congress, Report of the 103rd Annual Trades Union Congress, 6-10 September 1971*, pp. 473, 482.

came in June of that year and concerned the 200 female sewing machinists in Dagenham. Their protest, starting as a modest request for re-grading, turned into a three-week-long strike made official by the new left-wing leadership of the AEF under the banner of equal pay. Although other unions, notably the TGWU, refused to back the strike Ford eventually had to give way.<sup>51</sup> This episode had important effects as it strengthened the argument of militants that strikes were more effective than channelling issues through grievance procedures, and furthermore that support by at least some of the national trade union leaderships was now possible. The result was an upshot of shopfloor activity, symbolised most clearly in a proliferation of walkouts in support of grading grievances.<sup>52</sup>

The new militancy was further reinforced by developments at Chrysler and British Leyland where the old piecework payments became replaced by a Ford-style "measured daywork" (MDW) system. Under shop steward pressure BL and Chrysler management agreed to rates superior to those paid at Ford, and the removal of the incentive payments shifted the emphasis of shopfloor bargaining from money to effort – debates of how to control manning levels, line speeds and workloads became more prominent in motor industry trade union debates.<sup>53</sup> This change stimulated militant stewards at Ford, and it also engendered pressure for bringing up Ford wage rates to those offered by the other motor firms. From 1968 the desire to achieve "parity" became the most popular slogan in the Ford trade union organisation.<sup>54</sup>

The 1969 contract negotiations brought a further escalation. The company's contract offer, featuring a new lay-off payment system whose benefits would be limited to workers not engaging in wildcat strikes, coincided with the publication of the Labour governments' industrial relations reform White Paper "In Place of Strife" – fuelling trade union opposition against the company proposals. AEF and TGWU supported initially wildcat walkouts in opposition to the scheme, resulting in a three-week strike, which was ended only through the mediation of government ministers.<sup>55</sup>

The strike confirmed not only the new alliance between shopfloor militants and the national leaderships of the two largest unions in the motor industry, overcoming the division of the early 1960s. It also reinforced the Left shift within the Ford union

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<sup>51</sup> Cf. Friedman/Meredeen, *The Dynamics of Industrial Conflict*, pp. 138ff.

<sup>52</sup> Cf. *ibid.* pp. 255f.

<sup>53</sup> Cf. Tolliday, *Ford and Fordism*, p. 95.

<sup>54</sup> Cf. Friedman/Meredeen, *The Dynamics of industrial conflict*, p. 224; Mathews, *Ford strike*, pp. 70ff.

<sup>55</sup> Cf. Tolliday, *Ford and Fordism*, pp. 97/98; Friedman/Meredeen, *The Dynamics of Industrial Conflict*, pp. 257f.

organisation as leading right-wing figures of the NJNC resigned or were replaced. This shift was consolidated by a reform of the NJNC itself, which resulted in a strengthened position of AEF and TGWU, and the inclusion of five plant convenors.<sup>56</sup>

The 1969 settlement heralded a brief period of calm, which was followed by a great deal of new labour unrest in the years up to 1973. Shopfloor protests, supported to variable degrees by AEF and/or TGWU, focused on grading grievances, workloads and manning levels. Most importantly, however, featured wage demands. Ford shop stewards consistently pushed their campaign for equalisation with wage rates paid in the Midlands. After suffering a slight setback in early 1970 their efforts bore fruit one year later. In February and March 1971 all Ford UK plants went out on strike in support of the "parity" claim. As in 1969 the dispute became entangled with national politics of industrial relations due to the parallel industrial relations reform pursued by the Conservative Heath government.

The settlement demonstrated the extent to which shopfloor militancy had risen since 1968: when after nine weeks of strike the new left leaders of AEF and TGWU, Scanlon and Jones, made hasty and half-secret moves to end the dispute they were accused of betraying the principles of shopfloor democracy, which they usually advocated so forcefully.<sup>57</sup>

## *II. British trade unions and the creation of Ford of Europe (1967-1968)*

The creation of Ford of Europe was a quantum leap for international labour market integration, particularly with regard to employment aspects. The new European holding structure threatened to spread a sense of uncertainty about future job security in a number of ways. Anglo-German integration meant a higher degree of specialisation for particular units and plants. Not all Ford models would continue to sell well, and it was impossible to foresee future market trends and technology which might exert an important influence on labour demand in particular locations. At the same time, product standardisation and double-sourcing in manufacturing enabled the company to switch production quotas and investment between locations. After the "two-fishing line" approach to export marketing had been abandoned British exports to Europe were no longer guaranteed by virtue of distinct Ford UK car models. The technical facilities for

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<sup>56</sup> Friedman/Meredeen, *The Dynamics of Industrial Conflict*, p. 264.

<sup>57</sup> Cf. Beynon, *Working for Ford*, chapter 11; Mathews, *Ford Strike*, op. cit.

certain car types were built up simultaneously in several plants, and it became easier to pass over particular locations when introducing new models, although this was restricted by British and German membership in different trade blocs and the continued practice of reserving the home markets for the respective "native" plants.<sup>58</sup>

Yet, while triggering a general sense of uncertainty, the set-up of the new Ford of Europe complex could not *a priori* be seen to worsen employment prospects in Ford's UK plants since the boost to cross-border integration it implied could in principle also turn out to benefit British production and jobs - a scenario for which the majority of British unions had hoped in the early 1960s.

By 1967, however, attitudes had become more ambiguous. On the one hand, as expressed by TUC support for the take-over of Rootes by Chrysler, the potential benefits of foreign, and particularly American, investment for growth and employment were still generally valued. At the 1967 TUC Congress a General Council report related to the renewed British application for EEC membership alluded affirmatively to the government view that following entry US investment in the UK would increase - although the "conjectural" character of this claim was noted.<sup>59</sup> Presumably, Ford was thought to be among the American companies that would raise their stakes.

On the other hand, the continued decline of Ford UK within the company's international network, and the crisis of British industry more generally, had triggered a shift towards pessimism and disillusion within the British trade union movement since the summer of 1966. This had made union representatives at Ford more wary of the risks inherent in international economic integration. If Ford UK did not prove competitive enough *vis-à-vis* other European subsidiaries, such integration was liable to accelerate industrial decline rather than growth. Kealey (TGWU), previously a staunch supporter of internationalisation, worried in 1967 that Ford's shelved expansion plans in the UK and the accelerated investment in Germany might have set a precedent for the future, leading to export and investment restrictions in the British locations imposed by Ford's international management.<sup>60</sup>

Immediately after the creation of Ford of Europe in June 1967 it appeared that optimism would continue to prevail. Reassured by the company that European restructuring would not lead to redundancies NJNC officials kept very low profile on

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<sup>58</sup> Cf. Tolliday, *The Origins of Ford of Europe*, pp. 199f.

<sup>59</sup> TUC, *Report of the 99th Annual Trades Union Congress*, 4-8 September 1967, p. 417.

<sup>60</sup> National Advisory Council for the Motor Manufacturing Industry - *Minutes of the 76th Meeting*, 1 February 1967, pp. 7/8, in: MRC, MSS. 126/TG/3, Sack 33/2.

the issue, presumably - as at the time of the take-over in 1960 - a sign of tacit approval.<sup>61</sup> Presumably, union leaders shared the cautious but positive attitude of the Labour government, welcoming Ford's choice of Britain as the location of the European holding's headquarters.<sup>62</sup>

### 1. Unrest in the product development centre

However, the first signs of unrest came to the surface when, by early 1968, concrete effects of the European restructuring upon British locations began to be felt. Concern was particularly strong in the product development division at Dunton, which had been in the forefront of the organisational changes. In-plant union representatives there had noticed management efforts to divide areas and responsibilities between British and German engineering since the summer of 1967, and since then DATA, the major union representing designers and engineers at Dunton, had pressed Ford to obtain the plans in detail. At the same time there were growing rumours about redundancies.<sup>63</sup>

Against this background a top level meeting was held between the company and leading DATA officials, including the General Secretary Doughty, in January 1968. Ford's labour director Blakeman gave a detailed breakdown of how product development activities would be distributed between Dunton and the German development centre in Cologne-Merkenich. He also announced that the company intended to make 500 white-collar workers redundant, of which around forty were to be from the Dunton centre. He claimed that redundancies were not linked to European re-organisation.<sup>64</sup>

Given that the latter claim seemed hardly credible<sup>65</sup> DATA officers suspected that the company had not been frank about its strategies, particularly with regard to European re-organisation. DATA alleged a "massive transfer of work to Germany". Doughty, the General Secretary, complained that there had been no lay-offs in Cologne due to the re-organisation, and that in general the German centre had been privileged. Moreover, he expressed opposition to the employment of eleven German engineers in

<sup>61</sup> Dagenham Post, 14 June 1967.

<sup>62</sup> Note of the Prime Minister, 14 June 1967, in: Public Record Office, Department of Trade and Industry, FV 22/17.

<sup>63</sup> Report of meeting between the company and DATA, 3rd January 1968, in: Archiv Betriebsrat Köln-Merkenich, file "Ford of Europe".

<sup>64</sup> Ibid.

<sup>65</sup> "Ford of Europe", Memo B. Murray, 29<sup>th</sup> January 1968, in: Public Record Office, Department of Trade and Industry, FV 22/17.

Dunton. He also predicted that the design responsibility for the new *Cortina* would be transferred to Germany, despite the fact that it had been a British bestseller. The company argued in vain that partial transfers of responsibilities would be offset by an increased number of staff in other areas, thus leaving the British-German balance unchanged at roughly 60:40 in favour of the UK. For DATA the low number of actual redundancies was seen as a mere attempt to deceive the union; its officers suspected that additional lay-offs would follow in the months ahead.<sup>66</sup>

A further meeting with the company one week later did nothing to alleviate union concerns, and soon thereafter DATA approached the CSEU requesting that the Ford Dunton issue be brought to the attention of the government. Coming shortly after the annual CSEU conference, which had expressed a more general warning against the American penetration of British engineering industries<sup>67</sup>, the initiative succeeded. On January 11, the CSEU Executive Council agreed to raise the question with Tony Benn, the Minister of Technology.<sup>68</sup>

In Dunton itself, disquiet intensified. Fred Blake, a regional NUVB organiser warned that following the European rationalisation of product development authority over Ford of Britain would gradually shift to Cologne. He also complained about the transfer of "a large number of German staff" into Dunton, which would constitute "a serious threat to the future employment of British workers".<sup>69</sup> Two weeks later a joint meeting of the Dunton DATA and NUVB branches was held, attended by a few local members of parliament. It called for parliamentary pressure on the government to carry out an official investigation into the Ford of Europe complex, and the alleged "introduction of German control over British Ford establishments". Fears about the employment of German personnel in Dunton were re-iterated. The meeting also expressed the view that Ford of Europe was meant to bind Britain closer to the Common market, which would have detrimental effects on the future of Ford UK. Blake, the NUVB official, was at pains to point out that this was not a nationalist position but merely reflected the concern over employment prospects of British workers.<sup>70</sup> Reports

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<sup>66</sup> Report of meeting between the company and DATA, 3rd January 1968, *passim*, in: Archiv Betriebsrat Köln-Merkenich, file "Ford of Europe".

<sup>67</sup> Minutes of the meeting of the Executive Council of the CSEU, 10 August 1967, in: MRC, MSS. 259/5/3.

<sup>68</sup> Minutes of the meeting of the Executive Council of the CSEU, 11 January 1968, in: *Ibid.*

<sup>69</sup> Dagenham Post, 24 January 1968.

<sup>70</sup> Dagenham Post, 7 February 1968.

about this meeting fed into the national press and even to German newspapers where they were interpreted as being "attacks on German workers".<sup>71</sup>

Following this uproar further meetings were held between the company and local MPs. Ford denied all rumours about a planned run-down of the Dunton research centre but stood by its intention to abandon independent British product development in favour of a joint Anglo-German approach.<sup>72</sup> However, such statements did not reassure the local union representatives: In early March 1968 there was an overtime ban operated by 150 DATA members of the Dunton power train group against the transfer of engine design to Germany.<sup>73</sup>

In the meantime a CSEU delegation had discussed Ford's cross-border rationalisation with the Minister of Technology. Benn backed the company view that this rationalisation would not mean that Ford of Britain would need fewer engineers or designers in the future.<sup>74</sup> He acknowledged the general union fears about the risks internationalisation entailed for employment in the UK, pointing to the dilemma that foreign investment initially brought capital, jobs and know-how while depriving national governments from exercising a measure of British control.<sup>75</sup> Benn also acceded to the DATA request for a government inquiry into Ford of Europe - despite warnings from within the ministry that Ford might perceive this as an unacceptable degree of government interference.<sup>76</sup>

The inquiry proceeded until the autumn 1968, during which time DATA officials and local shop stewards submitted fresh complaints about Ford's European plans, going beyond the initial preoccupation with Dunton redundancies. In July 1968 DATA delivered a detailed document listing arguments to back the union's central claim that the creation of Ford of Europe represented a breach of the assurances the company had given at the time of the American take-over in 1960. DATA rightly claimed that the new functional reporting procedures within Ford of Europe seriously affected Ford UK's decision-making structure since almost every manager in the national companies now also had a position in the European "family tree". The document emphasised that "the

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<sup>71</sup> Düsseldorf Nachrichten, 6 February 1968.

<sup>72</sup> Financial Times, 21 February 1968.

<sup>73</sup> Dagenham Post, 13 March 1968.

<sup>74</sup> Letter Minister of Technology to G. Barrett, CSEU General Secretary, 14 February 1968, in: Public Record Office, Department of Trade and Industry, FV 22/4.

<sup>75</sup> Minutes of the meeting of the CSEU Executive Council, 8 February 1968, in: MRC, MSS.259/5/3.

<sup>76</sup> Note R. Hibbert, 14 February 1968, Memo C.E.Coffin, 7 March 1968, in: Public Record Office, Department of Trade and Industry, FV 22/4.

intention of the 1960 assurances that Ford of Britain would remain a separate entity with its own system of policy making has now been completely abandoned.”<sup>77</sup>

DATA also re-iterated the view that the division of engineering and design tasks was disadvantageous for Britain because the “meat” of passenger car design had been transferred to Cologne. Predictions for manufacturing and marketing implications of this move were made. For instance, the European development responsibilities of German engineers would lead to higher purchases of German components so that the 1960 assurance to source nearly 100 percent of components in Britain would be rendered meaningless. Moreover, German pressure would restrict British manufacturing and export marketing, particularly with regard to shipments to Common Market countries.<sup>78</sup> The document concluded by requesting the government to apply pressure on Ford UK to obtain a new and less ambiguous public assurance that Ford would “[...] continue to make passenger cars, completely designed, planned and manufactured in Britain, with 100 percent British components. They should also give an assurance that they have complete domestic freedom in export markets”. As a second-best option it was suggested that the government should negotiate agreed percentages of British component content in Ford UK cars, coupled with unrestricted freedom to export, especially into EEC markets.<sup>79</sup>

Similar points were raised by local shop stewards. In June 1968 a Liverpool Labour MP reported complaints of Halewood shop stewards about the shipment of tools and dies for the production of Escort body panels to the Continent, which would then be re-imported for assembly in the UK. Moreover, fears about Ford of Europe management structures, plans for model commonisation and the restriction of export markets were voiced.<sup>80</sup> Another Liverpool MP transmitted shop stewards suspicions that the future export markets of Ford UK would be limited to Ireland, EFTA and Commonwealth countries.<sup>81</sup>

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<sup>77</sup> “Extract from a document prepared by DATA called “Transfer of design work from Ford of Great Britain to Ford of Germany”, 15 July 1968, in: Public Record Office, Department of Trade and Industry, FV 22/17.

<sup>78</sup> Ibid.

<sup>79</sup> Ibid.

<sup>80</sup> Note R. Hibbert, 3rd July 1968, in: Ibid., FV 22/4.

<sup>81</sup> Letter Stanley Newens to W. Hayes, Director Public Affairs Ford Motor Company Ltd., 23 August 1968, in: Ibid.

## 2. The call for national control

The upsurge of trade union protests at Ford in the first half of 1968 clearly corresponded to the shifting positions towards international economic integration at national level: Compared to the early 1960s when only a number of Communist shop stewards and left-wing organisations such as DATA had criticised Ford's business internationalisation, concern now became more widespread. When a CSEU delegation lobbied the government for more national control over Ford's new European holding company in January 1968 this amounted to a near reversal of its policy of 1962 when the confederation had hoped for the closer integration of Ford UK into Detroit's international network and had urged union representatives to pursue policies "without resort to intervention by government".

As in contemporary congress and media debates "British control" became a key concept for trade union discussions about Ford, reflecting the more critical atmosphere since the take-over of Rootes by Chrysler. This take-over had increased foreign ownership in the British motor industry to an extent unknown in comparable European car-producing nations like Germany, France or Italy – countries where "*le défi américain*" equally made feelings run high. The first months of the year 1968 were the heyday of public debates about national economic independence in the UK, not least with regard to the motor industry. The government-sponsored creation of BLMC as the new "national champion" had, in the words of a senior Ford UK manager, "brought out the flags".<sup>82</sup>

At Ford this was reinforced by the organisational turmoil in the aftermath of the set-up of the European holding company. Massive redeployment of personnel, Anglo-German turf wars over leadership and responsibilities, and a large braindrain among senior management were only the most visible signs of this upheaval, more generally "[...] the effect of Ford of Europe reorganization has been to appear to demote just about everybody involved."<sup>83</sup>

Although the influence of this turmoil, and of the more general discourse on national economic independence were undeniable, union concerns were distinct in that they clearly focused upon employment questions. While British and German managers struggled over career prospects and national "engineering styles" DATA was more

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<sup>82</sup> Cited after Tolliday, *The origins of Ford of Europe*, p. 193.

<sup>83</sup> *Ibid.*

worried about the recruitment of German engineers in Dunton and what it saw as the slow transfer of Ford UK passenger car product development and manufacturing to the Continent.

From this it should not be concluded that "British control" merely served as an ideological label to legitimise labour market interests in the public arena. The left-oriented DATA had already shown signs of thinking in terms of national economic independence in the early 1960s. In addition, given that DATA recruited mainly in the Dunton product development centre, its employment concerns could quite directly be linked to the new public debates on British industrial independence, which were often concentrated on questions of research and development capabilities.<sup>84</sup> Increased dependence of Ford UK on German design and engineering would have led inevitably to negative employment effects in Dunton.

More generally, there was anxiety about the potential consequences of internationalisation for future employment prospects at Ford UK. The fears closely resembled those that had been voiced by Labour MPs in 1960 – with the sole difference that "German control" now substituted the earlier vision of "American dominance". Ford of Europe, so the argument ran, would be dominated by German managers whose "strongly nationalistic attitudes" would result in the sacrifice of British interests to the benefit of plants in Germany. The main functions of car product development would slowly disappear, Ford UK's export marketing would be restricted, and a "Germanisation" of design would lead to diminishing sales on the British market, resulting in further employment problems.<sup>85</sup>

These fears were clearly exaggerated. The distribution of design and development work between Dunton and Cologne had left the British operation considerably larger, and subsequent technological developments rather strengthened this position. Moreover, claims of "German control" of Ford of Europe, while perhaps applicable in some particular areas, were overall somewhat mistaken because British management was well-represented in the ranks of the new holding company, and even exercised a dominant influence in key areas such as finance.<sup>86</sup>

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<sup>84</sup> See for instance McMillan/Harris, *The American Take-over*, pp. 41ff.; Christopher Layton, "Trans-Atlantic Investments, Boulogne-sur Seine 1968.

<sup>85</sup> "Extract from a document prepared by DATA called "Transfer of design work from Ford of Great Britain to Ford of Germany", 15 July 1968, in: Public Record Office, Department of Trade and Industry, FV 22/17.

<sup>86</sup> Tolliday, *The Origins of Ford of Europe*, pp. 191f.; Harbridge House Europe, *Ford of Europe*, part III, pp. 5f.

Nevertheless, anxieties about "German control" were not merely irrational outbreaks of nationalist labour representatives but reflected increased uncertainty over future employment prospects at Ford UK. On the one hand, this related to the Ford of Europe creation itself, which increased the flexibility of the company to switch production quotas, investments and export orders between locations, and, moreover, involved risky gambles on the acceptability of standardised European vehicles.

On the other hand, fears among trade unionists in the UK were accentuated by the continued decline of Ford UK's role in the international company network, and the more general crisis of the British motor industry. It was not a far-fetched vision to presume that this process would continue and perhaps even accelerate with the closer integration of British plants into Ford of Europe's new business structures. The optimistic belief of the early 1960s that a privileged position of Ford UK within Ford International would help to improve the overall performance of the British motor industry, had lost much of its appeal.

These shifts in British trade union thinking can not be equated with a total resistance to international economic integration. Indeed, the new "national control" discourse reflected anxiety about the future of foreign investments rather than a desire to impose limits. DATA, in continuity with left wing positions of the early 1960s, did not advocate radical measures of state control over Ford. It was anxious to maintain *British* control over Ford UK operations, as a means to ensure that UK workers were not deprived from benefits of international economic integration. DATA documents referred particularly to a necessary assurance that Ford UK would continue to supply EEC export markets. Other unions, too, pushed for the exploitation of internationalisation benefits rather than opposing the process in principle, a key example being the enthusiastic support of the NJNC union officials for the company's export drive in early 1968.<sup>87</sup>

What remained unclear, however, was how a strategy of "national control" could be practically pursued in the case of Ford. The radical DATA option of uncoupling the British subsidiary from Ford of Europe would have amounted to an abrupt reversal of company strategy, and it was hard to see how this aim could be achieved without massive state intervention perhaps requiring the nationalisation of assets – an idea that was not even contemplated by DATA. The confusion about this question was evidenced

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<sup>87</sup> Financial Times, 25 January 1968.

by the fact that DATA equally proposed a much more modest "second-best option" suggesting that the government should negotiate agreed percentages of component sourcing and export requirements. Here, the focus was not on British independence but on a strengthened role of Ford UK *within* Ford of Europe.

There was also the problem, emphasised by the CSEU in 1961/2, that government interference ran the risk of investment diversion to other countries. Even though such warnings had partly been motivated by ideological concerns the argument nevertheless had had a certain validity with regard to competition for the supply of EEC markets, not least because of the liberal government policies adopted in Germany. The latter seemed hardly changed by 1968, and other countries such as France now also presented themselves as major contenders for Ford investments to cater for EEC demand.<sup>88</sup> At the same time, the emergence of Ford of Europe made the problem more pressing because it deprived Ford UK of its independent vehicle range, which so far had been a guarantee for continued EEC exports. Trade union documents were silent on this point, as more generally on how a strategy of "national control" could be effectively implemented.

### 3. Government hesitation and trade union acquiescence

In any event, union efforts to persuade the government to intervene into Ford's new European business structure had no success. The inquiry carried out by the Ministry of Technology until November 1968 was largely confined to a fact-finding exercise. The government dismissed DATA's "second-best" suggestion of renewed public assurances about component sourcing and export targets while not even considering the more radical option to insist on complete autonomy of Ford UK with regard to product development, manufacturing and marketing. In essence, the Labour administration continued along the lines adopted by the Macmillan cabinet in the early 1960s: Its main preoccupation was to avoid any manoeuvres that could induce Ford to divert investments to Germany.

In certain aspects the rejection of DATA claims was easy because by late 1968 "worst case" scenarios had certainly not materialised. The distribution of design and development work between Dunton and Cologne had left the British operation considerably larger than its German counterpart. In some areas, UK engineers benefited

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<sup>88</sup> Cf. Bonin, Ford's Bordeaux-Blanquefort plants, p. 398.

from the cross-border distribution of workloads.<sup>89</sup> Also, Ford UK's export record could hardly be said to have worsened. Following the devaluation of the pound in late 1967 the company had increased its overseas shipments to record levels, and had been particularly successful on EEC and American markets, which DATA had claimed as being shifted to Ford of Germany.<sup>90</sup>

Despite warning voices within the Ministry that pointed to the potential danger that with Ford of Europe the relative decline of Ford UK within the European network could be accelerated<sup>91</sup> Benn backed down when it came to the decision whether the company, as called for by DATA, should be asked to renegotiate the assurances given in 1960. Among his advisors the opinion prevailed that such steps should be avoided because of the danger of investment diversion to Germany: "It seems far more important to encourage Ford to increase production here rather than elsewhere than it is to tie them down to meticulous observance of a seven year old assurance".<sup>92</sup>

Government attitudes reflected the ambiguities of the new industrial policy, which had embarked on a double strategy of creating "national champions" and improving the position of British subsidiaries *within* foreign-owned companies. As in the Chrysler case in early 1967 government policy with regard to multinational firms did not attempt to copy the BLMC "autonomy" model. Ford's European business integration was accepted as a "fact of life", and the government's role was seen as furthering British interests within the new set-up. Insistence on Ford's adherence to 100 percent component sourcing in the UK, for instance, as promised by the company in 1960, was seen as counterproductive as it deflected from the more important question of how to secure a favourable British position in the emerging pattern of European intra-company shipments.<sup>93</sup> While there was a more critical assessment of the role of multinational firms than in the early 1960s action remained limited. A statement by Tony Benn in the House of Commons in November 1968 was typical. Reiterating his general concern about the lack of control over foreign-owned companies he concluded, however, that there was little the British government could do: "National governments, including our

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<sup>89</sup> Tolliday, *The origins of Ford of Europe*, p. 192.

<sup>90</sup> Dagenham Post, 25 December 1968.

<sup>91</sup> Note D. Broyd, 20 June 1968, in: Public Record Office, Department of Trade and Industry, FV 22/4.

<sup>92</sup> Note E.W.G. Haynes, 30 August 1968, in: *Ibid.*

<sup>93</sup> *Ibid.*

own, will be reduced to the status of parish councils in dealing with the large corporations.”<sup>94</sup>

This result of the government inquiry could not but profoundly discourage national control aspirations among Ford trade unions. In the short term the inquiry had clearly demonstrated that Ford UK’s position within the new European holding had not been weakened. In a longer-term perspective the government had set clear limits concerning its readiness to intervene in international company affairs. In August 1968 the CSEU Executive Council accepted Benn’s advice that DATA should take up its complaints directly with the company, from which point onwards the matter was no longer discussed.<sup>95</sup> Benn’s public statements, although criticised by some Labour backbenchers in parliament, were not challenged even by DATA.

Optimists could point to the continuing good performance of the company. By late 1968 Ford UK’s export levels not only exceeded those of its British rival BLMC but also compared well with the performance of Ford Germany: The British share of Ford’s European car output rose to 59 percent in 1968 against 41 percent of the German company – a balance that had for the last time been achieved in 1964.<sup>96</sup> DATA fears about a relocation of design and development work to Germany had not materialised. Ford’s expansion plans for UK were still on the agenda. Altogether, a conscious company strategy of slowly shifting towards the Continent would not become apparent before 1969/70.

It is likely that government arguments about the limits of control also made an impact, be it that they were reluctantly shared, or that government resistance was seen as insurmountable. More importantly still, British trade union policy, in the late 1960s more than ever, tended to be primarily preoccupied with short-term labour market problems. That anxiety about internationally-inspired changes of trading and investment patterns augmented is beyond doubt, but as long as international business integration remained without short-term consequences their impact on policy was limited. In terms of job creation 1968 was a positive year at Ford: The overall employment level rose substantially.<sup>97</sup> Against this background anxious debates about international labour market integration often disappeared as suddenly as they emerged.

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<sup>94</sup> Parliamentary Debates, Fifth Series, Volume 774, col. 491.

<sup>95</sup> Minutes of the meeting of the Executive Council of the CSEU, 8 August 1968, in: MRC, MSS. 259/5/3.

<sup>96</sup> Tolliday, Ford of Britain: Statistical Appendix, p. 144.

<sup>97</sup> *Ibid.* p. 143.

The shift towards the Left in unions like AEF and TGWU reinforced this trend; the increased support for local militancy and the devolution of bargaining to the shopfloor brought the national unions closer to workplace conflicts, which, as much as in the early 1960s, tended to be dominated by job control and wage aspirations. In fact, since the summer of 1968 trade union debates at Ford focused almost completely on such issues, and here the implications of Ford of Europe were of a completely different nature.

### *III. Radicalization - Ford as a "multinational company" (1969-1970)*

#### *1. The 'penalty clause' strike 1969*

By the end of 1968 labour-management relations in Ford UK plants had undergone a radical transformation from the relatively conflict-free years after the confrontation in 1962/3. At Halewood a "hard" management line had failed, resulting in massive shopfloor turmoil. At Dagenham the successful strike of the sewing machinists in the summer of 1968 had been a key event for the regeneration of shopfloor militancy, which could now also rely on the support of the two major national trade unions AEF and TGWU whose policies had taken a sharp turn to the Left.<sup>98</sup> Widespread frustration about the wage restraint imposed by the Labour government and the inferior Ford pay levels compared to BL and Chrysler plants in the Midlands reinforced the new sense of disquiet among the Ford workforce, which was skilfully mobilised by radical shopfloor activists and supported by national leaders such as Hugh Scanlon (AEF) who were eager to pose as advocates of trade union democracy and the rights of shop stewards.

Until early 1969 this new militancy had stood in a coincidental relation to the creation of Ford of Europe rather than being in any way directly connected to it. Unlike the anti-"Americanisation" protests in the early 1960s, workplace struggles were not primarily a defence against sophisticated management strategies but developed more autonomously as a result of growing shopfloor strength, encouraged by the pay and job control achievements in the Midlands, and the changing pattern of national trade union politics.

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<sup>98</sup> Friedman/Meredeen, pp. 73ff.

That international issues came to play a new important role in this process became discernible, for the first time, during the wage negotiations in 1969. The company offer, apart from a five percent wage increase, included a novel element, namely a scheme that would guarantee employees 66 percent of their weekly earnings in cases of lay-offs caused by external factors (e.g. supplier strikes). In return, however, it stipulated that these lay-off payments would be conditional upon strict adherence to the procedure agreement – a feature soon dubbed as “penal clause”. Workers who took part in unofficial strike action would forfeit their entitlement to the suggested income guarantee. Moreover, Ford suggested a “cooling-off phase”, with the unions having to give notice 21 days before taking official strike action.<sup>99</sup>

This offer brought Ford immediately to the centre of national debates about the reform of British industrial relations because it coincided with the publication of the Labour government’s White Paper “In Place of Strife”. The latter followed the publication of the Donovan Commission’s report in 1968, which had argued for a voluntary reform of collective bargaining, mainly through the strengthening of company-level procedures. “In Place of Strife”, however, went beyond the Donovan recommendations in that the government additionally decided to suggest a number of legal measures to restrict wildcat strikes – an idea that had been explicitly rejected by the majority of the Commission. Most importantly, there was to be a “conciliation pause” of 28 days during which time the Minister of Labour would be entitled to order employees striking in breach of procedure to go back to work, and, in case of non-compliance, to proceed against them before an Industrial Court with empowerment to impose fines. The minister would also have the legal capacity to require the unions involved in a particular dispute to hold a ballot on the question of strike action.<sup>100</sup>

The White Paper provisions clearly differed a great deal from Ford’s package, but both schemes shared a common concern with the restriction of wildcat disputes. Crucially, the coincidence of their occurrence suggested that there was an intrinsic link between them, with Ford providing an example that the government could subsequently invoke in its reform attempts at national level. Regardless of whether or not Ford did actually see its package as such a precedent, most shop stewards and the new left-wing leaderships of AEF and TGWU *believed* that the company’s aim was to introduce a “Private Enterprise Industrial Relations Act”, as a forerunner to the White Paper’s

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<sup>99</sup> Cf. Friedman/Meredeen, *The dynamics of industrial conflict*, p. 225.

<sup>100</sup> Cf. Phelps Brown, *The Origins of Trade Union Power*, pp. 177f.

proposals – to which they were bitterly opposed. In Dagenham and Halewood the view was widespread that Ford intended to set a precedent for imminent labour legislation.<sup>101</sup> Jack Jones, the TGWU General Secretary, held a similar view. The proposed Ford agreement and the White Paper were intrinsically linked, and therefore they both had to be resisted.<sup>102</sup> As an AEF member of the NJNC put it: “[...] Ford people fight the first battle against the White Paper”<sup>103</sup>.

It was not least this perception that escalated the situation. Initially a majority of the NJNC, with the AEF voting against and the TGWU abstaining, had accepted a wage compromise and the lay-off scheme with its attached “penal clauses”. But subsequent protests by Ford shop stewards, backed by the determined support of the AEF and TGWU leaders Scanlon and Jones, led to official strike action, and the repudiation of the agreement by the two largest unions at Ford.<sup>104</sup>

Since the proceedings of the Donovan Commission national industrial relations reform debates had included a strong international dimension, with the defenders of “British exceptionalism” attacking reform schemes inspired by legal regulation notably in Germany and the United States. British unions, although in contradiction to their growing interest in legal measures *supporting* collective bargaining, had sided with the “exceptionalists”, partly because of the need to counter the international comparisons advanced by employers and politicians, partly as a result of their own observation of industrial relations practices in Germany and the US, which, particularly from the point of view of left-oriented British unions, appeared to run counter to shopfloor strength and the independence of trade unions.

The German model, in particular, was scorned. A TUC report on German industrial relations from early 1969 serves as a useful example to illustrate this point. The impact of the strongly legalised German system upon trade unions was perceived as creating shopfloor apathy and passivity, and this dismissive view applied to strike laws as much as to the system of statutory employee representation, which according to mainstream German trade union thinking provided legal support for organised labour.

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<sup>101</sup> Friedman/Meredeen, *The Dynamics of Industrial Conflict*, p. 226. On the one hand, Ford’s package was fundamentally different from the White Paper approach in that it offered monetary incentives for constitutional behaviour instead of threatening workers with sanctions. On the other hand, Ford’s senior management indeed lobbied consistently for government help to resolve its labour troubles since 1968 – Cf. for instance: “Note of a meeting held at Millbank Tower, 27 January 1969”, in: Public Record Office, Department of Trade and Industry, FV 22/17.

<sup>102</sup> Jack Jones, *Union Man. An Autobiography*, London 1986, pp. 207/208.

<sup>103</sup> *Financial Times*, 21 February 1969.

<sup>104</sup> Cf. Tolliday, *Ford and Fordism*, pp. 97/98.

Works councils and union membership in supervisory boards, unduly blurring the lines between capital and labour representatives, were seen as equally unacceptable as legal “peace obligations”. All these features militated “[...] against the growth and organisation of strong trade unionism”. Moreover, German unions were described as putting job security before higher wages – an equally unattractive model to “import” into the UK in the late 1960s.<sup>105</sup>

If resistance to the “legal offensive” of the government was informed by dismissive views of German and American trade unionism, it was also true that union rhetoric concentrated on the impracticality rather than the undesirability of such “imports”. The simple argument that Britain was different due to its historically unique voluntarist development enabled the unions to delegitimise international comparisons because it implied that “importing” foreign practices to the UK would prove ineffective for the improvement of domestic industrial relations – as Carron (AEU) had already argued during the motor industry talks in 1965.<sup>106</sup>

Union leaders also expressed doubts about the importance of legal interventions for industrial peace and better economic performance in other countries; if there were fewer strikes in Germany this was not due to the legal framework of industrial relations but to higher economic prosperity and specific circumstances of German history – an argument that fitted into the public union rhetoric blaming mismanagement and lack of investment for the British economic *malaise*.<sup>107</sup> The protests of union leaders like Jack Jones against “In Place of Strife” emphasising the fact that except in wartime “[...] there had been no criminal law in industrial relations for over a hundred years”<sup>108</sup> were not least designed to reject international comparisons as irrelevant – because they did not “fit” the unique history of British industrial relations.

Partly, these positions reflected the recent shift to the Left within the British union movement, which had been brought about by a trend – which, in turn, it reinforced – towards higher wage expectations and shopfloor militancy, nurtured by disillusion with Labour government policies, rising inflation and decentralised bargaining structures. That real wages in the UK were falling behind in international comparison, and that

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<sup>105</sup> TUC, Economic Committee 12 March 1969: “Industrial democracy – visit to Germany, 27 October–2 November 1968”, in: MRC, MSS 292 B./560.1/20.

<sup>106</sup> Motor Car Talks, note 27 September 1965, in: Public Record Office, Labour and Employment Departments, LAB 43/440.

<sup>107</sup> Cf. for instance: Royal Commission on trade unions and employers’ associations, Oral evidence of the motor industry sub-committee of the CSEU, 17 May 1966, p. 37; in: *Ibid.*, LAB 28/16/6; TUC, Economic Committee, 12 March 1969, in: MRC, MSS. 292 B./560.1/20.

<sup>108</sup> Jones, *Union Man*, p. 203.

wage militancy would not halt this process became the position of a minority at TUC Congresses between 1968 and 1973.<sup>109</sup> Similarly, the concern with internal trade union democracy, expressed in dismissive remarks about the lack of leadership accountability in German trade unions, symbolised the recent political shift within the TUC rather than a distinct, long-term feature of “direct democracy” prevailing in British trade unions, as claimed by Kahn-Freund.<sup>110</sup>

At the same time, the British views of German industrial relations did reflect a clear commitment to the voluntarist principle that trade unions should derive their strength primarily from their own organisation without being overly dependent on the state and/or employers. On these grounds the TUC opposed not only legislation to restrict and control union behaviour, but also statutory instruments like works councils, which in countries like Germany were regarded as legal support of trade unionism. From a British point of view works councils appeared as a “straitjacket” of “free” collective bargaining. There was a pattern of pride that as the pioneer of world trade unionism British unions had managed to build up their strength without the legal support given to labour organisations in other countries.<sup>111</sup>

Given the importance of international arguments for the national debate and the widespread suspicion that Ford attempted to set a precedent for national reform, it was hardly surprising that foreign ownership and control came to be regarded as a crucial factor underlying the company contract offer in 1969. At Dagenham and Halewood there was strong suspicion amongst trade unionists that the “penalty bargaining” had been designed in Detroit and the Ford of Europe headquarters in order to reduce the level of disputes to those in other European subsidiaries. Ford was widely seen as a “Trojan horse” intending to bring “foreign” labour practices to the UK, and in so doing creating a precedent for national reform.<sup>112</sup>

The trade union opposition this fuelled was further reinforced when Ford, after the official strike declaration by AEF and TGWU, made the spectacular move to turn to the

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<sup>109</sup> Cf. for instance TUC, Report of 102<sup>nd</sup> Annual Trades Union Congress, 7-11 September 1970, pp. 684f.; for the post-war evolution of real wages in Britain in international comparison see Feinstein, *Changes in nominal wages*, p. 31.

<sup>110</sup> Kahn-Freund, *Labour Relations*, pp. 6ff; for a longer-term view see Reid, *Trade Union History*, pp. 88, 94.

<sup>111</sup> Cf. for instance the remarks by delegates at the 1966 and 1971 TUC Congresses – TUC, Report of 98<sup>th</sup> Annual Trades Union Congress, 5-9 September 1966, p. 581, Trades Union Congress, Report of 103<sup>rd</sup> Annual Trades Union Congress, 6-10 September 1971, p. 476.

<sup>112</sup> TUC, Report of a conference on international companies, 21 October 1970, p. 10, in: MRC, MSS. 292. D, Box 936.

courts, asking for an injunction against the two unions on the grounds that the agreement previously accepted by the NJNC was enforceable in law. Clearly, this represented a frontal attack on one of the three central elements of collective *laissez-faire*, the non-legal character of collective bargaining agreements. Apart from a minor case no British union had ever accepted that the outcome of collective bargaining would be legally binding on the parties; in the view of some observers Ford attempted a “revolutionary breakthrough.”<sup>113</sup>

This strategy hardened trade union resistance against the company and strengthened the belief that Ford was a “Trojan horse”: The company move was widely interpreted as being the result of instructions from Detroit and/or Ford of Europe.<sup>114</sup>

Whether or not this was actually the case is not of much importance here; the active part played in the affair by Stanley Gillen, Chairman of Ford of Europe<sup>115</sup>, certainly suggests that international “counselling” did have an important influence. In any case, the affair was a major event in reinforcing the widespread belief in the Ford trade union organisation that the company was attempting to import “foreign” industrial relations practices into the UK, potentially to be generalised in a later national reform. In line with the hostility against such proposals on the national level, and the connected delimitation of British unions from labour relations practices in Germany and the US, Ford was now roundly attacked for wanting to establish foreign “bridgeheads” into the voluntarist tradition of British industrial relations. When it turned out that the Court rejected Ford’s challenge of the system the unions heaved a collective sigh of relief.<sup>116</sup>

Trade union resistance against internationalisation in the area of industrial relations systems was not the only international issue playing a role in the 1969 strike at Ford. Equally important was another feature, namely the beginning of open and public threats by the company to withhold further investment in the UK if the labour situation in the plants did not improve. During the three weeks of strike senior management representatives declared repeatedly in the national press that the bad labour situation, in particular the worsening strike record, was among the major reasons why the company was liable to fall behind the German subsidiary in terms of future investment.<sup>117</sup> Even before the “penalty strike” company representatives had told officials of the Ministry of

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<sup>113</sup> Steuer et. al., *The impact of foreign direct investment*, p. 57.

<sup>114</sup> *Ibid.* p. 53.

<sup>115</sup> Cf. Friedman/Meredeen, *The Dynamics of Industrial Conflict*, p. 228.

<sup>116</sup> Cf. for instance: Jack Jones, *Union Man*, p. 208.

<sup>117</sup> Beynon, *Working for Ford*, p. 280.

Technology that chaotic industrial relations led to a situation in which Ford UK compared badly with Ford Germany in its return on investments, which in turn endangered future expansion of production.<sup>118</sup>

During the 1969 strike the question was promoted to the centre-stage of national public debates. Ford's threats to switch investment were discussed at length in the House of Commons. Barbara Castle, Minister for Employment, expressed her concern about the serious implications of the dispute for investment in the UK and the export of components to other Ford subsidiaries in Europe; as a matter of fact lacking British deliveries had led to the lay-off of thousands of workers in the Belgian and German Ford factories.<sup>119</sup> Prime Minister Wilson himself attacked the strikers publicly, warning that their action would induce Ford to shift development plans to subsidiaries abroad.<sup>120</sup> Ford of Germany was reported to build up the production of *Capri* and *Escort* components in order to be independent from UK deliveries.<sup>121</sup>

These developments confronted the Ford UK trade union organisation with a number of new challenges. There was a need to assess the credibility of company threats, and the degree to which future employment security would be affected if such threats were carried out, and – eventually – whether or not the situation justified compromises with regard to other trade union objectives. At the same time, a strategy was required to ensure that public debates on investment and employment security did not unduly affect mobilisation in the plants. Given that workers were susceptible to shifts in public opinion their readiness to strike could suffer from management discourses the unions were unable to challenge by their own arguments. As a Ford steward elaborated “[...] you have got to make some attempt to get the facts across because the lads will be reading the papers”<sup>122</sup>

Furthermore, it was also important that the closer integration of the British subsidiary into the European network had ambiguous implications for strike tactics: Militant strike leaders were quick to point to the additional advantage this situation created since it increased the potential commercial damage the unions could inflict upon Ford. A shop stewards pamphlet noted with satisfaction that the closure of British factories had substantially affected continental production, thus multiplying commercial

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<sup>118</sup> Cf. for instance “Note of a meeting held at Millbank Tower, 27 January 1969, in: Public Record Office, Department of Trade and Industry, FV 22/17.

<sup>119</sup> Parliamentary Debates, Fifth Series, Volume 779, cols. 978ff., 1373ff.

<sup>120</sup> Financial Times, 15 March 1969.

<sup>121</sup> Financial Times, 12 March 1969.

<sup>122</sup> Cited after Beynon, Working for Ford, p. 280.

losses: "With the standardisation of models and the centralisation of production of some components Ford of Europe has become very vulnerable." The pamphlet even argued that Ford workers across Europe should unite in picking out the "Achilles heels" of the new continental production system in order to apply joint pressure on the company to improve employment conditions.<sup>123</sup>

There can be no doubt that the views of the unions represented in the Ford NJNC diverged a great deal on these issues, and it is not improbable that international considerations contributed to the general clash within the negotiating committee that ended with the resignation of a number of its most prominent members.<sup>124</sup>

It was difficult for the unions to judge the extent to which the company was determined to carry out its threats. That an element of bluff was involved became clear in June 1969 when a major investment program in the UK was announced.<sup>125</sup> The fact alone that it was still company policy to have the British market supplied exclusively by British plants required continued investment. On the other hand, it appeared as if the strike could negatively affect Ford UK's future potential for exports to the European continent given that decisions about capacity expansion in Britain were still pending while Ford Germany's new Saarlouis plant was about to come on stream. From late 1969 onwards a further shift of investment and production to the Continent would indeed become perceptible, resulting in a permanent change in the distribution of European output between Britain and Germany.<sup>126</sup>

That the dispute was generally seen as having major implications beyond the immediate bargaining issues can be grasped by the fact that it was even debated by the General Council of the TUC -- a highly unusual practice in the post-war history of British trade unionism.<sup>127</sup>

The most vociferous voices among national leaders came from the rightwing ETU president Cannon supporting Wilson's condemnation of the strike, and pressing for TUC and government mediation to end the dispute.<sup>128</sup> But power lay firmly in the hands of the new left-wing AEF and TGWU leaderships. Their attitude is difficult to ascertain as they carefully avoided taking a position on the international issues of the dispute. It seems plausible to interpret AEF and TGWU attitudes according to a pattern that would

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<sup>123</sup> *Solidarity*, vol. 5, no. 8, March 1969, p. 5., in: MRC, MSS. 217/B1/12.

<sup>124</sup> Cf. Friedman/Meredeen, *The dynamics of industrial conflict*, pp. 263f.

<sup>125</sup> Cf. *Dagenham Post*, 25 June 1969.

<sup>126</sup> Tolliday, *Ford of Britain: Statistical Appendix*, p. 144.

<sup>127</sup> TUC, General Council, 26 February 1969, pp. 89f., in: MRC, MSS. 292 B/20/9.

<sup>128</sup> *Financial Times*, 15 March 1969.

later become embodied in the more general TUC strategy towards “multinational” companies: In the short term international business integration improved the bargaining position of trade unions because the company was more vulnerable to industrial action. In the long run, however, there was a certain danger of investment switching.<sup>129</sup> While initially dismissing company threats as “hoary old story” AEF and TGWU leaders appeared to become more apprehensive since the second strike week when international implications gained prominence – without, however, altering their strike objectives in a radical way. Jack Jones described the situation as “sensitive”, and both AEF and TGWU accepted mediation by the TUC and massive government interventions – the latter explicitly undertaken to safeguard Ford UK’s future position within the Ford of Europe network. After four days of negotiations a compromise was reached. The company withdrew its proposal for a cooling-off period and mitigated considerably the “penalty clauses”, which the unions, however, accepted in this modified form.<sup>130</sup>

## 2. Discursive change: Ford as a “multinational/international company”

Compared to the ambiguous trade union attitudes in 1967/68 the “penalty clause” strike clearly marked a shift towards much more critical positions, which were going to remain during subsequent years. This shift was perhaps best reflected by the prominent role Ford played in the more general discourse on “international”/“multinational” companies that emerged within the British trade union movement since late 1969.<sup>131</sup> It should be noted from the outset that the “critical turn” of British union attitudes compared to the early and mid-1960s was not synonymous with a desire to restrict inward investments by foreign-owned firms generally. On the contrary, developments at Ford in 1968/9 had already demonstrated that an important part of the new union anxieties originated from the perception that Ford UK was increasingly losing out to Ford of Germany in terms of trading and investment opportunities.

Seen in the perspective of national and international public debates on the issue the British unions were quite late in their “discovery” of “multinationals”. Economists had started to reflect about this form of cross-border business organisation since the

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<sup>129</sup> TUC, Report of a conference on international companies, London 21 October 1970, p. 12, in: MRC, MSS. 292 D, Box 936.

<sup>130</sup> Financial Times, 15 March 1969; Mathews, Ford Strike, pp. 62f.

<sup>131</sup> Gennard, Multinational Corporations and British Labour, p. 5.

early 1960s.<sup>132</sup> Since Servan Schreibers' *le défi américain* had achieved success in the UK the issue had also aroused ever more vivid public debates.<sup>133</sup> Labour government ministers had pointed to Ford as an example of the new type of "international company" that "will be thinking of Europe in a much freer way than any national company."<sup>134</sup>

Within the international trade union movement the concept figured prominently since the first meeting of the newly created "World Councils" for Ford and GM in June 1966.<sup>135</sup> In Germany, the "international company" had made its appearance at the *IG Metall* Congress in 1968.<sup>136</sup>

In Britain, still in 1968, a more critical trade union discourse had relied on the older notion of "American control", or, as in the case of Ford of Europe, it had been substituted by "German control". For the first time, the term "multinational" was introduced at the TUC Congress 1969, which instructed the General Council to carry out an in-depth study of the phenomenon.<sup>137</sup> Subsequently, the matter was discussed on several occasions by the TUC Economic Committee.<sup>138</sup> A major conference organised in November 1970 in London marked the highlight of the transformation of British trade union thinking. Trade union policy at Ford was now embedded in a new national debate.

Conference and committee documents problematised a range of issues that cannot be examined in detail here.<sup>139</sup> Of crucial importance for the analysis is that they also echoed many of the points already raised in 1968/69 by trade unions at Ford; indeed the company was repeatedly referred to as a paradigmatic example of the "international firm", characterised by growing cross-border integration of investments, production and marketing operations. And it was the three international labour market aspects already encountered by Ford trade unionists that were identified as crucial concerns related to such companies.

Firstly, there was the anxiety over future job security that had driven trade union action at Ford already in 1968 and, to some extent, also during the "penalty strike" of

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<sup>132</sup> Cf. Dunning et. al., "The theory of international production, op. cit.

<sup>133</sup> Steuer, *The impact of foreign direct investment*, p. 1; John M. Stopford/Louis Turner, *Britain and the Multinationals*, Chichester/New York 1985, p. 23.

<sup>134</sup> *Parliamentary Debates, Fifth Series, Volume 774*, cols. 491/492.

<sup>135</sup> Cf. Kassalow, *The International Metalworkers Federation*, pp. 115, 194.

<sup>136</sup> Cf. *Industriegewerkschaft Metall* (Hg.), *Protokoll des neunten ordentlichen Gewerkschaftstages der IG Metall für die Bundesrepublik Deutschland, 2-7 September 1968*, part „Anträge“, p. 481.

<sup>137</sup> TUC, *Report of the 101<sup>st</sup> Annual Trades Union Congress, 1-5 September 1969*, p. 581.

<sup>138</sup> "International companies and trade union interests", *Economic Committee*, 10 December 1969, 11 February 1970, in: MRC, MSS. B, 560.1/21.

<sup>139</sup> Cf. Gennard, *Multinational Corporations and British Labour*, op. cit.

1969. Implicitly or explicitly, the company was now referred to as a prime example of how product standardisation and multiple sourcing across borders could facilitate production and investment switching – triggering fears of job losses among workers in Britain. At the TUC conference on multinationals in November 1970 the Ford convenor Bernie Passingham explicitly warned against these dangers. Cross-border model standardisation “[...] produces many fears in the people working on the floor because it means that the company can switch production without loss [...] We are now getting the line of management saying – ‘The Germans are getting on with theirs, if you don’t watch out, you will be out of work’ [...] The inception of dual models is really worrying”.<sup>140</sup>

These fears resonated with shifting trade union thinking on international economic integration more generally. While the Wilson government still hoped that British EEC entry would lead to a boost in American inward investment, a majority within the British trade union movement no longer appeared to share this optimism, a turn that found support in the observable trend in American firms – Ford being among them – to shift investment priority from Britain to the European continent.<sup>141</sup> In 1967 government promises of higher US investment had still been included in the TUC General Council’s own report on the Common Market question – by 1970 it had disappeared. At that year’s Congress the view was widespread that EEC entry would further accelerate the negative trend, by giving international companies more liberty to switch production and investment from Britain to the continent.<sup>142</sup>

Secondly, there was concern related to new bargaining practices of multinationals. Again, Ford was invoked as a paradigmatic example where management in the course of industrial disputes had threatened to switch future investment to subsidiaries abroad, thus attempting to use job anxiety among employees to apply pressure on trade unions. The line of argument adopted in TUC documents appeared to follow closely the experience of the 1969 “penalty strike” at Ford.

On the one hand, it was argued that such threats often represented bargaining tricks rather than real options of company strategy because other factors decisively overrode such considerations, e.g. the importance of large domestic markets that

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<sup>140</sup> TUC, Report of a conference on international companies, London 21 October 1970, pp. 48/49, in: MRC, MSS. 292 D, Box 936.

<sup>141</sup> Cf. Stopford/Turner, *Britain and the Multinationals*, p. 140; Stephen Young et. al., *Foreign Multinationals and the British Economy. Impact and Policy*, Croom Helm London 1988, pp. 53f.

<sup>142</sup> Cf. TUC, Report of the 102<sup>nd</sup> Annual Trades Union Congress, 7-11 September 1970, pp. 680ff., 741-753.

required a domestic manufacturing presence. One TUC report stated that it was “unconceivable” that Ford would decide to close its Dagenham production complex overnight.<sup>143</sup> If such threats did have substance industrial relations problems were only one, and according to the TUC, not the most important aspect involved – market access, investment incentives, and taxation being more salient factors. Moreover, it was explicitly emphasised that in the short-term trade union bargaining positions were even enhanced as the pattern of cross-border vertical integration enabled them to paralyse company operations to a hitherto unknown degree. Yet, it was acknowledged at the same time that in the longer term dangers existed, and that trade unions had to take these into account.<sup>144</sup>

On the other hand, the argument was advanced that investment boycott strategies should be condemned morally as they were trying to “play off” workers and countries against each other, infringing upon national sovereignty and legitimate worker interests.<sup>145</sup> While this line of reasoning usually served to underpin the case for strengthening cross-border trade union co-operation and public regulation of such firms, a perhaps more important function was to discredit companies like Ford in the eyes of public opinion and, not least, among company employees themselves. Challenging business strategies publicly could apply pressure on companies because it could adversely affect the domestic marketing climate. At the same time, it could help to avoid negative repercussions on the mobilisation potential among workers frightened by the prospect of job losses.

Thirdly, the trade union “discovery” of multinationals also echoed the concern with industrial relations practices that had played a prominent role during the 1969 Ford dispute. Now, multinational companies were generally accused of attempting to import “alien” industrial relations practices into the UK. Given the climate of 1969/70 with its continued heated public debates about the introduction of a more legalised industrial relations system in Britain it was hardly surprising that the assault on the tradition of

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<sup>143</sup> TUC, Report of a conference on international companies, London 21 October 1970, in: MRC, MSS. 292 D, Box 936; cf. Gennard, *Multinational Corporations and British Labour*, pp. 14ff.

<sup>144</sup> *Ibid.*

<sup>145</sup> Cf. for instance TUC, Report of the 102<sup>nd</sup> Annual Trades Union Congress, 7-11 September 1970, p. 682.

collective *laissez-faire* by Ford in 1969 provided one important background for the new discourse of "alienation".<sup>146</sup>

In line with the hostility against reform proposals at national level, and the connected delimitation of British unions from labour movements in Germany and the US, practices such as "penalty clauses" were rejected as being "foreign" to British tradition, based on the unconstrained freedom to bargain and strike.<sup>147</sup> The implications of these concerns reached beyond the case of individual companies and primarily targeted the national debate on the reform of British industrial relations. More than simply being protests against concrete company measures they reflected opposition to any attempt to "Germanise" or "Americanise" labour relations in the UK.

TUC documents revealed, however, that this invocation of British "exceptionalism" was confined to aspects of legalisation that appeared to be restrictive from a British trade union point of view – legal control of union rule books and restrictions of the freedom to strike, legal enforceability of collective agreements and statutory employee representation weakening union strength and mobilisation. Counter to this position British unions themselves slowly moved away from the commitment to collective *laissez-faire* with regard to legal *support* for collective bargaining, a tension that became clearly discernible in the policy recommendations adopted by the TUC to deal with multinational firms.

One of the crucial fields of future union action within such firms was perceived to be a widening of collective bargaining agendas, and a professionalisation of strategies. In the case of Ford, the need for trade union negotiators to enhance their capacities to collect information about corporate structures and forward plans had already been contemplated sporadically during the early 1960s.<sup>148</sup> The new debate on multinational companies gave an enormous push to this development and shifted its focus more towards cross-border aspects. The remoteness of corporate decision-making in international firms, the uncertainty about future job security in the light of enhanced company potential for production switching, the importance of international aspects for

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<sup>146</sup> The most important other aspect underlying the accusation of "alien" labour relations was the continued practice of a number of American-owned multinationals to refuse trade union recognition altogether – cf. Steuer et. al., *The impact of foreign direct investment*, pp. 54f.

<sup>147</sup> Cf. Steuer, *The impact of foreign direct investment*, pp. 48ff.; Gennard, *Multinational Corporations and British Labour*, pp. 23f.

<sup>148</sup> Cf. for instance: Notes of proceedings at a meeting of the FNJNC, 28 May 1962, p. 8; Notes of proceedings at a meeting of the FNJNC, 23 September 1963, pp. 23-26, in: MRC, MSS. .126/TG/Sack 24/1; Minutes of Dagenham Assembly Plant JWC Meeting, 10 March 1961, 17 August 1961, 15 June 1962, in: Archive AEEU Dagenham, file "JWC Minutes 1959-1966".

collective bargaining processes all pointed to the need to obtain much more information about international corporate structures and strategies.

The debate was encouraged by and contributed to a renewed interest in “industrial democracy” and “workers control” within the British trade union movement more generally, focusing on the need to go beyond traditional wages and conditions questions in collective bargaining to include consultation about corporate planning.<sup>149</sup> Policy in multinational firms was designed on two parallel tracks: on the one hand, the TUC urged union negotiators to intensify their own research on such companies, and to press for an upgrading of consultation procedures with senior management both at national and international level. On the other hand, anticipating resistance of companies to provide information, the government was called upon to prescribe minimum legal requirements for disclosure of corporate information to trade unions in support of their collective bargaining role.<sup>150</sup> This latter demand obviously stood in clear tension to the doctrine of collective *laissez-faire*, which the unions purported to defend in their resistance against government industrial relations reform plans. Thus, the confrontation with multinationals firms, while reinforcing union commitments to voluntarism in important respects, contributed, at the same time, to deviations from this commitment.

The call for government support played a crucial role in the emerging British union policy towards multinationals firms in a still wider sense. TUC documents pleaded for regular government talks with multinationals over their investments, intracompany trading, research, dividend and industrial relations policy with a view to integrating such plans into overall national economic planning. Export target ceilings and import limitations were mentioned as examples of how such discussions could be instrumental to achieve a “small measure of national economic control”.<sup>151</sup> This position, while to some extent following DATA policy at Ford in 1968, confirmed the fundamental shift of trade union policy since the early 1960s when the CSEU had urged its constituent unions to refrain from involving the British government when dealing with US-owned car companies. The change reflected increased uncertainty about the labour market implications of deepened cross-border business integration, coupled with growing scepticism about the role of British companies within such networks. The more

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<sup>149</sup> Crouch, *The Politics of Industrial Relations*, pp. 108/109.

<sup>150</sup> Conference on international companies – possible lines of action, TUC Economic Committee, 11 November 1970, in: MSS 292 D, 560.1 Box 1085.

<sup>151</sup> “International companies and trade union interests”, Economic Committee, 10 December 1969, in: MRC, MSS 292.B, 560.1/21.

general public debates about the danger multinationals posed to national sovereignty fed into this trade union thinking because it enabled them to attack collective bargaining and industrial relations practices of such firms that appeared to run counter to British trade union interests.<sup>152</sup> The new industrial policy of the Labour government with its focus on the containment of foreign-owned firms by “national champions” seemed to offer opportunities for the pursuit of strategies of national control.<sup>153</sup>

Apart from these aspects related to the professionalisation of union bargaining and government interventions, trade union “discovery” of multinational firms also entailed a new TUC policy agenda for international trade union co-operation. The particular nature of multinational firms was seen to require measures that went beyond the traditional forms of information exchange, namely joint consultations of different national unions with international headquarter management, the co-ordination and synchronisation of wages and conditions claims, and a degree of mutual support in cases of industrial disputes.<sup>154</sup> This catalogue took most of its content from the agendas of international trade union conferences on multinationals that mushroomed since the late 1960s, with Ford usually playing a very important role.<sup>155</sup>

British receptivity to these ideas was, however, quite a novel development. Fears of Communist infiltration and more general worries about a break-away movement of car workers along the model of the American UAW had caused British union leaders to urge caution against far-reaching international co-ordination schemes at Ford and GM still in the mid-1960. In 1967 leading UAW officials perceived Britain as the “weakest link” in IMF efforts to co-ordinate collective bargaining.<sup>156</sup>

But since 1968 interest in international union contacts had grown: TGWU and AEF had started to play a more active role in the activities of the IMF automotive department, not least because they perceived a new useful role for the IMF in providing information on international corporate structures and strategies. They also initiated

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<sup>152</sup> Report of a meeting with the First Secretary of State for Employment and the Minister of Technology, 7 May 1970, TUC Economic Committee, 10 June 1970, in: MRC, MSS.292B/560.1/23.

<sup>153</sup> Cf. Report of a meeting with the First Secretary of State for Employment and the Minister of Technology, 7 May 1970, p. 4, TUC Economic Committee, 10 June 1970, in: MRC, MSS. 292B/560.1/23.

<sup>154</sup> Conference on international companies – possible lines of action, TUC Economic Committee, 11 November 1970, in: MSS 292 D, 560.1 Box 1085.

<sup>155</sup> Cf. Günter, *Transnational Industrial Relations*, op. cit., Flanagan/ Weber, *Bargaining without Boundaries*, op. cit.; Kujawa, *International labour and the multinational enterprise*, op. cit.

<sup>156</sup> Walter P. Reuther to Victor Reuther, 26 June 1967, in: Archives of Labor and Urban Affairs, Detroit, UAW International Affairs Department, Victor Reuther and Lewis Carliner Files, 1962-1968, Box 54-1.

bilateral meetings with the UAW.<sup>157</sup> On the shopfloor level a similar evolution had found its expression in contacts of British shop stewards with Ford trade unionists on the European continent, resulting in the first conference of convenors from plants in Britain, Belgium and Germany in 1969.<sup>158</sup>

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The “inventory” of trade union strategies drawn up in 1969/1970 was going to shape the agenda of British unions at Ford in subsequent years. But only a closer look at developments on the company level can reveal to what extent their *actual* policies, conditioned by other local and national aspirations, and the restraints imposed by company manoeuvres and national political developments, followed the strategies prescribed in conference resolutions.

#### *IV. Fears, resistance and strategic ambiguities (1970-1973)*

##### 1. Employment security fears

Concern about future employment prospects as a key element in the new critical trade union discourse on multinational companies intensified at Ford since late 1969. While earlier unrest in 1968 had been mainly confined to the product development division in Dunton there was now a broader preoccupation with job security.

As a matter of fact, this shift reflected changes in Ford’s international business strategy, which aimed to reduce the relative importance of Britain as a location to the benefit of subsidiaries on the European continent. There was a massive expansion of production capacity on the Continent while the older plans for a new body and assembly plant in Britain were eventually shelved in 1970. By 1974 the value of fixed assets per worker in the British plants had fallen far behind the level achieved in Germany.<sup>159</sup> Connected to this process export marketing rationalisation came increasingly at the expense of UK plants, most importantly with regard to exports to EEC countries. By

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<sup>157</sup> Memo Burton Bendiner, IMF to Victor Reuther, UAW, 9 December 1968, in: *Ibid.*, Box 55-28.

<sup>158</sup> Friedman/Meredeen, *The Dynamics of Industrial Conflict*, p. 256.

<sup>159</sup> Tolliday, *The Decline of Ford in Britain*, p. 95.

1972 Ford UK had lost its status as the country's major exporting motor firm to British Leyland.<sup>160</sup>

Numerous instances of protest demonstrate that this process did not go unnoticed by the trade unions at Ford. Since the autumn of 1969 shop stewards at Halewood lobbied local members of parliament to raise the issue of trading and investment switching with the British government.<sup>161</sup> Officials in the TUC Economic Department launched similar initiatives.<sup>162</sup>

In the research and development centre in Dunton new unrest was discernible since February 1970 when a mass meeting of DATA adopted a resolution to ban overtime and to refuse liaison with German colleagues in Cologne until the company would reassure Dunton members about future employment prospects. DATA circulated documents claiming that Ford of Europe wanted to run-down passenger car engineering in Britain. Concerns about model commonisation and international marketing allocation were raised. It was predicted that Ford UK's EEC exports would soon cease because the new Saarlouis plant needed additional production volumes to cover its high investment costs: The vision was as sinister as prophetic: "This will eventually lead to Ford of Britain producing for the home market only and supplying Ford of Germany with various parts".<sup>163</sup>

Protests in Halewood reached a climax in February 1970. Here, the main concern was that employment in the plant would be put at risk by the beginning of car production in Saarlouis. Until 1970, Saarlouis had been confined to produce pressings and parts for other Ford locations in Europe but now the assembly of built-up *Escort* cars started there – the main production model manufactured at Halewood. Rumours were ripe that the bulk of *Escort* production would be switched to Saarlouis, and that future investment would be concentrated in Germany.<sup>164</sup> When Henry Ford II visited the Merseyside plant in late February 1970 he was handed a letter by the plant convenors spelling out these fears. The letter made also reference to broader forward planning aspects, namely the shelved expansion plans of Ford in the UK and the company

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<sup>160</sup> D. G. Rhys, *The Motor Industry*, p. 410; cf. for the export data: Tolliday, *Ford of Britain: Statistical Appendix*, p. 139.

<sup>161</sup> Note E.W.G. Haynes, 22<sup>nd</sup> January 1970, in: Public Record Office, Department of Trade and Industry, FV 22/17.

<sup>162</sup> Letter Vic Feather to Tony Benn, Ministry of Technology, 17 October 1969; Letter Ministry of Technology to Feather, 5 December 1969, in: MRC, MSS. 292B/617/2.

<sup>163</sup> DATA, "The German take-over of Ford of Britain", undated [February 1970], in: Public Record Office, Department of Trade and Industry, FV 22/17.

<sup>164</sup> *Financial Times*, 26 February 1970.

intention to supply EEC export markets almost exclusively from continental plants. The shop stewards, "while appreciating that we are part of the Ford of Europe complex", requested a guarantee for future job security at Halewood.<sup>165</sup>

Employment security fears related to international trading and investment issues also played a prominent role in the Ford NJNC wage claims in the early 1970s. In detailed calculations the unions pointed to the divergence of Ford UK's exports from the overall pattern of the British motor industry, notably the absence of large sales in Common Market countries and the ending of shipments to the United States. The 1970 claim concluded that the company's export performance "may be unduly dependant on policy decisions within the new network of Ford companies."<sup>166</sup>

The question of EEC sales was seen as particularly problematic given that the new Conservative government under Edward Heath seemed determined to seize the opportunity for British membership that had been re opened by the removal of de Gaulle from French politics in 1969: "The question of Fords attitude to the Common Market is a very serious matter. If Heath were to take the UK into the Common Market and Ford UK continued its present policies the consequences would be very damaging [...] There would, for Ford workers, be exposure to greatly increased home market penetration from Common Market producers, some losses in preferences at present supporting Ford's market position in EFTA and Commonwealth countries, and a great gap where the compensatory major increase in sales to the Common Market should be. This is a question that MUST be directed at Ford's and answered by Ford's."<sup>167</sup> The wage claim submitted in December 1972 again re-iterated the question of export markets: Ford's international strategy to restrict EEC exports of its UK subsidiary were described as a "recipe for unemployment of workers in Britain", and the company was asked to undertake a major sales effort in the Common Market.<sup>168</sup>

In line with the general debate on multinational companies trade union attitudes held in the early 1960s were completely reversed: By then it had been hoped that closer cross-border integration at Ford would help British industry to improve its position in European export markets, and that British EEC entry would foster such prospects. Now,

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<sup>165</sup> Ibid., The Guardian, 26 February; Beynon, Working for Ford, 1st ed., p. 180.

<sup>166</sup> TGWU, The Ford Wage Claim, London 1970, pp. 13f., 37.

<sup>167</sup> Supplementary Notes on Motor Industry, with special reference to Ford Claim, undated [January 1971], in: Archive Trade Union Research Unit, Ruskin College Oxford, File "Ford claim 1970". I would like to thank Denis Gregory for giving me access to the archive.

<sup>168</sup> Notes of proceedings at a meeting of the Ford NJNC, 14 December 1972, in: MRC, MSS. 126/TG/3, Sack 140/2.

Ford trade unions doubted that the company's UK subsidiary would be allowed to exploit the potential benefits of European market integration even after the country's EEC entry, and, at the same time, worried about losses of domestic and EFTA sales that could occur simultaneously through sales drives of Common Market producers such as *Fiat*, *Volkswagen* or *Renault* in Britain.

That Ford's export patterns in the early 1970s even contrasted unfavourably with BLMC's now became an argument against British EEC membership itself: "There are obvious grave doubts as to the economic consequences of EEC entry anyway, but a major 'non-joiner' in the export effort of our most important export industry stacks the cards against the employment prospects of British car workers with a vengeance".<sup>169</sup> During the 1971 dispute Scanlon and Jones, the leaders of AEF and TGWU, repeated these arguments in their talks with Prime Minister Heath emphasising that in the light of Ford's sourcing decisions British EEC membership would represent a "major threat" to the UK as a location for manufacturing of Ford products because it would endanger company sales in the domestic and EFTA markets without prospects for compensatory increases in Common Market countries.<sup>170</sup>

That Ford UK production for the supply of the British market could itself become substituted by imports from continental Ford plants was not explicitly mentioned, but broader TUC debates about multinational firms suggest that this scenario was implicitly present. The General Council report to the 1971 TUC Congress preceding the overwhelming rejection of EEC entry by the delegates pointed to the "probability" that international companies would exploit British membership to switch more investments to the continent and serve the British market from there – with "disastrous" consequences for employment in the UK.<sup>171</sup> Presumably Ford was perceived to be among this category of "international companies".

It should be noted, however, that this turn against European economic integration stood in contrast to continued trade union calls on Ford for a major EEC sales offensive. As a matter of fact, Ford UK's sales pattern in the early 1970s with its strong emphasis on the British market, complemented by exports to EFTA and Commonwealth markets

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<sup>169</sup> Supplementary Notes on Motor Industry, with special reference to Ford Claim, undated [January 1971], in: Archive Trade Union Research Unit, Ruskin College Oxford, File "Ford claim 1970".

<sup>170</sup> "Trade union points", 23 March 1971, in: MRC, MSS. 292D, Box 890; Prime Minister's Meeting with Mr. Leonard Woodcock, President of the UAW, 23 March 1971, in: Public Record Office, Records of the Prime Minister's Office, PREM 15/1662. Jones and Scanlon met Heath together with UAW president Woodcock.

<sup>171</sup> Trades Union Congress, Report of 103<sup>rd</sup> Annual Trades Union Congress, 6-10 September 1971, pp. 318f.

almost perfectly matched TUC Congress visions of how British trade should develop in the absence of accession to the EEC.<sup>172</sup> The fact that union negotiators at Ford simultaneously pressed the company to intensify its European export efforts can only be interpreted as a contradiction revealing British labour representatives' awareness that exclusion from the high-growth EEC markets – even if protecting Ford UK's British market base – would presumably further marginalize the company's position within Ford of Europe.

There can be no doubt that British trade union preoccupation with the employment consequences of Ford's international business strategies increased during the years 1970-73. However, it is equally important to emphasise the limits of this change, namely the fact that protests, even though on a much broader level, remained relatively ephemeral and locally isolated. In many instances protest actions were ended when the company declared that no employment cuts were planned in British locations although trading and investment decisions remained unaltered. For instance, DATA at Dunton suspended its liaison ban with engineers in Cologne after having received a company assurance that there would be no redundancies in 1970 and that the division of headcount between the two product development locations would remain unchanged for the next three to five years.<sup>173</sup> As in early 1968, DATA representatives focused on the issues that concerned its members immediately and locally. Broader issues such as export marketing and investments, while invoked as arguments in public protests, were instantly dropped once the more immediate aspects had been settled.

Similarly, Halewood shop stewards in February 1970 made great play of forward planning and international sourcing decisions but protests stopped as soon as Henry Ford had given the assurance that employment at Halewood would not be reduced due to the beginning of car production in Saarlouis.<sup>174</sup> In the spring of 1972, again, loud trade union protests about investment and production switching to Germany were muted in the light of company assurances about future employment security.<sup>175</sup>

That protest patterns remained rather ephemeral and confined to particular locations was mainly due to the fact that employment issues mobilised the shopfloor only when there were short-term implications for existing jobs. In this perspective

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<sup>172</sup> Trades Union Congress, Report of the 102<sup>nd</sup> Annual Trades Union Congress, 7-11 September 1970, pp. 675ff.

<sup>173</sup> Letter Ford Motor Company to G H Doughty, General Secretary DATA, 29 April 1970, in: archive Betriebsrat Cologne-Merkenich, file "Ford Europa".

<sup>174</sup> Financial Times, 26 February 1970.

<sup>175</sup> Cf. Dagenham Post, 7 June 1972, 14 June 1972.

Ford's investment preference for the continental plants appeared less dramatic as it did not imply employment cuts in Britain but merely a slower pace of expansion than in Germany or Belgium: While the labour force at Ford UK increased by about ten percent between 1969 and 1972 the German subsidiary recorded a growth rate roughly double in size.<sup>176</sup> If, in contrast to Dagenham shop stewards in the early 1960s, few voices argued *against* expansion in British plants this did not mean that the creation of additional jobs acquired particular importance in trade union thinking at Ford - hence the ease with which management was able to calm down protests promising that no job cuts were planned.

Moreover, the strengthening of the shop stewards organisation at Dagenham and Halewood with its focus on job control and wage aspirations, underpinned by the conscious shift of TGWU and AEF towards decentralisation of bargaining and union decision-making since the late 1960s, had shifted trade union priorities further away from longer-term considerations and strategies.

## 2. Collective Bargaining: company threats and international pay comparisons

The campaign for wage parity with the best rates paid in Chrysler and BLMC plants turned out to be the centrepiece of this new shopfloor-based union policy. In early 1970 a country-wide meeting of Ford shop stewards endorsed parity with the Chrysler plant at Ryton as their main objective for the impending contract negotiations. Nevertheless, it took another year until the unions were able to organise massive shopfloor mobilisation for the claim. In 1970 plant mass meetings voted to accept a compromise company offer rather than following the advice of shopfloor leaders to strike for parity. But in the following year mobilisation was successful, culminating in February and March 1971 in the nine-week long "parity strike".<sup>177</sup>

As far as international aspects were concerned the parity campaign brought a repetition of the challenges already encountered in 1969. Again and even more insisting, senior company management threatened publicly to withhold future investments in British plants unless the labour situation improved. Ford UK's Managing Director Batty wrote a letter to "The Times", claiming that he had advised Detroit against building a new engine plant in Britain, and Henry Ford II flew in personally to tell Prime Minister

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<sup>176</sup> Cf. Tolliday, *Ford of Britain: Statistical Appendix*, p. 143; Thomes, *Searching for Identity*, p. 174.

<sup>177</sup> Cf. Beynon, *Working for Ford*, chapter 11; Mathews, *Ford Strike*, op. cit.

Heath that he could not recommend any further capital expenditure in Britain. Publicly he commented that "what we have got to do is disassociate completely from the British source with its untold labour problems."<sup>178</sup> Such statements triggered an unprecedented debate in the national media about whether trade union militancy imperilled the future of British operations within Ford's new international network. In the House of Commons the question was repeatedly discussed.<sup>179</sup>

British unions could not ignore these public debates because it was likely that Ford workers would not remain unaffected by them, which could have an impact on the mobilisation potential in the plants. On the other hand, there can be little doubt that in 1970/71 "parity" had become the overriding objective among Ford shop stewards and the left majority in the NJNC, and investment boycott threats, whether credible or not, did little to impede their determination. Some signs of investment shifting to Germany had become impossible to overlook since the 1969 dispute, and at the same time the decision whether or not to expand capacities in Britain was still pending. TUC reports on "international companies", while emphasising the difficulty to single out individual causes for investment and marketing decisions of companies, admitted that such decisions "may be influenced by industrial relations problems."<sup>180</sup> But employment levels in Ford's UK plants increased more rapidly in 1968-70 than during earlier years of the decade. If expansion was slower than in Germany this was not a matter of particular urgency.

Trade union determination was strengthened by perceptions of future company sourcing strategies. In the fall of 1970 the unions had been told that expansion in the UK as previously planned would not be realised. However, at the same time, union officials assumed that employment levels would continue to grow. While Ford UK would probably remain excluded from EEC markets its capacities were needed to supply British and EFTA markets. With car demand still soaring there was nothing to suggest that production cutbacks were imminent; indeed union officials were reported to believe that "[...] within the next five years there will be another factory in Halewood"<sup>181</sup> It is likely that this belief was connected to knowledge about the emerging project for the small car *Fiesta*, planned to come on the market in the mid-

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<sup>178</sup> Mathews, *Ford Strike*, pp. 127, 138.

<sup>179</sup> Cf. *Parliamentary Debates, Fifth Series*, volume 795, cols. 1288f.; volume 797, cols. 905f.; volume 815, cols. 238f.

<sup>180</sup> TUC, Report of a conference on international companies, 21 October 1970, p. 11, in: MRC, MSS 292 D., Box 936.

<sup>181</sup> „Ford strike 1971 – chronology & news clips“, p. 4, in. MRC, MSS. 217/B1/12.

1970s and scheduled for production in Germany and Britain - until the new investment opportunity in Spain changed the whole picture from late 1972 onwards.<sup>182</sup>

These considerations clearly neglected the probable impact of the comparatively high levels of labour conflict in the UK upon the shelving of Ford expansion plans in 1969/70. They also partly rested upon confidential knowledge about forward planning, e.g. with regard to the *Fiesta*, that could not be used in public debates. Therefore, the unions needed to devise a strategy that would convince Ford workers of the legitimacy of the union's claim and would discredit company threats of investment switching. That they feared shopfloor desertion triggered by such threats can be grasped in the language of strike agitation. A TGWU leaflet issued during the campaign warned that "[...] we can not control Ford export marketing policy but we can and must see that we are not trapped into docility by threats of foreign bogey men".<sup>183</sup>

The resulting discursive strategy to win the minds of workers comprised several partly contradictory elements. Firstly, the unions contended that Ford's threats constituted a purely tactical manoeuvre of little credibility. It was emphasised that Ford had already voiced such threats in the 1920s but still had "found it profitable to maintain and develop his investment in Britain."<sup>184</sup> The public management stance against a new engine plant in the UK was seen as indicating that Ford had never intended to open the plant in Britain anyway.<sup>185</sup>

While such arguments did not address the problem that the company had indeed further shifted its European "centre of gravity" to Germany since 1969 – a trend against which trade union representatives had themselves been protesting on various occasions – it could be based on the valid point that Ford needed its UK subsidiary to realise good profits on British and EFTA markets. That Ford's public statements could not be taken entirely at face-value was underlined even in internal correspondence by the Department of Trade and Industry.<sup>186</sup>

Secondly, the unions deployed the moral and political argument that Ford attempted to undermine national sovereignty and to "play off" workers and

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<sup>182</sup> Cf. Tolliday, *The Origins of Ford of Europe*, pp. 201ff.; Edouard Seidler, *Opération Fiesta. Autobiographie du Projet Ford Bobcat*, Lausanne 1976, p. 71.

<sup>183</sup> TGWU Bulletin (Fords), undated [1971], in: Archive Trade Union Research Unit, Ruskin College Oxford, File "Ford claim 1970".

<sup>184</sup> "Trade union points", 23 March 1971, in: MRC, MSS. 292D, Box 890.

<sup>185</sup> „Ford strike 1971 – chronology & news clips“, p. 4, in: MRC, MSS. 217/B1/12.

<sup>186</sup> „Brief for Prime Minister's Lunch with Henry Ford II“, Note by VME Divisions, Department of Trade and Industry, 8 March 1971, in: Public Record Office, Records of the Prime Minister's Office, PREM 15/1662.

governments of various countries. Public investment grants the company had received were cited as evidence that the company should be required to display a higher degree of loyalty to its British base. As Jones and Scanlon put it to Prime Minister Heath: "The government must recognise the threat to national sovereignty and democratic accountability in what Ford II is now saying. Instead of unrolling a red carpet the government should have stated quite clearly that Ford's sweeping condemnation of British industry is not acceptable".<sup>187</sup> Accusing Ford of its lack of national loyalty served to discredit the company in the eyes of workers and consumers in Britain.

Thirdly, and most importantly, the trading and investment decisions of multinational firms such as Ford were described as bearing little relationship to trade union wage struggles. Moss Evans, the TGWU chief negotiator, summarised this position by stating that "I do not see Henry Ford's commercial judgements interfering in this dispute."<sup>188</sup> In public discourses and their submissions to the British government union representatives time and again played down the importance of labour matters for investment decisions while pointing to other, "more crucial" factors such as the slow economic growth in the UK, government restrictions of domestic demand or changed fiscal policies to attract foreign investors. The idea of blaming Ford's policy on wages was described as "nonsense".<sup>189</sup>

Apart from pointing to the higher earnings in other British motor firms this stance was also backed by extensive international wage comparisons: Such data had occasionally been used already in earlier years but it was now in the context of attacks on the union's "irresponsibility" that they gained much more prominence. The 1970 pay claim listed detailed comparisons with earnings on the Continent, both on the overall national level and directly in relation to Ford of Germany, aiming not so much at an international parity campaign but at the rejection of views that saw labour issues as a hindrance to the future development of Ford UK: Wages in Cologne, it was argued, were far higher than in the UK, and still Ford had invested massively in the German subsidiary. The investment argument was turned upside down: The widespread view among economists was cited, according to which higher wage rates constituted an important incentive for firms to increase the capital-intensity of their production – hence

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<sup>187</sup> "Trade union points", 23 March 1971, in: MRC, MSS. 292D, Box 890.

<sup>188</sup> Dagenham Post, 17 March 1971.

<sup>189</sup> "Trade union points", 23 March 1971, in: MRC, MSS. 292D, Box 890.

the record investment rates in the US despite high wage levels.<sup>190</sup> Thus, the rejection of internationally-inspired company strategies entailed the internationalisation of the union's own bargaining policy.

Contemporaries describe the use of international pay comparisons as an important element in winning the struggle for legitimacy on the shopfloor<sup>191</sup>, and such an assessment is indirectly supported by the fact that strike tactics - as in 1969 - again actively exploited Ford's international business network that partly depended upon cross-border shipments of parts and components from and to the UK. As in 1969, production came to a halt in a number of continental plants due to shortages of British components, and there were large-scale lay-offs of workers, notably in the German Saarlouis plant. Shortly after the dispute Sid Harraway, deputy convenor in the Dagenham body plant, admitted that "Europeanisation" had made strikers willing to stay out longer.<sup>192</sup>

Seen in a longer-term perspective the 1971 contract bargaining created a precedent for the use of extensive international pay and conditions comparisons. By the time of the next negotiation round in December 1972 the union claim again made reference to international comparisons and even advanced a notion of "European parity", arguing that as part of the Common Market it was "[...] natural that we should look at our pay levels in comparison with those in the rest of the Market."<sup>193</sup>

In itself, the concept of European wage parity represented a rather opportunistic union manoeuvre because, as company representatives repeatedly pointed out, higher wages in Germany had resulted from the devaluation of the British pound since 1967 and not from higher contract settlements between employers and trade unions there. The trade union submission itself made reference to the breakdown of the Bretton Woods system in 1971 that had led to a further depreciation of the pound on international capital markets.<sup>194</sup> It was also ironic that such comparisons were intensified at a time when British unions criticised German trade unionism for its lack of wage militancy.

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<sup>190</sup> This argument echoed similar points often raised by Jack Jones in national debates of economic policy. Cf. for the debate on the relation between wages and investment among economists: Freeman/Medoff, *What do unions do?*, pp. 162ff.

<sup>191</sup> Interview with Denis Gregory, Trade Union Research Unit, Ruskin College Oxford.

<sup>192</sup> *Dagenham Post*, 17 May 1972.

<sup>193</sup> Notes of proceedings at a meeting of the Ford NJNC, 14 December 1972, pp. 13-16, 18, in: MRC, MSS 126/TG/3, Sack 140/2.

<sup>194</sup> *Ibid.*, cf. for the currency evolution: Sydney Pollard, *The Development of the British Economy 1914-1990*, 4<sup>th</sup> edition, Edward Arnold London 1992, pp. 301ff.

Moreover, the way international pay comparisons were advanced was in itself contradictory. In the context of pay negotiations these arguments were put forward as if they represented a quasi “natural” consequence of management’s cross-border productivity comparisons. According to this logic, higher wage rates would lead to more investments, and thus to higher productivity. But outside the bargaining halls union representatives often argued that investment threats based on efficiency comparisons carried little weight because the unfavourable productivity differentials were offset by much lower wages in the UK, which were contributing to continued investment by Ford.<sup>195</sup> Here, the company was called to refrain from efficiency comparisons altogether rather than accepting cross-border wage comparisons as part of an internationalised bargaining agenda.

In any event, both discursive strategies, while incompatible with each other and also reflecting differences within British unions, served the sole purpose of deligitimising Ford’s attempts to blame British unions for the company’s relative decline within Ford of Europe. They did not put forward international parity notions in the sense of claims for which there was readiness to strike. In October 1970 TUC General Secretary Feather explicitly warned against such endeavours. Parity aspirations at international level were undesirable because they would create a new “elite” of workers - and thus increase wage differentials *within* the countries concerned – a point of particular relevance for large general unions such as the TGWU.<sup>196</sup>

In the actual negotiation processes at Ford international comparisons were quickly dropped by the unions as soon as bargaining came close to concrete terms of settlement; at times this turn occurred so abruptly that even company representatives were stupefied.<sup>197</sup> In short, it was not by whatever international aspirations that British unions at Ford were driven towards the internationalisation of their negotiating agenda but by the need to counter managements’ cross-border comparisons that endangered the parity campaign.

On a more general level it appears that while British unions forced Ford in 1971 to go a long way towards their parity claim the extremely long and costly strike, at the same time, contributed to a further decline of the British subsidiary within Ford of Europe. In the absence of a similar upsurge of militancy at Ford of Germany it was

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<sup>195</sup> Interview with Denis Gregory, Trade Union Research Unit, Ruskin College Oxford.

<sup>196</sup> *The Times*, 22 October 1970.

<sup>197</sup> Cf. Notes of proceedings at a meeting of the Ford NJNC, 26 January 1973, pp. 28f., in: MRC, MSS 126/TG/3, Sack 140/2.

probably among the most important factors for the decision of Ford of Europe to choose the German Saarlouis plant rather than a British location as the second site for the manufacture of the new small car *Fiesta* in the mid 1970s.<sup>198</sup>

In the early 1970s the situation at Ford was unambiguous: Facilitated by the absence of employment cuts at Dagenham or Halewood the new pattern of militancy had overridden longer-term job security fears arising from Ford's international business strategies.

### 3. Industrial relations: Continued Resistance to "alien practices"

The discursive discovery of „multinational companies“ by British trade unions since late 1969 had partly been nurtured by the perception that such firms formed a vanguard in implementing aspirations by British employers to “import” foreign labour relations practices into the UK, in particular stronger legal regulation of collective bargaining and strikes. Ford's failed attempt to have a wage agreement declared legally enforceable in February 1969 had made the company a particular target of trade union suspicion. This remained the case in subsequent years. As late as 1973 a TUC paper on international companies mentioned Ford as a firm with problematic industrial relations practices.<sup>199</sup>

The main reason for this was that on the overall national level debates about legal restrictions of trade unions reached a new peak in the early 1970s. Unified trade union resistance had successfully defeated the Labour government's White Paper “In place of Strife” in 1969 but the election victory of the Conservative Party in June 1970 had brought the issue back to the agenda. The Heath government had immediately started to implement an industrial relations reform clearly designed to bring the trade unions under the control of the law: collective bargaining contracts were made legally enforceable, trade union immunities were restricted to legally registered organisations with registration in turn depending on rules for the conduct of industrial disputes, an

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<sup>198</sup> A new manufacturing complex in Valencia (Spain) was to become the principal site of *Fiesta* production – cf. Tolliday, *The Origins of Ford of Europe*, pp. 211ff.

<sup>199</sup> TUC, Economic Committee, 13 June 1973: “Note for a meeting between representatives of the Economic Committee and the Secretary of State for Trade and Industry, to be held June 18, 1973”, in: MRC, MSS 292D, 560.1, Box 1087.

Industrial Relations Court was created with wide-ranging powers of intervention in strikes.<sup>200</sup>

As had been the case during the debates of the Donovan Commission international considerations played a significant role. The Industrial Relations Act of 1971 was clearly inspired by models in operation in other countries; Heath himself is said to have wanted to transform the British unions along the lines of their German and North American counterparts.<sup>201</sup> The fact that some of the provisions of the Act closely followed the pattern of American labour law was hotly debated in Parliament and media.<sup>202</sup> Intellectual advocates of voluntarism like Kahn-Freund criticised the import of North American concepts as “abuse” of the method of international comparison.<sup>203</sup>

The attitude of most trade union leaders was more outspoken than in previous years. For Jack Jones the Industrial Relations Act was designed to “Americanise” and “castrate” the British trade union movement, and what was needed was a complete refusal to co-operate with the government.<sup>204</sup> Conservative legislation was also perceived to be linked to the parallel aspirations of the government to take Britain into the European Community. At the 1971 TUC Congress Jones voiced the suspicion that “the principal purpose of the Industrial Relations Act was to prepare the way for us to go into Europe.” An AEF representative wished to remind the delegates that “the overall policy of this government, its action in introducing the Industrial Relations Act, has in its make-up a conditioning of the British trade union movement to policies and laws in Europe which already condition the majority of trade union movements within the European Community.”<sup>205</sup>

The last remarks already indicate that - as in the late 1960s - resistance to internationalisation continued to be reinforced by cross-border comparison with trade union models of other countries, usually resulting in extremely negative assessments. Continental labour organisations were described as being restrained by restrictive legal frameworks and hence lacking the strength of British unions; Jack Jones bluntly stated that “in the Common Market the trade unions are weak.”<sup>206</sup> In the context of debates

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<sup>200</sup> Taylor, The Heath government, *op. cit.*

<sup>201</sup> Taylor, “The Conservative Party and the Trade Unions”, pp. 153-4.

<sup>202</sup> Cf. Eric S. Heffer, *The class struggle in Parliament. A Socialist view of industrial relations*, Victor Gollancz London 1973, pp. 206ff.

<sup>203</sup> Lewis, *Method and Ideology*, p. 113.

<sup>204</sup> Middlemas, *Threats to the Post-War Settlement*, p. 318.

<sup>205</sup> Trades Union Congress, *Report of the 103rd Annual Trades Union Congress, 6-10 September 1971*, pp. 473, 482.

<sup>206</sup> *Ibid.* p. 485.

about the possible harmonisation of worker participation patterns in European company law<sup>207</sup> earlier arguments against too much legal regulation were re-iterated, related not only to legal restrictions of strikes and the enforceability of bargaining agreements – items usually brought up by employers and Conservatives – but also to statutory instruments of employee representation. The German works council and co-determination systems, in particular, were seen as superseding, and hence weakening trade union growth and mobilisation strength.<sup>208</sup> The small minority that pointed to the potential for alliances with other European labour movements in the EEC was heavily attacked. On the contrary, one of the main driving forces behind the resistance against EEC membership was the desire to isolate the UK from pressure to “Europeanise” domestic industrial relations.<sup>209</sup>

Debates in the Ford trade union organisation mirrored these positions: With the more regular exchanges between British and German trade unionists since the late 1960s came extensive discussions about the benefits and problems of the respective principles of trade union organisation, and in this context British delegates were quick to point out that the legal requirements of the works council system were restricting rather than supporting trade union strength at the workplace, not least because the works council law did not even require that employee representatives were members of a trade union.<sup>210</sup>

These national and local debates about the reform of British industrial relations and the cross-border comparisons of trade union models formed the background for the persistence of discourses on “alien” labour practices in multinational companies such as Ford. Already during the 1969 strike it had become clear that protests had targeted not only the company itself but also the wider national debate on how to deal with the “trade union question”. In the early 1970s the latter aspect became even more important as the company itself, after its unhappy excursion into British labour law in 1969, refrained from getting involved with the newly created National Industrial Relations Court.<sup>211</sup>

In one important respect the connection between Ford as a “multinational” and the reform of British industrial relations remained very direct: Linking continued threats to

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<sup>207</sup> Cf. Höland, *Mitbestimmung in Europa*, pp. 25ff.

<sup>208</sup> Trades Union Congress, *Report of 105th Annual Trades Union Congress*, 3-7 September 1973, p. 415.

<sup>209</sup> Cf. Wurm, *Sozialisten und europäische Integration*, pp. 287-289.

<sup>210</sup> Bernie Passingham/Danny Connor, *Shop Stewards on Industrial Democracy*, Nottingham 1977, pp. 6/7.

<sup>211</sup> Friedman/Meredeen, *The Dynamics of Industrial Conflict*, p. 233.

withhold further investment for its British subsidiary to the requirement for a reduction of strikes meant that the company could quite legitimately be seen as promoting the legislative ambitions of the Heath government. Indeed, since the late 1960s Ford had been among those lobbying consistently for more legal restrictions of strikes.<sup>212</sup> During the 1971 strike, characterised by repeated announcements to shift future company business away from Britain, Henry Ford II had used a meeting with Prime Minister Heath to encourage government attempts to impose a new legal order.<sup>213</sup>

In the eyes of Ford trade unionists the company was amongst those employers who wanted to discipline the British trade union movement, and it was not only due to chronological coincidence that in 1971 the company's internal labour conflicts once again became entangled with national politics: The pay strike and a shopfloor campaign to oppose government reform plans mutually reinforced each other.<sup>214</sup> More than ever determined to defend an unfettered freedom to bargain and strike shopfloor activists and the new left union leaders perceived the multinational Ford in similar terms as membership in the EEC: Involvement in such international networks meant that through the lever of commodity and capital flows the pressure for domestic industrial relations reform would increase - to the detriment of British labour. The trade unions would have to pay an unacceptable price for attempts to modernise the British economy through closer international integration.

#### 4. Widening of collective bargaining agendas and demands for improved consultation

The TUC debate in 1969/70 had urged a professionalisation of trade union strategies and a widening of collective bargaining agendas as important fields of action. At Ford, this process was straightforward in subsequent years. The creation of the Ford of Europe holding had shifted the centre of corporate decision-making to the international plane. Given that no labour-management consultation structures were established at European level British unions did not have direct access to the level of international management. Anglo-German division of responsibilities resulted in a higher specialisation of plants and other business units - the "wrong" model could mean

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<sup>212</sup> Cf. Presentation by the Ford Motor Company, 23 March 1970, in: Public Record Office, Department of Trade and Industry, FV 22/17.

<sup>213</sup> Memo, 17 March 1971, in: Ibid., Records of the Prime Minister's Office, PREM 15/1662.

<sup>214</sup> Cf. Mathews, The Ford strike, pp. 84f.

short-time work while in other plants extra hours were made. Knowledgeable bargaining required background information about cross-border company trading and transfer price systems.

These developments, on the one hand, spurred union efforts to build up research capacities and extend their knowledge of international corporate structures and strategies, a trend particularly visible in the case of white-collar unions, partly because their members had more knowledge about corporate planning processes, partly because research and development were among the first areas to be internationalised. On several occasions the technicians union DATA elaborated lengthy documents about Ford of Europe's business plans.<sup>215</sup> ACTSS, the white-collar section of the TGWU, prepared an even more detailed submission to members of parliament in 1972.<sup>216</sup>

But professionalisation equally extended to manual workers' organisations, most clearly expressed in the collective bargaining proceedings since 1970. Intellectually supported by the Trade Union Research Unit at Ruskin College Oxford negotiation positions of unions in the NJNC reflected the desire to obtain information about future investments, export marketing, and other issues of corporate strategy – and to achieve a measure of influence. Arguments about what kind of corporate information related to international company structures the unions were entitled to obtain became an almost permanent feature of bargaining, and the unions regularly mobilised their economic expertise to challenge company accounts.<sup>217</sup> The “parity” wage claim from November 1970, perhaps the first example of this new type of bargaining was acclaimed as a new age of more business-like trade union strategies, even in the Conservative Press.<sup>218</sup>

On the other hand, not least due to the frustrations with company reluctance to provide information, Ford trade unions supported TUC attempts to improve legal trade union rights in terms of information disclosure – confirming the ambiguities of union attitudes towards collective *laissez-faire*. By 1970 the TUC had drawn up a list of issues that it wished to see incorporated into strengthened legislation on corporate disclosure. The list contained a special sub-set of items related to multinational companies, e.g.

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<sup>215</sup> Cf. Extract from a document prepared by DATA called “Transfer of design work from Ford of Great Britain to Ford of Germany, 15 July 1968; „The German Take over of Ford of Britain“, undated [1970], in: Public Record Office, Department of Trade and Industry, FV 22/17.

<sup>216</sup> ACTSS Ford Motor Company, „Ford of Europe – A special report for members of parliament based on the ACTSS report on the Ford of Europe Manufacturing Complex“, undated [1973], in: MRC, MSS. 292 D, Box 937.

<sup>217</sup> Cf. for example: Notes of proceedings at a meeting of the Ford NJNC, 14 December 1972, Notes of proceedings at a meeting of the Ford NJNC 9 February 1973, in: MRC, MSS. 126/TG/3, Sack 140 2.

<sup>218</sup> Friedman/Meredeen, *The Dynamics of Industrial Conflict*, p. 231.

transfer pricing, investments and inter-company trading.<sup>219</sup> This TUC pressure was instrumental in inducing the Heath government to include a section on disclosure for collective bargaining purposes in its 1971 Industrial Relations Act.<sup>220</sup>

From 1972, largely as a result of personal initiatives by Jack Jones and parallel debates about European Community legislation, the TUC also came to advocate new forms of labour-management consultation, most importantly the election of trade union representatives into company boards. In line with the dismissive view taken on the German industrial relations system it was emphasised that these representatives had to be fully accountable to local trade union organisations regardless of confidentiality clauses and that elections should take place through established trade union machinery instead of the unacceptable works council system. Worker directors should not create a second, additional channel of interest representation but were equated with the extension of collective bargaining into areas that had traditionally been beyond the scope of trade union interest.<sup>221</sup>

These national developments had, however, a very limited effect for concrete trade union policy at Ford. Ideas of worker directors were opposed by employers and the Conservative government, quite apart from the fact that within the British union movement itself opinions on the issue were deeply divided. It was mostly due to the determination and influence of Jack Jones within the TUC that the question was placed on the agenda. A large current of thinking, represented equally on the Left and the Right, opposed board membership, and argued that unions should use traditional collective bargaining means, including the strike weapon, to mobilise influence on issues of company strategy.<sup>222</sup>

At Ford, in any event, the whole debate does not appear to have had any repercussions. Trade union attempts to achieve a measure of influence over corporate decision-making took other forms: ad-hoc lobbies of government and members of parliament, leaks of commercially sensitive information to the press, and - as in the case of DATA's liaison ban with German personnel - even the use of industrial power. For the collection of information unions not only relied on company data but used other channels such as foreign press articles, insider information provided by middle or

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<sup>219</sup> "Information for company bargaining", 28 June 1972, in: MRC, MSS. 292.D, Box 936.

<sup>220</sup> Davies/Freedland, *Labour legislation and public policy*, p. 387.

<sup>221</sup> "EEC proposal on aspects of company law: application to Britain - TUC comment", TUC, Economic Committee, 2 February 1973, in: MRC, MSS. 292 D, 560.1, Box 1087.

<sup>222</sup> Cf. Bernd Atenstedt, *Mitbestimmung der Arbeitnehmer im Board britischer Kapitalgesellschaften*, Frankfurt/M., 1987, pp. 78f.

lower-rank management, or the contacts with their usually more knowledgeable German counterparts<sup>223</sup> – the latter giving another ironic twist to British union policy in Ford's international labour market: To some extent UK labour representatives could draw limited benefits from the advantages of the German co-determination system without being forced to accept its undesirable features.

These new forms of trade union policy also had some interesting – and contradictory – implications for labour-management relations at Ford UK. On the one hand, they added another dimension of conflict to the confrontations of the late 1960s and early 1970s. Trade union attempts to collect confidential information about international corporate strategies led to a number of harsh confrontations with the company, not least because at times such tactics implied the leak of sensitive forward planning information to the public. In the case of ACTSS Ford's Labour Director in 1972 even threatened to reduce the union's negotiation status and to discipline individual employees involved in the collection of information about international business plans.<sup>224</sup>

On the other hand, fears about growing German influence within Ford of Europe led to the paradoxical situation that the unions often took up the cudgels for local British management. One of the recurrent themes of union analysis of the Ford of Europe complex was the assessment of the corporate balance between British and German management, and, notwithstanding the fact that Britons numerically dominated most areas of the holding company<sup>225</sup>, their usual conclusion was that German management had "taken over" control – with catastrophic consequences for future developments: Nationalist German managers would allocate resources and production capacity to the detriment of British plants and workers.<sup>226</sup>

Ironically, these views implied a feeling of support for local managers who were seen as guardians of British interests while, in circumstances of bargaining and strike, they were distrusted and attacked. The great confrontations occurring during the period between 1968 and 1973 made this "partnership" approach a subordinate aspect of

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<sup>223</sup> Passingham/Connor, Ford shop stewards, p. 7.

<sup>224</sup> ACTSS Ford Motor Company, „Ford of Europe – A special report for members of parliament based on the ACTSS report on the Ford of Europe Manufacturing Complex“, p. 16, in: MRC, MSS. 292 D, Box 937.

<sup>225</sup> Cf. Harbridge House, Ford of Europe, part III, p. 5.

<sup>226</sup> DATA, „The German Take over of Ford of Britain“, undated [1970], in: Public Record Office, Department of Trade and Industry, FV 22/17; ACTSS Ford Motor Company, „Ford of Europe – A special report for members of parliament based on the ACTSS report on the Ford of Europe Manufacturing Complex“, pp. 3-4, in: MRC, MSS. 292 D, Box 937.

labour-management relations at Ford UK. But events demonstrated on a more general level that international business integration provided powerful incentives for coalition-building on the basis of national allegiances – a feature of lasting significance for later periods.

#### 5. Trade union ambiguities with government regulation

Since 1969 union congress and conference resolutions on multinational companies had put special emphasis on the need for more government control over these firms, and the integration of their corporate strategies into national economic planning. However, by 1973, little had been achieved in this regard.

Already during the Ford inquiry by the Labour government in 1968 it had become clear that far-reaching strategies of political control had only a limited chance of being implemented because the government, eager to induce Ford to maintain and improve its output and export performance, feared a diversion of investments to Ford of Germany if the company was facing critical public pressure in the UK. The same attitude prevailed during the remaining two years of Labour's term although Benn in the Ministry of Technology undoubtedly grew more critical in Ford's regard. When, in early 1970, complaints by Halewood shop stewards about the switching of US market supply from Britain to Germany turned out to be justified, Benn told senior company representatives that he found the decision "disturbing" because it had "grave implications" for Britain. He even insisted on a personal meeting with Henry Ford II to pursue the matter. But ultimately he was unable to achieve any concrete concessions.<sup>227</sup>

Government attitudes continued to be shaped by the ambiguities of the new industrial policy with its double strategy of creating "national champions" and improving the position of British subsidiaries *within* foreign-owned companies – resulting in permanent anxiety about the competitive position of Ford UK compared to the German Ford subsidiary.

With the arrival of the Heath government in 1970 prospects for public control over multinational firms were remote as the new administration, at least during the first two years, pursued an explicit policy of non-intervention in industrial matters. From 1972 this stance was altered; a new Industry Act heralded a time of more active industrial

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<sup>227</sup> Note "Ford of Europe", 19 January 1970, Notes of a meeting held at Millbank Tower, 26 February 1970, in: Public Record Office, Department of Trade and Industry, FV 22/17.

policy, including sectoral restructuring, large-scale public investment programs and regional development schemes.<sup>228</sup> But these initiatives were of little relevance for the situation at Ford. Here, the government repeatedly rejected trade union lobbies for public intervention, arguing that competitive weaknesses alone, not least due to labour conflicts, were responsible for the setbacks Ford UK had suffered within the company's European organisation since 1970.<sup>229</sup> Ministers even opposed trade union suggestions for the strengthening of corporate disclosure requirements for multinational firms.<sup>230</sup> The most tangible initiative of the Conservative government with regard to multinationals was a move to intensify lobbying activities to attract foreign investment through a series of ministerial overseas visits in the United States, Japan and Western Europe.<sup>231</sup>

These government positions clearly discouraged public control aspirations among British trade unions. But apart from the insurmountable problems of implementation union attitudes - as in 1968 - displayed their own ambiguities. Union concerns remained focused on *British* rather than *public* control; the government was expected to ensure that the UK company was guided by British interests and British management - but not to make day-to-day interventions, let alone to nationalise multinational firms. The latter idea was explicitly discarded in a position paper endorsed by the TUC Economic Committee in February 1970, which argued that "[...] public ownership would very rarely be as advantageous as a mutually agreed solution".<sup>232</sup>

Even more modest endeavours such as government involvement into corporate planning processes of multinational firms, routinely lobbied for in general terms<sup>233</sup>, were not actively pressed when it came to the point of deciding policy priorities. This became clear in the early 1970s when the Labour Party and the TUC jointly determined the cornerstones of future Labour government policies. Tony Benn, since 1971 Chairman of the Labour Party, had in the meantime turned to much more radical

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<sup>228</sup> Cf. Middlemas, *Threats to the Postwar Settlement*, pp. 338ff.

<sup>229</sup> Prime Minister's meeting with Mr. Leonard Woodcock, President of the UAW, 23 March 1971, in: Public Record Office, Records of the Prime Minister's Office, PREM 15/1662; Parliamentary Debates, Fifth Series, Volume 858, cols. 1183/1184.

<sup>230</sup> TUC Economic Committee, 11 July 1973: Report of a meeting between the Secretary of State for Trade and Industry, and members of the TUC Economic Committee, 18 June 1973, in: MRC, MSS. 292D, 560.1, Box 1087.

<sup>231</sup> TUC Economic Committee, 13 June 1973, in: *Ibid.*

<sup>232</sup> "International companies and trade union interests", Economic Committee, 11 February 1970, in: MRC, MSS. B, 560.1/21.

<sup>233</sup> TUC Economic Committee, 11 July 1973: Report of a meeting between the Secretary of State for Trade and Industry, and members of the TUC Economic Committee, 18 June 1973, in: MRC, MSS. 292D, 560.1, Box 1087.

positions, and one of his principal advisers, Stuart Holland, was among the strongest advocates of bringing multinational companies under the control of the state, most importantly through so-called “planning agreements” that would commit firms to jointly determined production, investment and export levels.<sup>234</sup>

The majority of TUC union leaders, among them Jones and Scanlon, reacted with scepticism to this sweeping agenda. Significantly, the envisaged “Social Contract” between unions and Labour Party centered around issues such as wages, pensions and industrial relations while remaining somewhat silent on industrial policy. This resonated well with the Left union leaders’ own priorities: Jones, for instance, told Benn bluntly that it was necessary to deal with pensions and prices instead of “airy-fairy stuff” such as nationalisation or planning agreements.<sup>235</sup>

There was one aspect of government policy related to Ford’s international labour market in which unions took a more active interest, namely the question of British membership in the EEC. Union views prevailing in 1967/8 were mainly concerned with potential corporate restrictions of Ford UK’s exports to Common Market countries. From 1970 this perspective was reversed. Now, anxiety about a potential loss of Ford UK sales in the British and EFTA markets became dominant – be it to other European producers, or directly to Ford of Germany. A measure of national control over Ford UK – if it could not realistically be achieved through more “independence” within Ford of Europe – was to be achieved through the imposition of macroeconomic barriers protecting the company’s domestic market base from internal (Ford of Germany) and external continental competition. As Jack Jones put it in the talk with Prime Minister Heath the only major threat to Britain as a location for Ford business activities would be accession to the Common Market.<sup>236</sup> But these union warnings - uneasily coexisting with repeated calls for an EEC sales drive by Ford UK - went unheard: From January 1973 Britain became part of the European Economic Community.

#### 6. The ambiguous attitudes towards international trade union co-operation

By 1973 it appeared that a tension between high-flying congress resolutions and concrete initiatives and achievements at Ford not only applied to the area of government

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<sup>234</sup> Cf. Tony Benn, *Parliament, People and Power. Agenda for a free Society*, Verso London 1982, pp. 9f.; Stuart Holland, *The Socialist Challenge*, Quartet Books London 1975, especially chapters 3, 8.

<sup>235</sup> Tony Benn, *Against the Tide. Diaries 1973-76*, Hutchinson London 1989, p. 46.

<sup>236</sup> “Trade union points”, 23 March 1971, in: MRC, MSS. 292D, Box 890.

control but equally to international trade union co-operation. Since the latter had been declared one of the major fields of action in the TUC debate on multinational firms in 1969/70 there were incessant calls for more co-ordination and liaison across borders but, as a matter of fact, these mainly reflected a consistent failure to achieve any tangible results. In none of the questions described as urgent in TUC documents in 1969/70 - co-ordination of collective bargaining, mutual strike support, set-up of labour-management consultation structures at international level – was any progress made in the early 1970s, despite the fact that the frequency of international meetings increased both at shopfloor level, and under the auspices of the new IMF company council for Ford.<sup>237</sup> None of these meetings, the Dagenham convenor Passingham admitted in 1975, had led to effective joint policy initiatives and actions.<sup>238</sup> In essence, international union contacts were largely confined to their traditionally role: the exchange of information that could be of use for national unions domestically.<sup>239</sup>

One conclusion from this evolution could be that the growing British union interest in international contacts since 1968 had - notwithstanding conference resolutions - primarily been motivated by an increased need for information related to international corporate structures and strategies after the creation of Ford of Europe in 1967. There is no lack of evidence to support this claim: Already in 1968 British delegates emphasised the useful role the IMF could now play in furnishing information on profit and production figures of international automobile firms, and, more importantly, on corporate plans for production transfers.<sup>240</sup> It is also probable that more frequent meetings with the UAW in this period served as attempts to achieve American union support for the further delivery of British Ford cars to the US market – an issue of importance particularly in 1969/70. Meetings with German Ford unionists were used to gain knowledge about the Ford of Europe complex. The wage claims submitted by British unions in the NJNC drew partly on information supplied by the IMF.<sup>241</sup>

It is also clear that intensified international comparisons of industrial relations and trade union patterns since the late 1960s hampered rather than furthered more ambitious schemes for international co-operation. British disdain of German union practices,

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<sup>237</sup> Cf. Kassalov, *The International Metalworkers Federation*, pp. 225-300.

<sup>238</sup> Bernie Passingham, "Europäische Konferenz der Ford-Arbeiter 1975 – Beitrag der britischen Delegation", in: *Archive Betriebsrat Ford Cologne-Merkenich*, file „Ford Europa“.

<sup>239</sup> Northrup/Rowan, *Multinational Collective Bargaining*, p. 564.

<sup>240</sup> Letter Burton Bendiner, IMF, to Victor Reuther, UAW International Department, 9 December 1968, in: *Archives of Labor and Urban Affairs, Detroit*, UAW International Affairs Department, Victor Reuther and Lewis Carliner Files, 1962-68, Box 55-28.

<sup>241</sup> "Parity: Our reply to Fords", January 1971, in: *MRC, MSS. 217/B 1/12*.

reinforced by the praise the German system received from employers and Tory politicians in the UK, had a direct effect. The fact that there were non-unionists in the German Ford works councils, for instance, caused considerable consternation and reluctance.<sup>242</sup> That international contacts might also offer opportunities to propagate British patterns abroad was not considered a serious option. TGWU conference resolutions, in 1973, to intensify shopfloor contacts with trade unionists on the continent to “export” the British shop stewards system and “effective trade union organisation” implicitly confirm the lack of such initiatives in the early 1970s.<sup>243</sup>

Furthermore, there is clear evidence that British union leaderships, in continuity to the early 1960s, had grave doubts about the desirability of far-reaching schemes of international collective bargaining co-ordination in multinational firms such as Ford. While a loose pattern of liaison was favoured IMF initiatives aiming at steps for cross-border harmonisation of wages and conditions, or at the synchronisation of bargaining tactics and timing, met with scepticism. Apart from the practical difficulties arising from different national negotiation structures British union leaders also had reservations of principle. With the Left shift since the late 1960s the former anxiety about international Communist infiltration had decreased in importance but fears that international “parity” notions could erode national solidarity and strength were still present - despite the fact that break-away movements to form a car workers union had not been present since the late 1960s.

In 1970 TUC General Secretary Feather publicly stated that wage bargaining would remain with the national federations and warned against premature moves to international harmonisation of wages and working conditions, which would create a new “elite” of workers and thus much increased wage differentials *within* the countries concerned. According to Feather “[...] the international trade union movement would not wish to be party to agreements which created two classes of citizens.”<sup>244</sup> Incidentally, this position resonated with similar warnings expressed by the leadership of *IG Metall* in Germany, which in the early 1970s took determined steps against renewed aspirations by Ford and *Opel* works councils to create separate collective

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<sup>242</sup> Passingham/Connor, *Shop Stewards on Industrial Democracy*, pp. 6/7.

<sup>243</sup> TGWU Biennial Delegate Conference, 9-13 July 1973, p. 20, in: MRC, MSS. 126/TG/1/4/25.

<sup>244</sup> *The Times*, 22 October 1970.

bargaining structures for the automobile industry, or even a separate car workers union.<sup>245</sup>

If these considerations demonstrate the need to qualify British trade union receptivity to international union co-operation in the late 1960s and early 1970s they should not conceal evidence of British initiatives, particularly related to international labour-management consultation and mutual trade union strike support.

As far as international consultation was concerned the most important move was made in June 1972 by Moss Evans, the TGWU's National Secretary for the motor industry. In a meeting of the IMF Ford company council he strongly pushed for the idea to approach Ford of Europe top management with a view to the establishment of a permanent labour-management consultation structure at European level to discuss the company's forward business plans. The background for this initiative were renewed job security fears in Ford's British plants related to rumours about the diversion of future investment to Germany, and about the company plans for a new manufacturing complex in Spain.<sup>246</sup>

Against grumblings among other national union centres, particularly the German *IG Metall*, the IMF meeting agreed to seek an informal meeting with Ford of Europe president Bourke to explore the option of international consultation. But the company flatly rejected this proposal, and a journey of IMF representatives to Ford's Detroit headquarter equally yielded no results. The IMF delegates were told that the company preferred to deal with unions at national level, and Ford industrial relations managers also doubted the representative capacity of the IMF.<sup>247</sup>

Faced with this deadlock Evans pushed to go further in applying pressure on Ford but his efforts were now frustrated by open resistance from *IG Metall*. The German union declined to participate in further initiatives, fearful that such consultation structures could induce pressure to initiate collective bargaining at international level, which in turn might encourage "separatist" developments within the union.<sup>248</sup> Facing

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<sup>245</sup> Cf. "Zusammenarbeit der Arbeitnehmer multinationaler Unternehmen - Berichte aus der betrieblichen Praxis", in: Gewerkschaftliche Monatshefte 22/1971, S. 400-411, here: pp. 409ff.; „Referat von Eugen Loderer auf der nationalen Automobilkonferenz in Böblingen am 8.11.1973“, pp. 13/14, in: Archiv der sozialen Demokratie Bonn, Bestand IG Metall, Abteilung Organisation, O 637.

<sup>246</sup> Financial Times, 20 May 1972, The Times, 13 June 1972, Dagenham Post, 7 June 1972, 14 June 1972.

<sup>247</sup> „Account of IMF meeting with Ford Executives, 9 February 1973“, in: Archives of Labor and Urban Affairs, Detroit, UAW International Affairs Department, Herman Rebhan Collection, Box 15-15.

<sup>248</sup> Note Fritz Hauser, 18 November 1974, in: Archiv der sozialen Demokratie Bonn, Bestand IG Metall, Abteilung Internationales, I 163.

resistance from the company and one of the most important national union centres the IMF was forced to abandon the project.

Still more pressing from a British point of view was the question of mutual strike support. Already during the 1969 "penalty strike" it became clear that the vision of radical shop stewards to organise joint attacks at the "Achilles heels" of Ford of Europe would not materialise because it could not count on substantial support in Germany. The works council in the main Ford site in Cologne showed no intention of supporting British unions by solidarity actions or the refusal of overtime. On the contrary, it desperately tried to prevent management from calling off week-end shifts due to shortages of British components.<sup>249</sup> The works council did not send a delegation to the UK, and the reports it received about the strike from *Fordwerke* personnel managers were commented upon only with regard to the possible repercussions the strike would have on the German operations. The general view was that Ford of Europe had brought chaos to Cologne, and that German management had not prevented this from happening despite repeated warnings from the works council against too close integration with Ford UK.<sup>250</sup> The dispute was not seen as a joint struggle but, if anything, as being directed against German workers. As one works council member put it: "The English colleagues do not realise how much damage they do to us".<sup>251</sup>

With concurrence of the works council, Ford Germany management announced its intention to make German production more independent from British sources during the dispute, and to build up its own supplier network for the delivery of components.<sup>252</sup> This meant that component exports from Ford UK were put at risk. Moreover, during the strike the supply of a number of export markets for identical models had been switched from Ford UK to Ford Germany.<sup>253</sup>

Altogether, the strike, rather than offering potential for a new dimension of international union co-operation, had created an additional source of suspicion and hostility: In Britain there were frequent complaints about the lack of solidarity in Germany, while German unions became impatient about lay-offs resulting from the vulnerability of Ford's vertically integrated European manufacturing structure.

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<sup>249</sup> Protokoll der Sitzung des Betriebsrates Köln-Niehl, 4 March 1969, in: Archiv Gesamtbetriebsrat Fordwerke AG Köln, , file „BR Protokolle vom 15.10.68 bis 25.3.69“

<sup>250</sup> Ibid.

<sup>251</sup> Protokoll der Sitzung des Betriebsrates Köln-Niehl, 11 March 1969, p. 6, in: *ibid.*

<sup>252</sup> Protokoll der Sitzung des Betriebsrates Köln-Niehl, 4 March 1969, in: *ibid.*

<sup>253</sup> Mathews, *Ford Strike*, p. 30.

Despite attempts to reach an understanding on these questions at the first European Ford convenors conference in late 1969 this pattern was repeated during the 1971 "parity" strike. As British convenors admitted, the strike might have ended earlier if militants in the UK had not consciously hoped that production losses and lay-offs on the continent would increase the pressure on Ford for a settlement.<sup>254</sup> For their part, the German works councils did nothing to support the strike. Overtime was worked regularly at Cologne, and the works council in Saarlouis made barely disguised attempts to praise the locational advantages of Germany over Britain, asking for an engine plant in Saarlouis to make local assembly "less vulnerable".<sup>255</sup> An IMF meeting in London, expressing the usual general messages of solidarity with British workers, did nothing to reconcile the diverging views. German representatives pointed to the hardship of lay-offs and loss of wages for workers particularly in the Saarlouis plant while British delegates, in vain, again attempted to persuade German works council leaders to engage in some solidarity action, e.g. through the refusal of overtime work.<sup>256</sup> From the point of view of British unions the conclusion drawn from this episode was that high hopes for international union action needed to be replaced by "more realistic" assessments.<sup>257</sup>

## *V. Conclusion*

This chapter has reconstructed the transformation of British trade union attitudes towards a predominantly negative view of international labour market integration at Ford in the years between 1967 and 1973.

The creation of the international holding company Ford of Europe in 1967 with the corresponding product standardisation and marketing integration at continental level

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<sup>254</sup> Dagenham Post, 17 May 1972.

<sup>255</sup> Saarbrücker Zeitung, 2 March 1971; Anzeiger für Saarlouis und Dillingen, 18 March 1971.

<sup>256</sup> Besprechung zwischen den shop stewards und den Vertretern der Ford-Werke Saarlouis sowie den Kollegen Tolusch und Pleitgen, IG Metall, undated [March 1971], in: Archiv der sozialen Demokratie Bonn, Bestand IG Metall, Abteilung Internationales, I 295. German union representatives pointed to the legal restrictions they faced in organising measures of support for the British strike in view of the „peace obligation“ for IG Metall, and the legal prohibition for works councils to call industrial disputes. While these were valid arguments contemporary reports by Fordwerke management suggest that the works council might well have operated an overtime ban: "There is [...] practically no way to enforce the works council's approval on overtime [...] This means, that the works council can, for a period of time, reject any request for additional working time. This would be a form of support for unions in other Ford plants in Europe" – cf. Letter Dr. Blaeser, Labour Affairs Planning Fordwerke AG, to Mr. Court, Ford of Europe, 15 June 1972, in: Archiv Fordwerke AG, Abteilung HRM, file "FoE".

<sup>257</sup> TGWU, Minutes and Record of the General Executive Council, Volume XLVIV, 1-5 March 1971, in: MRC, MSS. 126/TG/1/1/48.

created uncertainties about future employment security because it greatly enhanced the company's capacity for cross-border investment and production switching. Such fears were further accentuated by the coincidence of this internationalisation leap with an accelerated decline of the British motor industry *vis-à-vis* other European countries, and the corresponding erosion of Ford UK's position compared to Ford's German subsidiary. As a result, even trade union officials who had ardently advocated international economic integration in the early 1960s, now began to emphasise risks and drawbacks.

While anxiety about future job security was increasing the analysis also demonstrated that such concerns remained ephemeral and often confined to particular locations and unions. They were generally limited by the fact that employment in the UK plants still expanded – even if at lower speed than in Germany.

The creation of Ford of Europe also heralded a new company determination to use cross-border productivity benchmarking strategies in its relations with British trade unions. This triggered unrest because the two major unions AEU/AEF and TGWU had, in the meantime, undergone a decisive shift to the Left, now openly supporting shopfloor aspirations for job control and wage parity with Chrysler and BLMC plants in the Midlands. The new “European micrometer” of the company, usually linked to threats to withhold further investment in Britain, appeared to endanger the success of these campaigns.

Therefore, the shift to predominantly negative views on Ford's international labour market reflected not only pessimism about the future role of Ford UK within an internationally integrated economy. It also expressed opposition to the prospect of internationally-inspired pressure on unions to exercise wage restraint and limit shopfloor militancy. From 1969, as a result, a critical new trade union discourse on “multinational”/“international” companies emerged in which Ford was often cited as a paradigmatic example.

Ford of Europe, in this sense, can be regarded as a miniature of the EEC: In both cases employers were perceived to use international economic integration as a device to trigger “long-needed” changes of attitudes and institutions to improve British economic performance – at the expense of trade union labour market interests and, in the case of legal restriction of bargaining and strikes, even their capacities of interest representation. Ford's permanent practice of linking investment boycott threats to European productivity benchmarking was a paradigmatic example of how international

integration would induce pressure to adapt to a pattern of "weak" trade unionism perceived to be prevailing in many countries abroad, particularly in Germany.

Resistance to Ford's attempts to make British trade unions act like their counterparts in Germany or the US became part of union policy in the late 1960s and early 1970s. It was, however, only partly directed at company developments itself. Ford also became a major battleground for overall national reform struggles. This double-faced trade union strategy originated from the coincidence of a Ford bargaining initiative with the announcement of labour law reform proposals by the Labour government in early 1969, both of which shared certain features aiming at the reduction of wildcat strikes by measures hitherto unknown in British industrial relations. In addition, Ford had become one of the firms that most actively lobbied for anti-strike legislation at national level. Opposition to the company proposals therefore was not only a matter of union-management relations in the plants. Ford's moves, particularly its appeal to labour courts, were resisted to prevent the creation of precedents for national industrial relations reform. The international aspect of this struggle was most clearly expressed in the denouncing of "alien" labour practices multinationals like Ford attempted to introduce – a claim that not merely served as a useful counter-rhetoric but was based upon observation and explicit rejection of German and American labour relations systems. Opposition eventually proved to be successful as reform proposals both at company and government level ended in failure.

The new phase of international business integration at Ford reinforced the conflictual union outlook to labour-management relations in the period between 1967 and 1973 in a still wider sense. While there is no evidence that the emergence of Ford of Europe was in itself a major cause for the rise of militancy it certainly contributed to its persistence, as witnessed by the active exploitation of the company's new vulnerability to strike action paralysing its intra-company trade. Ford trade unions deployed a massive discursive inventory to discredit and rebuff company investment boycott threats; if these were credible at all they were described as infringing national sovereignty and, moreover, as being largely unrelated to labour problems. Such positions served not least to avoid that fears among workers themselves would endanger the necessary mobilisation to achieve improved wages and working conditions.

A new feature in this discursive struggle was the extensive use of international pay and conditions comparisons by the unions, introduced not in furtherance of notions of international parity but mainly to counter management's cross-border productivity

benchmarking. The achievements resulting from the major strikes of 1969 and 1971 appeared to prove that these strategies had been successful even though the new militancy did subsequently contribute to a further erosion of Ford UK's position within the European network. It was also ironic that pay comparisons with Ford's German subsidiary were intensified at a time when British unions criticised German trade unionism for its lack of wage militancy.

The years following the creation of Ford of Europe also witnessed the emergence of a new aspect of union thinking that perceived British management as an ally against what unions saw as German domination of Ford of Europe. This tendency was most visibly expressed in the concern for the Anglo-German distribution of management posts. In parallel, trade union interest in corporate planning of products, investments and markets intensified. Clearly, however, this feature of partnership thinking remained mute and overshadowed by the labour conflicts of the late 1960s and early 1970s.

Given that British unions had come to regard internationalisation as a threat to national interests and traditions it was hardly surprising that they now turned away from the very liberal stance adopted in the early 1960s to advocate greater government control over multinationals such as Ford. The more general political climate of the period with its debates on national economic independence and the creation of "national champions" in many West European countries provided fertile ground; in the British motor industry itself the BLMC merger in 1968 heightened such concerns. In line with the emerging TUC policy towards multinational firms trade unions at Ford lobbied on several occasions for government actions - most importantly to ensure that the new Ford of Europe complex would not harm employment prospects in Britain.

Yet, these initiatives remained isolated and ambiguous. Priorities were firmly anchored in the "bread-and butter" issues of collective bargaining rather than in Socialist planning schemes. Few TUC affiliates were as active as the left-wing draughtsmen union DATA, which lobbied in 1968 for company assurances related to Ford UK's future sourcing and marketing strategies. And, even in the case of DATA the focus - as already in left-wing positions in the early 1960s - remained on *British* rather than *public* control; the government was expected to ensure that the UK company was guided by British interests - but not to exercise day-to-day interventions.

In any case, strategies of political control found little support in government circles. The Labour cabinet in the late 1960s, while being less inhibited by ideological commitments to "free enterprise" than its Conservative successor in the early 1970,

nevertheless shared a general fear that too much state control could lead to further investment diversion to the European continent. Moreover, even ministers like Tony Benn, later to become the principal advocate of a socialist "alternative economic strategy", favoured selective interventions to strengthen Ford UK's position *within* the new European network rather than insisting upon British autonomy. Trade union pressure for the protection of Ford UK's domestic market base through the suspension of efforts to take Britain into the EEC stood in tension with parallel calls for a European sales offensive by Ford – and they remained without success. From January 1973 Britain became part of the Common Market.

British trade union attitudes towards international union co-operation underwent major changes in the late 1960s and early 1970s even though this did not make them enthusiastic supporters of such endeavours. From 1967 the number of company-related international union meetings at Ford increased rapidly. But the old IMF aim to achieve international co-ordination of bargaining remained a long way off. While earlier British union anxieties about Communist infiltration and the encouragement of break-away unions in the motor industry decreased in importance, anxiety about the erosion of national solidarity through far-reaching international co-ordination schemes remained.

In any case, the categorical opposition of the German *IG Metall* alone frustrated any IMF initiatives in that direction; *IG Metall*, in "co-operation" with Ford management, even obstructed attempts for joint union-management meetings at European level in the early 1970s, which would have provided a consultative forum to discuss future product and investment planning.

New opportunities for the co-ordination of strikes arising from European intra-firm trade equally failed to be seized upon. On the contrary, this aspect further reinforced mutual suspicion between British and German union representatives: The former complained about a lack of solidarity and militancy in the German plants, while the latter became annoyed with lay-offs in Germany due to labour disputes in the UK.

## Chapter 4

### International labour market integration and the failure of the “Social Contract” (1974-1979)

#### *I. The economic and political context*

##### *1. The British car industry in European context*

The dramatic impact of the first oil crisis on British economy and society has been described often enough as to require much elaboration.<sup>1</sup> Its effects for the motor industry were catastrophic. The stagnation of output and employment levels since the mid 1960s had entailed a permanent relative decline in international comparison but, at least, there had been no serious cutbacks.

The aftermath of the oil crisis brought radical change. The motor industry was severely hit by the combined effect of recession and longer-term structural problems. It experienced serious cashflow problems with BLMC and Chrysler UK being virtually bankrupt. BLMC management approached the new Labour government in late 1974 in view of obtaining support for its investment program, and the cabinet subsequently decided to bring the company under the control of the newly created National Enterprise Board (NEB) and to provide public subsidies for a long-term rescue strategy.<sup>2</sup> The “national champion” was re-baptised under government control. Chrysler followed shortly afterwards with similar requests for financial help. Again, bankruptcy was only prevented through a major bailing-out operation by the government – this time, however, without acquiring public control.<sup>3</sup>

In 1975 the crisis of the British motor industry became the object of incessant public debate. BLMC bankruptcy appeared to symbolise British economic decline in a nutshell. Parliament devoted several plenary sessions to the crisis, and its Trade and

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<sup>1</sup> Cf. for instance Keith Middlemas, *Power, Competition and the State, Volume 3: The End of the Postwar Era: Britain since 1974*, Macmillan London 1991, pp. 3ff.

<sup>2</sup> Whisler, *The British Motor Industry*, p. 91.

<sup>3</sup> Cf. Wilks, *Industrial Policy and the Motor industry*, pp. 120f.

Industry Sub-Committee undertook a massive inquiry into the ailing industry.<sup>4</sup> The new Labour government commissioned its own investigation.<sup>5</sup>

As the latter half of the 1970s revealed these debates changed little in the actual course of the industry's development. While car production in Germany and France grew again dynamically from 1976 it experienced further decline in Britain. By the late 1970s the UK had also been overtaken by Italy in terms of annual output. The foreign trade balance developed in the way sceptics of Common Market membership had predicted. British car exports to other European countries (EEC and EFTA), from 1968-73 always in the range of 300 000 vehicles per year, fell to half of that volume by the late 1970s. At the same time, increased competition from EEC firms on the British market led to rocketing import penetration. In 1979, the aggregated import share had risen to 56 percent – more than double the rates experienced in Germany and France.<sup>6</sup>

Significantly, falling output levels did not translate into mass redundancies. Recession enforced considerable job cuts in 1974 and 1975 but thereafter the aggregate employment level of the industry remained stable until the late 1970s. The divergence between falling output and employment stability was particularly pronounced in the case of British Leyland (the former BLMC) where car production almost halved in the latter half of the 1970s while employment remained relatively unaffected at least until 1978.<sup>7</sup> In terms of market share British Leyland, sliding from 33 percent in 1974 to 20 percent in 1979, lost its leadership position to Ford in 1977. Vauxhall and Chrysler continued to play minor roles.<sup>8</sup>

## 2. Ford UK and Vauxhall in the European company networks

It was of crucial importance that at Ford and Vauxhall<sup>9</sup> the deep economic crisis of 1974/75 coincided with a corporate push towards internationalisation, which downgraded the position of the British subsidiaries within the European business networks.

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<sup>4</sup> The Motor Vehicle Industry. Fourteenth Report from the Expenditure Committee, Session 1974-5, Report and 3 vols. Annex, London 1975.

<sup>5</sup> The Future of the British Car Industry, Report by the Central Policy Review Staff, London 1975.

<sup>6</sup> Whisler, The British Motor Industry, p. 321; Tolliday, Ford of Britain: Statistical Appendix, p. 131.

<sup>7</sup> Williams et. al., Cars, pp. 152/153.

<sup>8</sup> Tolliday, Ford of Britain: Statistical Appendix, p. 131.

<sup>9</sup> The analysis will now include Vauxhall, the British subsidiary of General Motors where international business integration belatedly started in the mid 1970s.

Ford decided to combine the opening of a manufacturing complex in Spain (Valencia) and France (Bordeaux) with the launch of its new small car *Fiesta*. The latter project had finally been approved by Detroit in late 1974 after a long period of internal corporate struggle.<sup>10</sup> When decisions about the location for *Fiesta* manufacturing were made it turned out that Britain was losing out yet again on the question of expansion because production was planned to be concentrated in Saarlouis and the new Valencia plant. Dagenham was only belatedly included into *Fiesta* production, and its facilities were confined to the supply of the British market. At the same time Ford announced that it would end assembly of the large Consul-Granada range in Dagenham, and source its replacement solely from Cologne.<sup>11</sup> The consequence of these corporate moves was that the British share of Ford's European production fell considerably; while on average it had revolved around 40 percent in the years between 1969 and 1974 it dropped below 30 percent until 1979.<sup>12</sup>

Marking the completion of the Ford of Europe project in terms of product design and multiple sourcing these corporate moves stood in stark contrast to the parallel development at British Leyland where the economic crisis had entailed a "re-nationalisation" of manufacturing through the closure of a number of overseas facilities in Europe.<sup>13</sup>

The trend in export trading, already visible in the early 1970s, pointed in a similar direction. The export share of Ford UK production remained relatively stable at around one third between 1974 and 1979. However, these were still only roughly half the levels achieved in 1968. From 1975 Ford actually started to import vehicles from its continental plants for sale on the British market. These "tied imports", initially totalling less than ten percent of company sales in the UK reached a level of roughly one third of these sales in the late 1970s, thus contributing massively to the worsening trade balance of the industry. Enabled by British accession to the EEC in 1973, "tied imports" represented a sharp break with previous commercial practice to leave "native plants" fill domestic market demand. The effect of this practice was compounded by a steady reduction of British component sourcing in Ford cars.<sup>14</sup>

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<sup>10</sup> Tolliday, *Ford of Europe*, pp. 211-221.

<sup>11</sup> *Dagenham Post*, 24 September 1975.

<sup>12</sup> Tolliday, *Ford of Britain: Statistical Appendix*, p. 144.

<sup>13</sup> Williams et. al., *Cars*, p. 159.

<sup>14</sup> Tolliday, *Ford of Britain: Statistical Appendix*, pp. 139, 147; Church, *The rise and decline of the British motor industry*, p. 115.

Partly as a response to growing discomfort in British public opinion about this trading pattern Ford did place some new investments in the UK. In 1977, the company made a well-publicised decision to build a new engine plant at Bridgend in Wales, thus enhancing Ford UK's role as supplier of parts and components within the European network. However, this did not reverse the longer-term trend of a worsening trade balance of Ford UK with its European sister companies.<sup>15</sup>

It should be emphasised that the new corporate strategy did not merely respond to the economic crisis in the wake of the oil shock. Ford deliberately took advantage of the crisis in the UK motor industry to slowly escape from its British locations. As one study put it: "The bankruptcy of BL presented Ford of Europe with its greatest single opportunity to reduce its dependence on its UK plants [...] Ford of Europe simply elected to resource cars from Germany in lieu of increasing production in the UK."<sup>16</sup>

A similar verdict holds true for Vauxhall and General Motors. Here, the year 1975 witnessed the beginning of the international integration of GM's European facilities. Although some ad-hoc measures of "commonisation" of components between *Opel* and Vauxhall had been introduced earlier there had been no corporate strategy to follow Ford's example of cross-border rationalisation. This had reflected the company's traditional approach of competition between different profit centers pursued in the United States, giving a great deal of autonomy to the various brands and sales organisations within the corporation. In Europe GM had chosen to acquire established brands in Britain and Germany rather than creating facilities from scrap as Ford.<sup>17</sup>

However, by the mid-1970s this strategy was changed because GM started to be concerned with the low profitability of most of its international operations. Apart from the good performance of *Opel* in Germany Ford had taken a very substantial lead internationally. The new strategy, approved by the GM headquarter in November 1973, was based on a closer co-ordination of *Opel* and Vauxhall programmes. In design and engineering a clear split was made: The responsibility for passenger cars was given to *Opel*, while Vauxhall assumed full control over commercial vehicles that would be marketed in the whole of Europe under the "Bedford" brand. As for cars, the aim was to retain both the German and the British brands with different lines of passenger cars to

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<sup>15</sup> Cf. Tolliday, *The Decline of Ford in Britain*, pp. 95-97.

<sup>16</sup> Harbridge House, *Ford of Europe*, p. VIII-10.

<sup>17</sup> Cf. Dassbach, *Global Enterprise and the World Economy*, pp. 206-245, 426f.; for Vauxhall in the UK see Holden, *Vauxhall Motors and the Luton Economy*, pp. 28-86. Apart from the two subsidiaries in Germany and Britain General Motors opened an important production site at Antwerp in Belgium.

be sold everywhere in Europe. However, below the surface of styling differentiation, the achievement of a much larger measure of commonisation of parts and components was implemented.<sup>18</sup>

For Vauxhall in the UK the move towards European integration brought mixed results. On the one hand, it enabled the company, which had registered large commercial losses since the early 1970s, to upgrade its model range without costly investment programs that GM declined to finance. On the other hand, it made Vauxhall the "junior partner" in the Anglo-German co-operation with *Opel*. In fact, Vauxhall with its two main plants at Luton, close to London, and Ellesmere Port on Merseyside, had traditionally played second fiddle in GM's European operations. Annual output figures in the 1960s had reached merely half the level produced at *Opel*.<sup>19</sup>

This trend was reinforced through European rationalisation, which in practice meant that from 1975 Vauxhall adopted *Opel* derivatives with cosmetic styling differences and other engine types. Connected to this shift, the share of British-sourced components in Vauxhall cars decreased dramatically. Part of the model range, particularly the upper-range vehicles, was directly imported from German plants. Until 1979 "tied imports" rose to about one third of Vauxhall sales on the British market. At the same time, exports diminished to very low levels.<sup>20</sup> The discrepancies between Vauxhall and *Opel* in terms of investments were enormous. In June 1976 Vauxhall management celebrated GM's intention to invest fifty million pounds over the subsequent three years while in 1977 *Opel* announced that it would invest five billion Deutschmark until the early 1980s.<sup>21</sup>

Despite this downgrading of British subsidiaries within Ford's and GM's European networks the employment situation at Ford UK and Vauxhall remained stable between 1976 and 1979. At Ford, the cuts following the oil crisis had been less severe than at British Leyland, while Vauxhall experienced disproportionate reductions of nearly 20 percent of its labour force between 1973 and 1975. But during subsequent years there was stability; indeed, modest recruitment took place in both companies.<sup>22</sup>

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<sup>18</sup> Cf. Doz, *General Motors Overseas Operations*, pp. 1-4.

<sup>19</sup> Cf. Holden, *Vauxhall and the Luton Economy*, chapter 9; Rhys, *The Motor industry*, pp. 23f., 146.

<sup>20</sup> Holden, *Vauxhall Motors and the Luton Economy*, chapter 10; Church, *The rise and decline of the British motor industry*, p. 115; Marsden et. al., *The Car Industry*, pp. 17f.

<sup>21</sup> *Luton News*, 24 June 1976; *Rüsselsheimer Echo*, 16 June 1977.

<sup>22</sup> Tolliday, *Ford of Britain: Statistical Appendix*, p. 143; Holden, *Vauxhall Motors and the Luton Economy*, chapter 10.

### 3. The "Social Contract"

After the confrontations between (Labour and Conservative) governments, and the trade union movement in the late 1960s and early 1970s the return of a Labour government in 1974 appeared to herald a new partnership era, encapsulated in the formula of the "Social Contract". The idea for such a "contract" had been extensively discussed between the Labour Party and the unions since the early 1970s, and its first elements were implemented before the onset of the economic crisis.

For the unions the repeal of Conservative industrial relations legislation had absolute priority although this did not equate to a desire to return to the "exceptional" British pattern of collective *laissez-faire* as in the early 1960s. It meant that voluntarism - as recommended by the Donovan Commission in 1968 - should govern the collective bargaining procedures and the rules for industrial disputes while legal *support* for collective bargaining was welcome.<sup>23</sup>

Consequently, the Labour Cabinet on the one hand restored the almost-century old trade union and strike immunities, and created (or confirmed) legal rights for workers and unions on the other: statutory trade union recognition, compulsory consultation over redundancies, health and safety matters, corporate disclosure for collective bargaining purposes. Against the background of EEC debates about employee participation schemes as part of a European company law framework the government also appointed a commission under Lord Bullock to consider a better involvement of trade unionists into company decision-making – a feature that ensured continued comparisons with industrial relations and trade union patterns abroad.<sup>24</sup>

The Social Contract included, in addition, social benefits such as food subsidies, rent controls, tax concessions and higher pensions. These policies were to be paid for by higher economic growth. In exchange, the trade unions promised a measure of voluntary wage restraint and efforts to reduce the incidence of wildcat strikes – through a better involvement of shop stewards into company bargaining procedures and the more extensive use of voluntary arbitration.<sup>25</sup>

Recession came as a shock to the designers of the "Social Contract" but their edifice was saved from collapse by a realignment of priorities. Under the impression of

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<sup>23</sup> Davies/Freedland, *Labour Legislation and Public Policy*, pp. 351ff.

<sup>24</sup> Atenstedt, *Mitbestimmung der Arbeitnehmer*, pp. 96ff.

<sup>25</sup> Cf. Thorpe, *The Labour Party and the Trade Unions*, pp. 142/143.

galloping inflation threatening the prospects for output and investment growth, and thus employment stability, the TUC agreed to the setting of a clear limit for annual pay rises in 1975/76 and 1976/77. At the same time, there was the understanding that the burden of the crisis would not be carried by wage-earners alone, and that the necessary regeneration of industry would be geared towards investment-led expansion to avoid a further rise of unemployment.<sup>26</sup>

In the motor industry the now publicly-controlled British Leyland company became the almost perfect model of the "Social Contract" in miniature. The "survival plan" for the company envisaged a strategy that gambled on a market-led recovery of the firm backed by a massive, publicly financed investment program, which would not place disproportionate burdens on labour, be it through pressure on established working conditions, or plant closures and redundancies. Productivity gains were mainly expected to arise from heavy capital investments into new models and equipment. In fact, trade union representatives and senior BL shop stewards had been influential in the drafting process of the "survival plan".<sup>27</sup> On their part, the unions declared commitment to the improvement of shopfloor industrial relations, backed by the agreed pay policies at national level. The leading plant convenors, including a number of Communists, became enthusiastic supporters of the survival strategy. Through the introduction of "Joint Management Councils" at all levels of corporate decision-making labour representatives were now closely involved in company business – providing a model case for the trade union search for "industrial democracy".<sup>28</sup>

As has been described in manifold variations the "Social Contract" remained short-lived. After serious signs of erosion had become visible since 1977 it eventually sank into the incessant strikes of the so-called "winter of discontent" 1978/9 that contributed to the subsequent election victory of the Tories under Margaret Thatcher.

The reasons for this failure were complex but they were certainly related to both "contractual" partners. The government, under pressure from the International Monetary Fund from late 1976 onwards, largely abandoned its "obligations" for a policy of expansion and the provision of social benefits to off-set wage restraint. Public spending cuts became the order of the day, and unemployment continued to rise until 1978. As

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<sup>26</sup> Cf. Middlemas, *The End of the Postwar Era*, pp. 93ff.

<sup>27</sup> Cf. Whisler, *The British Motor industry*, pp. 119f.

<sup>28</sup> McIlroy, *Notes on the Communist Party*, pp. 239f.; Steve Jefferys, "The Changing Face of Conflict: Shopfloor Organization at Longbridge, 1939-1980", in: Michael Terry/P.K. Edwards (eds.), *Shopfloor Politics and Job Controls. The Post-war engineering industry*, Basil Blackwell Oxford 1988, pp. 53-83, here: 78f.

Thorpe has put it the new course “[...] marked the end of the government’s side of the Social Contract, but necessitated a stern fiscal stance in which the restraint of income growth would prove more of a priority than ever [...] Incomes policy once again became a one-way street”<sup>29</sup>.

As far as the unions were concerned, there had never been consensus on the “Social Contract” strategy within the TUC – the decision to support strict pay limits in 1975 was taken by a majority of 19 to 13 in the General Council. Opposition, at national congresses as well as on the shopfloor, came from different directions. Apart from a critical undertone against abandoning the principle of “free” collective bargaining there was unrest among skilled workers who feared that a wage policy would erode pay differentials – an anxiety that was reinforced by the decision to impose a flat rate ceiling rather than a percentage limit during the first year of pay restraint. More generally, the concern with pay relativities vastly increased as inflation rose to levels of over twenty percent during 1976, making it “imperative” to keep abreast with the pay claims of others.<sup>30</sup> This leapfrogging, itself contributing to the inflation spiral, was ironically compounded by the deliberate decentralisation of bargaining structures. It also further increased sectionalist tendencies among workers – a trend that by the late 1970s gave rise to a heated debate within the British Labour movement about the benefits and drawbacks of “economist militancy”.<sup>31</sup>

All these developments were then brought to the boil with the widespread perception of the government’s withdrawal from the “Social Contract” and the “investment strike” operated by employers. Already at the 1977 TUC Congress suggestions for another year of pay restraint were rejected with a majority voting for an immediate return to free collective bargaining. When the government in the summer of 1978 unilaterally imposed a five percent ceiling for wage increases for the next year there was total opposition, culminating in the strike wave of the winter 1978/79 – not least in the motor industry and its “Social Contract” model British Leyland.<sup>32</sup>

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<sup>29</sup> Thorpe, *The Labour Party and the Trade Unions*, p. 144.

<sup>30</sup> Cf. Pollard, *The Wasting of the British Economy*, pp. 113f.

<sup>31</sup> Cf. Martin Jacques/Francis Mulhern (eds.), *The Forward March of Labour Halted?*, Verso London 1981.

<sup>32</sup> Cf. Thorpe, *The Labour Party and the Trade Unions*, pp. 145f.; Marsden et. al., *The Car Industry*, p. 131.

#### 4. Industrial policy: The failure of the Alternative Economic Strategy

The return of a Labour government in 1974 not only brought a reversal of industrial relations policy but also appeared to offer, for the first time in British post-war history, a window of opportunity for a new interventionist industrial policy. The Labour Party's radical 1973 election manifesto envisaged the nationalisation of twenty-five leading British companies while the remainder of large firms would be subject to compulsory "planning agreements" with the government, containing commitments in terms of production, export and investment levels.<sup>33</sup> There was a particular focus on multinational companies since those, according to one of the leading intellectuals behind the new strategy, increasingly dominated national economies in a way to render government policy irrelevant unless it could bring them under the control of the state.<sup>34</sup> Tony Benn as Minister of Industry seemed determined to implement these radical policies.

However, resistance to these plans within the government increased the closer they came to the stage of practical implementation. Prime Minister Wilson himself, frightened by the protests and boycott threats of employer associations, grew ever more hostile to Benn's radicalism. An embittered struggle ensued over almost every proposal for legislation with Benn gradually losing ground. The onset of economic crisis reinforced these developments. When, after protracted Cabinet struggles, the Industry Bill was eventually passed by Parliament in autumn 1975, the ambitions contained in Labour's election manifesto had been watered down enormously: Public ownership, apart from urgent individual cases, was limited to well-specified sectors. The obligation for firms to conclude planning agreements was equally given up, notwithstanding their systematic introduction in other European countries such as Italy, France or Belgium<sup>35</sup>; the Bill envisaged such agreements as purely voluntary instruments, and even Benn's suggestion to make them a precondition for government subsidies was dropped. In the summer 1975 Benn himself was replaced by Eric Varley as Minister of Industry.<sup>36</sup>

The situation in the motor industry mirrored this evolution. In theory, by 1975 there appeared to be the opportunity for state-led restructuring with BLMC and Chrysler UK both asking for government assistance. Indeed, Chrysler's Detroit headquarters

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<sup>33</sup> Cf. Minkin, *The Contentious Alliance*, pp. 169ff.

<sup>34</sup> Holland, *The Socialist Challenge*, chapters 3, 8.

<sup>35</sup> Cf. *ibid.* pp. 225f.

<sup>36</sup> Cf. Middlemas, *The End of the Postwar Era*, pp. 79ff.

suggested that the British government should take over the UK subsidiary in order to avoid liquidation. But apart from the special case of British Leyland, to be preserved as the publicly-controlled "national champion", the government opted against interventionism. Further restructuring of the sector, e.g. through a merger between BL and Chrysler UK, was abandoned, as was the idea of compulsory planning agreements with the three American-owned motor firms. Subsequently, only Chrysler, in an opportunistic search for more government subsidies, agreed to a voluntary scheme, upon which it reneged already in 1978.<sup>37</sup>

Most union leaders had been sceptical of Benn's industrial policy projects during the time of opposition in the early 1970s. What mattered most for them was the capacity of the Party to "deliver" on trade union essentials once in government rather than contemplating "airy-fairy stuff". Significantly, the "Social Contract" centered around issues such as wages, pensions and industrial relations whilst remaining somewhat silent on industrial policy. Economic crisis did not alter this scepticism although it did increase trade union interest in what now came to be termed the "Alternative Economic Strategy" (AES). Indeed, at the 1976 TUC congress several successful motions made AES, although in a diffuse way, the official economic doctrine of the movement.<sup>38</sup>

In continuity with the early 1970s the majority of British trade unions supported ideas to loosen the ties between Britain and the international economy. Debates in this field were concentrated on the question of British EEC membership and/or the imposition of import controls. The former issue had been on the agenda since January 1973 when the UK had officially joined the Community. The Labour Party's election manifesto had given a commitment that the Wilson government would seek to re-negotiate the terms of entry and then put them to a referendum. Consequently, the issue was hotly debated particularly in the months prior to this referendum in June 1975.<sup>39</sup> Discussions about import controls had increased since 1973. The case for such controls was based on much the same logic as opposition to the EEC, namely the idea that unregulated cross-border flows of goods and capital were undermining the British economy through the flight of investments and an ever higher import penetration of the

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<sup>37</sup> Cf. Wilks, *Industrial Policy and the Motor industry*, pp. 134ff; id., "Planning Agreements: The Making of a Paper Tiger", in: *Public Administration* 59/1981, pp. 399-419.

<sup>38</sup> McIlroy/Campbell, *The High Tide of Trade Unionism*, p. 101; Minkin, *The Contentious Alliance*, p. 169.

<sup>39</sup> Cf. L. J. Robins, *The Reluctant Party: Labour and the EEC, 1961-1975*, Omskirk 1979, pp. 124ff.

domestic market.<sup>40</sup> The motor industry with its high import levels became a particular focus of attention.<sup>41</sup>

British trade unions, in their majority, joined the lobby for import controls and British withdrawal from the EEC. Import controls were seen as necessary for a temporary period and on a selective basis, with the motor industry being one of the prime candidates.<sup>42</sup> As for the Common Market the TUC came out against the terms renegotiated by the Wilson government, urging a "No" vote in the referendum. The "flight of capital to Europe", enabled by British Common Market membership and orchestrated by large multinationals, was one of the most frequently cited features to buttress the case for withdrawal.<sup>43</sup> As in the late 1960s and early 1970s this resistance was not only motivated by job security fears but also by the threat of internationally-induced pressure on British working and trade union practices.

By the end of 1975 ideas about a temporary uncoupling of Britain from the international economy turned to be illusory. The British people voted by a 2:1 majority to remain in the Common Market, and during the Chrysler crisis in December the government opted against a strategy of introducing import controls to protect the home market. The decision to save Chrysler UK through its closer integration into the European network of the Corporation effectively dealt the death blow to the Alternative Economic Strategy.<sup>44</sup>

Instead, government policy now became dominated by a different industrial policy framework. Its basic idea was to restore the international competitiveness of British industry through micro-economic adaptation. In contrast to the thinking underlying much of the British Leyland rescue an increased volume of investment was not perceived as the main ingredient for the improvement of industrial performance. Rather, the focus was to ensure that firms made better use of their capital and manpower as a precondition for increased capital expenditure. The state should encourage company efforts to raise efficiency and profits.<sup>45</sup>

The shift of industrial policy also included a re-assessment of government policy towards multinational firms. Benn's ideas to make multinationals more accountable and

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<sup>40</sup> Cf. Gamble, *Britain in Decline*, p. 173.

<sup>41</sup> Cf. Wilks, *Industrial Policy and the Motor Industry*, pp. 134f.

<sup>42</sup> Cf. TUC, Economic Committee, 14 May 1975, 11 June 1975, 13 August 1975, 8 October 1975, 12 November 1975, in: MRC, MSS. 292D, 560.1/Box 1088.

<sup>43</sup> Cf. Trades Union Congress, Report of 106th Annual Trades Union Congress, 2-6 September 1974, pp. 486/87; cf. Teague, *Labour and Europe*, pp. 99ff.

<sup>44</sup> Cf. Wilks, *Industrial Policy and the Motor Industry*, pp. 170ff.

<sup>45</sup> Cf. Middlemas, *The End of the Postwar Era*, pp. 68ff., 85ff., 132.

“enforce” their investments by applying government pressure were abandoned. Since 1976 the government made increasingly efforts to *attract* multinationals by incentives instead of pressure - through more targeted financial assistance on the one hand and an attractive “investment climate” that raised profit expectations on the other. In 1977 this approach culminated in the creation of the “Invest in Britain Bureau” set up to actively promote the UK as a location for foreign capital allocation.<sup>46</sup> In the motor industry these changes were best reflected in the report by the government think tank CPRS in December 1975.<sup>47</sup>

From the outset most British union leaders had mixed feelings about the new industrial strategy, and within the wider membership opinions widely diverged. On the one hand, the deep economic crisis had convinced even radical leaders such as Jones and Scanlon that the reinvigoration of British industry was a pressing task. On the other hand, to varying degrees, there was concern that workers who were already accepting wage restraint would become the first casualties of restructuring if the latter concentrated on issues such as “overmanning”.<sup>48</sup> At the same time, union representatives frequently complained about the lack of concrete commitments on the part of industry. To many among the TUC leaders the new industrial policy appeared to over-emphasise profits while lacking concrete targets on investment and employment. This bias appeared to run counter the basic intention of the “Social Contract”.<sup>49</sup>

In the car industry this trade union position found its positive reference model in the state-owned British Leyland where an investment-led strategy was combined with a clear sourcing priority for plants in the United Kingdom and a commitment to avoid massive redundancies, renewed in the corporate plan of 1977.<sup>50</sup>

### 5. Labour-management relations at Ford UK and Vauxhall

The experiences of the 1969 and 1971 strikes, taken together with the apparent failure of the Conservatives’ Industrial Relations Act, triggered a fundamental shift in Ford UK’s strategy to deal with trade unions and shop stewards, abandoning its uncompromising “industrial creed” of the 1950s and 1960s, and its hopes to receive

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<sup>46</sup> Jones, *The British government and foreign multinationals*, p. 206.

<sup>47</sup> *The Future of the British Car Industry*, op. cit.

<sup>48</sup> Middlemas, *The End of the Post-War Era*, p. 89.

<sup>49</sup> *Ibid.* p. 110; cf. TUC, Economic committee, 11 August 1976, in: MRC, MSS 292D, 560.1/Box 1089; TUC, Report of the 108<sup>th</sup> Annual Trades Union Congress, 6-10 September 1976, pp. 316/317.

<sup>50</sup> Cf. Whisler, *The British Motor Industry*, pp. 137ff.

legal support for collective bargaining procedures. In 1972/1973, the company started to move to a position that stressed the need for "management by consent" and, consequently, developed initiatives to improve company procedures in handling grievances, disputes and trade union matters.<sup>51</sup>

The role of shop stewards was enhanced through a new dispute procedure agreement, stipulating that most issues would be resolved at plant level without reference to the National Negotiation Committee. At the same time, the company agreed to a long-standing trade union demand for a "status quo" clause in the dispute procedure, requiring managers not to implement alterations of working practices unilaterally until the different stages of procedure were exhausted. Moreover, for the first time in company history, a works standards agreement was concluded in 1975, and shortly thereafter Ford agreed to a 100 percent post-entry closed shop and the collection of union dues by check-off from the payroll. There was also an improved scheme of employee information, and NJNC trade union officials and senior shop stewards were invited for biannual meetings with Ford UK's Managing Director. In 1978 the NJNC itself was again enlarged with the convenors of all Ford UK plants now being admitted to the national bargaining table. It should be noted, however, that the new language of co-operation and joint problem-solving in union-management committees often stood in sharp contrast to continued confrontation at shopfloor level where management's uncompromising attitudes contributed to walkouts, and even violence and riots, e.g. over lay-off decisions.<sup>52</sup>

The shift towards an overall more accommodating posture towards trade unions and shop stewards brought Ford closer to the pattern that had traditionally prevailed at Vauxhall with a company policy that approached labour matters in a proactive way rather than merely firefighting when problems arose. During the 1950s and 1960s Vauxhall had acquired the status of being the conflict-free spot in the motor industry, due to the traditional low militancy in the Luton area and "enlightened" management attitudes. The company did not resist trade union recognition in the 1940s and gave labour matters serious and systematic attention, expressed not least in the set-up of a so-called Management Advisory Committee (MAC) as a regular forum of labour-management consultation.<sup>53</sup>

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<sup>51</sup> Cf. Friedman/Meredeen, *The Dynamics of Industrial Conflict*, pp. 234ff.

<sup>52</sup> Cf. Tolliday, *Ford and Fordism*, pp. 98-100.

<sup>53</sup> Holden, *Vauxhall Motors and the Luton Economy*, pp. 131ff.; Lyddon, *The car industry*, pp. 195f.

The first serious wave of labour unrest did not occur before 1966/7, eventually sweeping aside the MAC and heralding a new and more conflictual pattern of trade unionism.<sup>54</sup> One of its most important elements became – as at Ford – a drive for parity with Midlands wage rates. More generally, the opening of the Ellesmere Port plant in an area with long and militant trade union traditions turned out to provide a counter-factor to the traditional absence of conflict at Luton – on several occasions leading to serious disputes between the two plant union organisations.

These changes notwithstanding Vauxhall remained less troubled by industrial disputes than British Leyland or Ford, and its approach to labour questions continued to be co-operative and foresighted, e.g. with regard to the involvement of shop stewards into bargaining procedures and the anticipation of lay-off disputes through a relatively generous payment scheme.<sup>55</sup>

Regardless of these similarities and differences between the two companies the strike pattern of the years 1975-79 appeared to follow primarily the “cycles” of national political and economic framework conditions. The shock of deep recession and initial commitment to the “Social Contract” meant that the number of disputes fell to relatively low levels in 1975 and 1976, with Vauxhall being almost strike-free. Between 1977 and 1979 labour conflicts rose enormously mainly out of frustration about government incomes policy and the ever-increasing concern with pay relativities. At Ford, this last trend was most visibly represented by the toolmakers’ campaign, at Vauxhall electricians and other craftsmen were followed by machine-setters and cleaners. Even supervisors and foremen joined the militant wave with demands for re-grading. Moreover, there were increasing tensions between individual plants and production locations. Events culminated in two large strikes. At Ford, a nine-week long dispute broke out in the autumn of 1978, and at Vauxhall militancy reached its peak in a conflict of similar dimensions in 1979.<sup>56</sup>

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<sup>54</sup> Cf. Lyddon, *The car industry*, pp. 197f.

<sup>55</sup> Cf. Holden, *Vauxhall and the Luton Economy*, chapter 10; *Luton News*, 19 March 1970, 21 January 1971, 2 November 1972, 15 November 1973.

<sup>56</sup> Marsden et al., *The Car Industry*, p. 131; Cf. Darlington *The Dynamics of Workplace Unionism*, pp. 207f.; Friedman/Meredeen, *The Dynamics of Industrial Conflict*, pp. 269ff.; *Luton News*, 23 June 1977, 16 February 1978, 30 August 1979.

## *II. Crisis and contested directions (1974-1975)*

### *1. Stronger concern for employment security and investment*

Fears about the employment implications of unfavourable sourcing decision by multinationals had, while considerably growing in importance, not dominated trade union agendas in the late 1960s and early 1970s. Now, under the impact of the deep industrial crisis in 1974/75, there appeared a clear shift of priorities: At the TGWU Automotive Conference in the summer of 1975 Jack Jones reminded the delegates of the seriousness of the situation and declared that “[...] our top priority in negotiations must be to protect the employment of our members and maintain the viability of the industry which provides that employment”. He also left no doubt that viability in the first place depended on making the industry committed to an increased rate of investment for new products and the modernisation of production equipment to avoid the alternative option of mass redundancies.<sup>57</sup>

Against the background of this shift of trade union outlook it was hardly surprising that sourcing decisions by GM and Ford with unfavourable implications for British subsidiaries provoked anxiety and protests.

Ford had been hit much less by the recession than British Leyland. Nonetheless many union representatives were concerned about a long period of short-time working, which – it was feared - could be followed by redundancies. They were quick to draw a connection to international sourcing decisions. In February 1975 shop stewards of the Dagenham body plant published an open letter to the Minister of Industry, bitterly complaining about the decision to produce the new small car *Fiesta* in Spain and Germany with the intention of re-importing it into Britain - despite the fact that Dagenham had a long tradition of small-car manufacture. They also attacked Ford for investing heavily in a low-wage country such as Spain, “[...]financed partly from British profits” while at the same time Henry Ford II had called the Dagenham River plant the “cess-pit” of Europe.<sup>58</sup> The new policy of tied imports produced particular resentment. In a situation of recession and crisis in the British motor industry it was seen as unacceptable to put British workers on short-time while the company imported

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<sup>57</sup> TGWU, Report of annual conference of vehicle building and automotive group, 1975, in: MRC, MSS. 126/TG 3, Sack 35/1.

<sup>58</sup> Dagenham Post, 19 February 1975; 2 April 1975.

small quantities of *Cortina* vehicles from Amsterdam, and planned to bring in *Fiesta* production from Spain.<sup>59</sup> The view was widespread that international business integration would eventually lead to a flood of imports rather than opening new avenues for Ford UK exports.

At Vauxhall, the running down of passenger car engineering and the shift of company policy towards the assembly of *Opel* derivatives under the Vauxhall badge, coinciding with recession and a cutback of 7000 jobs, caused unrest even though the redundancies were achieved by voluntary separation and early retirement. Union representatives denounced the "Opelisation" of the company and pointed to the disadvantages of European business integration for the UK. They accused GM of slowly centralising passenger car production at *Opel* with Vauxhall ending up as a sales agency to sell *Opel* vehicles in the UK. Company sources registered that the unions were "desperately worried" about the long-term future of employment at Vauxhall.<sup>60</sup>

The close connection between concerns for future employment prospects and processes of international investment allocation was even more visible in the evidence given by trade union witnesses before the Trade and Industry Committee of the House of Commons in the first half of 1975. The committee proceedings also revealed how these views were shaped by the general crisis of the motor industry crisis and the British Leyland rescue plan.

Many trade union representatives acknowledged that Ford had a good track record of investments, and they concurred with the widespread opinion that it was not least therefore that Ford had sustained recession better than BL. Some also acknowledged that Ford's European business integration had yielded benefits in terms of scale economies and rationalisation.<sup>61</sup> However, BL's rescue strategy of investment-led recovery at once became the yardstick of union perceptions because it promised safe jobs and a company policy that would not put disproportionate burdens on wage-earners. In comparison to Ford and Vauxhall BL also stood out for its "re-nationalisation" of production; the almost complete concentration of manufacturing in the UK, actively supported by British unions, made the company more national at a time when Ford UK and Vauxhall were becoming ever more locked into international business networks. Even if the cost and efficiency advantages arising from such

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<sup>59</sup> Dagenham Post, 26 February 1975.

<sup>60</sup> Lutons News, 19 June 1975.

<sup>61</sup> Cf. for instance: Fourteenth Report from the Expenditure Committee, Annex, vol. II, p. 223.

networks were acknowledged, BL's model appeared more appealing to trade unions since it safeguarded employment in the UK.<sup>62</sup>

There were a few exceptions to the general union enthusiasm for British Leyland, most visible among Vauxhall shop stewards. A senior convenor in the Luton plant predicted that the BL survival strategy would fail because it did not tackle structural problems such as low plant volumes and model duplication. Being a "gigantic rhinoceros" with a large surplus of labour British Leyland would not help to save the British car industry.<sup>63</sup> But even such critics of BL's model agreed that the internationalisation strategies of Ford and Vauxhall, even if superior in terms of commercial viability, would have negative consequences for employment in the British motor industry. As a TASS memorandum on Vauxhall argued this policy was reasonable only from the global point of view of General Motors but was not in the interest of Vauxhall employees, since internationalisation would occur at the expense of British production and employment.<sup>64</sup>

Numerous examples were put forward to underpin this claim: Comparisons of capital assets between the German and British subsidiaries of Ford and GM showing a clear disadvantage for the UK were seen as evidence for a future run-down of British plants. Ford shop stewards supplied a detailed list with data concerning the age of Ford UK equipment and the company preference for German sourcing.<sup>65</sup> Complaints about corporate restrictions of exports and the rise of tied imports were reiterated. There was also a new interest in the transfer pricing practices of Ford and General Motors – held to operate to the disadvantage of British subsidiaries. In this view Ford's new Spanish plant had illegitimately been partly financed by "British profits". Vauxhall and Ford shop stewards pointed to company strategies to concentrate models with high profit margins in Germany, which would then be re-imported into the United Kingdom.<sup>66</sup>

Certainly not all of these allegations were correct. Subsequent years would demonstrate, for instance, that Ford UK tended to benefit from cross-border transfer pricing. However, union protests did reflect company decisions to shift investments from Britain to the continent in the wake of the BL crisis. In the context of economic recession this fuelled anxieties about future employment prospects.

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<sup>62</sup> Williams et. al., *Cars*, pp. 159ff.; *Parliamentary Debates, Fifth Series, Volume 936*, col. 1166.

<sup>63</sup> Fourteenth Report from the Expenditure Committee, Annex, vol. II, pp. 262/263.

<sup>64</sup> *Ibid.* p. 165.

<sup>65</sup> Cf. *ibid.* pp. 186ff., 254f.; Annex vol. III, pp. 173ff.

<sup>66</sup> Cf. *ibid.*, Annex, vol. II, pp. 182f.; Annex vol. III, pp. 164ff., 179f.

## 2. Contesting the European productivity "micrometer"

With the repeal of the Conservative Industrial Relations Act by the new Wilson government in 1974 British unions at Ford and Vauxhall were released from worries that management would press for "alien" anti-strike legislation. After Ford's conversion to a more co-operative approach to unions and shop stewards both companies became model examples of a voluntarist outlook as recommended in the late 1960s by the Donovan Commission. Significantly, the notion of "alien" industrial relations practices, so prominent at Ford particularly between 1969 and 1971, now completely disappeared from local and national trade union discourses.<sup>67</sup>

This did not mean, however, that cross-border productivity comparisons, another traditional feature of trade union concern, ceased to play a role for company strategies. On the contrary, such comparisons, continuously used by Ford since the invention of the "Cologne yardstick" in the early 1960s became even more prominent and systematic. They were widened in scope and presented with more sophistication. It was the high tide of economic studies about international productivity differentials<sup>68</sup>, and all the official investigations of government and parliamentary committees were full of discussions about the reasons why it took more hours to assemble a car in Britain than on the Continent. Moreover, the comparative exercise was now wrapped into the new discourse of co-operative industrial relations: Ford's new scheme of half-yearly meetings between senior company management, national union officials and shopfloor leaders served not only to discuss company forward planning but also to lecture labour representatives about the need to close the productivity "gap" with Ford plants in Germany and Belgium.<sup>69</sup>

On the one hand, there was the old question of strike losses that exceeded those of continental plants, resulting in lower capital productivity and unit profits. Frequent wildcat disputes in the UK, so the argument ran, prevented the company from using its equipment as Ford companies could do in other countries. The other problem was labour productivity. Ford inundated the unions with comparative figures of how many more men it took to build a car in Britain due to higher manning levels, job demarcation

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<sup>67</sup> Cf for instance TUC, Economic Committee, 10 July 1974, 12 November 1975, in: MRC, MSS. 292D, 560.1/Box 1088.

<sup>68</sup> Cf. for instance the influential study by C. F. Pratten, *Labour Productivity Differentials within international companies*, Cambridge University Press 1976.

<sup>69</sup> Fourteenth Report from the Expenditure Committee, Annex, vol. I, p. 246.

practices, and insufficient use of working time.<sup>70</sup> If the presentation of such claims was couched in less aggressive terms than in earlier periods the hint toward international sourcing decisions was nevertheless still an essential part of the discourse. Ford made it clear that further investment in the UK depended on a substantial increase of profit levels.<sup>71</sup>

Vauxhall management argued in a similar way. After the continuous commercial losses since the late 1960s any major new capital injections by GM depended on higher returns that would re-establish Detroit's confidence into Vauxhall as a viable outlet. In this task the company was in competition with *Opel* and the GM subsidiary in Belgium. Catching up with their labour and capital productivity levels was claimed to be one of the most crucial parts of this competition.<sup>72</sup>

Trade union responses to these claims, while varying to some extent, were mostly defensive. During the parliamentary hearings on the motor industry national officials and shop stewards almost unanimously agreed that productivity improvements were essential for the survival of the British motor industry. However, in their view, this was to be achieved mainly by increasing the capital intensity of production. Thus, the investment argument of Ford and Vauxhall was turned upside down: instead of declaring further investment conditional upon catching up with continental efficiency the unions maintained that the higher productivity in continental plants was itself primarily the result of higher capital assets per worker there. With this "investment gap" comparisons targeting labour practices were unfair because, as Ford stewards continuously repeated, "you were not comparing like with like".<sup>73</sup>

Clearly, these views reflected the new union reference model British Leyland where outdated plant and machinery had been singled out as the central underlying reason for competitive weakness, a view that was also widespread in contemporary academic analysis. Ford management itself, when rejecting the union's 1971 wage claim, had emphasised that increased efficiency mainly originated from higher capital assets.<sup>74</sup>

While trade union defence against labour-*centered* productivity comparisons could be supported by extensive evidence it was nevertheless also true that all major inquiries

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<sup>70</sup> Friedman/Meredeen, *The dynamics of industrial conflict*, p. 245.

<sup>71</sup> Fourteenth Report from the Expenditure Committee, Annex, vol. I, pp. 244, 260.

<sup>72</sup> *Ibid.* pp. 327ff.; *Luton News*, 14 August 1975.

<sup>73</sup> Fourteenth Report from the Expenditure Committee, Annex, vol. I, p. 191.

<sup>74</sup> Friedman/Meredeen, *The Dynamics of industrial conflict*, p. 240.

in 1974/5 had pointed to labour problems as a factor *contributing* to industrial malaise. Indeed, the survival strategy at British Leyland itself included a strong labour-related component: the proposed government investment funds were to be released in tranches and could be withheld if management and trade unions did not achieve tangible improvements in reducing the number of industrial disputes.<sup>75</sup>

Against this background, trade union insistence on the “investment gap” was not simply an exercise in economic analysis but served to delegitimise attempts to tackle the productivity issue with a predominant focus on labour questions. Union priority was that future company strategies would be based on capital and market expansion instead of cost-driven restructuring schemes that could lead to redundancies and pressure on traditional working practices. Neatly summing up this position an AUEW representative declared that unless there was employer commitment to invest in the modernisation of production any talk about “overmanning” or other labour issues was unacceptable.<sup>76</sup> For the more radical currents within British unions this was, of course, unacceptable in principle. British Leyland’s experience demonstrated that large-scale capital injections did not entail the commitment of the entire plant trade union organisation to strive for better industrial relations.<sup>77</sup>

International pay comparisons provided an additional, albeit under the conditions of recession less important device of trade union defence against the European “micrometer”. Such comparisons had played an important role in the early 1970s, when they had been advanced against international efficiency benchmarking rather than in support of international parity notions. This trend continued in spite of the inherent contradictions between two main variants. Some union officials like Evans (TGWU) rejected suggestions that Ford might reduce its manufacturing base in the UK because of low productivity pointing, among other things, to the low labour costs, which would induce further investment. Other Ford trade union representatives argued that *higher* wage rates in Germany were an important cause for the investment (and productivity) gap between Ford’s British and German subsidiaries.<sup>78</sup>

Both variants were designed to question pressure on labour and trade unions as the *main* device for competitive success, and their ambiguous character made international pay comparisons a highly flexible concept, suitable to buttress resistance against

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<sup>75</sup> Whisler, *The British Motor Industry*, p. 115.

<sup>76</sup> Fourteenth Report from the Expenditure Committee, Annex, vol. II, p. 79.

<sup>77</sup> Whisler, *The British Motor Industry*, pp. 122f.

<sup>78</sup> Fourteenth Report from the Expenditure Committee, Annex, vol. II, pp. 34, 43/44, 185/186.

manning cuts as much as the case for higher wage rates. That such comparisons were not meant as campaigns striking out in search of international wage parity was demonstrated by parallel discussions in the TUC. Here, the launch of such a campaign by one affiliate was strongly criticised, not least by the TGWU, which argued that "incomes of the higher paid should bear a relationship to those of other groups within the society rather than be fixed in relation to higher incomes elsewhere".<sup>79</sup> As in the early 1970s, a search for international harmonisation was seen as endangering solidarity with lower-paid groups at national level.

If union opposition to labour-centred productivity drives was unanimous at Ford and Vauxhall, opinions were divided about a potential *minor* trade union contribution to higher efficiency. While the new Ford NJNC chairman Evans offered assistance in attempts to reduce the number of industrial disputes his deputy Birch (AUEW) rejected such ideas. Some Ford shopfloor leaders declared that the unions should develop a more accommodating stance towards management and help to avoid situations in which a small minority caused large disruptions while others maintained that strikes reflected grievances, which labour representatives could and should not control. They also accused management of occasionally provoking strikes as a means to avoid lay-off payments. Vauxhall shop stewards, traditionally less militant in outlook and faced with the desperate financial situation of the company, appeared to be better disposed to collaboration.<sup>80</sup>

### 3. An Interventionist industrial policy reconsidered and buried

However different trade unionists at Ford and Vauxhall were approaching the productivity question there was one fundamental point of agreement: The key to secure future employment and to avoid primarily cost-driven corporate strategies with negative implications for working conditions and shopfloor organisation was to induce companies to increase their rates of investment. At British Leyland trade union lobbying for such a strategy had been successful but the situation at Ford and Vauxhall was different. Both companies were controlled by their American and European headquarters that were less patient shareholders than the British state.

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<sup>79</sup> TUC, Economic Committee, 14 May 1975, in: MRC, MSS. 292D, 560.1/Box 1088.

<sup>80</sup> Fourteenth Report from the Expenditure Committee, Annex, vol. II, pp. 29ff., 76f., 193f., 257f.

This raised the old question of "public control", debated since the take-over of Ford UK by Detroit in 1960. In the past such endeavours had failed. On the one hand, successive governments, including the Labour administration between 1964 and 1970, had consistently argued against interventionism on the grounds that it would endanger Britain's attractiveness for foreign investors compared to other European countries. On the other, the positions of trade unions themselves had been highly ambiguous, partly being influenced by the government logic, partly because of different motives. On the Right scepticism towards proposals for government control of international firms was embedded in general opposition to Socialist economic schemes. On the Left, advocacy of micro-economic government interventions had been inhibited by a general preference for industrial issues over "high politics" and the related fear that grand planning schemes might involve statutory wage policies. The technicians' union DATA, after the merger with the AUEW now renamed TASS, had appeared to be more preoccupied with the preservation of *British* as opposed to *foreign* control over companies such as Ford, and it had been mainly to this end that they had requested assistance by the State. Ideas for more permanent forms of public control had never been practically pursued in a forceful and consistent way.

Yet, the fundamental changes of 1974/5 appeared to require a reassessment of attitudes. The return of Labour to power with Tony Benn as Minister of Industry opened up new political space for interventionist industrial policies not least with regard to multinational companies - although the resistance against Benn from within the government could not be overlooked. At the same time, the economic crisis raised trade union concerns about international investment and marketing aspects. In the motor industry, the crisis at British Leyland and Chrysler UK triggered debates about a state-led restructuring of the entire sector.

In fact, from the mid-1970s onwards, Benn's policy, appealing to large currents within the British union movement, also led to considerable interest at Ford and Vauxhall. In March 1975 Dagenham shop stewards organised a mass lobby in the House of Commons presenting a petition signed by 1500 Ford workers that called for more "social control" of Ford and "measures" to nationalise the company.<sup>81</sup> The TGWU commissioned a report by the trade union research unit at Ruskin College about the option of bringing Ford under public ownership. While the study advised against full

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<sup>81</sup> Dagenham Post, 5 March 1975, 12 March 1975.

nationalisation because of the enormous financial liabilities, it argued for the acquisition of a majority public stake in conjunction with state monitoring through a planning agreement.<sup>82</sup>

At Vauxhall, efforts were concentrated on a potential planning agreement. Since the summer of 1975 a local committee composed of AUEW and TASS officials and shop stewards promoted the idea in regular meetings with government ministers and members of Parliament.<sup>83</sup> The aim was to force General Motors to retain Vauxhall as a large passenger car manufacturer. One local AUEW memorandum suggested that Prime Minister Wilson himself should take up the matter with the American president to secure further GM capital inflow.<sup>84</sup>

Despite this considerable union interest in a new industrial policy to deal with internationalisation at Ford and Vauxhall the economic crisis also strongly reinforced trade union doubts about the feasibility of such a strategy. On the national level only TASS wholeheartedly lobbied for the nationalisation of the entire motor industry as a solution to its structural problems.<sup>85</sup> The two major manual unions, AUEW and TGWU, did nothing to support this idea, indeed TGWU representatives explicitly maintained that public ownership be restricted to British Leyland while Detroit should continue to cater for the needs of its UK subsidiaries.<sup>86</sup>

Scepticism was nurtured both by the economic constraints of the post-oil shock period, and the changing *rapport de force* within the government. During the first half of 1975 Tony Benn had permanently lost ground *vis-à-vis* his opponents in the Cabinet. Government commitments to the extension of public ownership and to planning agreements had been watered down, and Benn himself was eventually replaced as Minister of Industry in June of that year.<sup>87</sup>

In economic terms the crisis reinforced trade union priorities for acute employment and welfare aspects over longer-term planning considerations. During the Chrysler crisis in late 1975 it was these immediate labour market interests that militated against a lobby for public ownership – even though Chrysler US had offered a take-over by the state. But nationalisation, unless accompanied by a vast investment program into

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<sup>82</sup> Nationalisation of the Ford Motor Company. Notes commissioned by the TGWU, undated [1975], in: Archive Trade Union Research Unit, Ruskin College Oxford.

<sup>83</sup> Luton News, 14 August 1975, 9 October 1975, 23 October 1975, 20 November 1975.

<sup>84</sup> Fourteenth Report from the Expenditure Committee, Annex, vol. III, p. 146.

<sup>85</sup> A policy for the British Motor Vehicle Industry. A trade union response to the government White Paper by AUEW (TASS), undated [1976], in: MRC, MSS . 292 D/Box 1709.

<sup>86</sup> Fourteenth Report from the Expenditure Committee, Annex, vol. II, pp. 40-42; 235.

<sup>87</sup> Cf. Middlemas, *The End of the Post-War Era*, pp. 79ff.

new product and equipment, would have meant nothing else than closing the firm.<sup>88</sup> Not only the government was unwilling to take on a further massive financial burden, which, moreover, would perhaps have endangered the success of its BL rescue operation. Within the broader trade union movement, too, there was resistance against such plans. Already the government assistance given to Chrysler's own rescue scheme had caused serious protests in the TUC General Council on the grounds of unequal treatment of industries. Therefore, if existing jobs in Chrysler's UK plants were to be safeguarded public ownership provided no solution.<sup>89</sup>

The same logic destroyed the case for planning agreements. In the TUC debates whether or not to require planning agreements as a precondition for government subsidies veiled references to the Chrysler job rescue deal played a prominent role, the fear being that such operations "[...] would be seriously jeopardised if a precondition of government aid was the conclusion of a planning agreement."<sup>90</sup> At the subsequent TUC Congress a General Council report was endorsed according to which "[...] it would be unwise to make any moves at present to introduce elements of compulsion."<sup>91</sup>

The situation of Vauxhall was directly comparable to that of Chrysler. Since the late 1960s the company had made permanent losses - underwritten by General Motors. Vauxhall's market share in the UK had tumbled from 13 percent in 1967 to seven percent in 1974 and 1975, the model range was unattractive and ageing, while, at the same time, the company lacked the financial resources for the necessary investments into new products.<sup>92</sup> Again, nationalisation would have amounted either to closure or to massive public subsidies for an ailing company - measures that neither the government nor a majority in the TUC leadership were prepared to undertake. Unsurprisingly, a public ownership resolution moved by the Luton Trades Council was flatly rejected by the TUC economic department, which instead urged for concentration on planning agreements.<sup>93</sup> But this option had itself lost its force since any compulsory elements or financial incentives had been abandoned. The issue dragged on for a considerable

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<sup>88</sup> Cf. Wilks, *Industrial Policy and the Motor Industry*, pp. 130ff.; Stephen Young/Neil Hood, *Chrysler UK. A Corporation in Transition*, Praeger New York/London 1977, pp. 279ff.

<sup>89</sup> TUC, General Council 17 December 1975, pp. 36ff., in: MRC, MSS. 292 D, 20/9.

<sup>90</sup> TUC, Economic Committee, 12 November 1975, in: MRC, MSS. 292D, 560.1/Box 1088.

<sup>91</sup> Trades Union Congress, *Report of 108<sup>th</sup> Annual Trades Union Congress, 6-10 September 1976*, p. 320.

<sup>92</sup> Cf. Holden, *Vauxhall and the Luton economy*, chapter 10.

<sup>93</sup> Letter D.E. Lea to Luton and District Trades Council, 2 August 1976, in: MRC, MSS. 292D/ Box 1709.

amount of time until in autumn 1976 Vauxhall management decided that its interests would be better served without a planning agreement.<sup>94</sup>

At Ford the main problem was of a different nature. The company was commercially successful and had a good investment record. But here, financial strain would have arisen from the liabilities for compensation payments. Even proponents of public control, such as the trade union research unit at Ruskin College, argued in favour of limited public equity and planning agreements instead of full nationalisation.<sup>95</sup> For the majority of TUC leaders even a minor public stake in Ford UK's assets would have incurred unacceptable costs. Moreover, there were the problems related to the fact that by the mid-1970s a considerable number of jobs at Ford UK depended upon the intra-company trade between British, German and Belgian plants – acknowledged even by TASS.<sup>96</sup> With Ford UK following Vauxhall's example not to volunteer for a planning agreement, the debate about measures of public control came to a close in late 1975.

#### 4. The futile search for protection: Import controls and EEC withdrawal

Closer cross-border integration between British and continental Ford and GM subsidiaries not only inhibited the search for greater government control over the companies but also attempts to make British Ford and GM plants more autonomous within the European networks. The crisis experience of 1974/5 reinforced trade union awareness of the limits of "British independence" in the framework of a multinational company. The importance of achieving economies of scale as an essential part of car manufacturing was frequently acknowledged, and the unions knew that Vauxhall's sales were regarded as too small to justify independent product development and manufacturing by many industry experts and the government.<sup>97</sup> Ford with its well-developed Anglo-German intra-company trade now supplemented by an Iberian cluster posed even greater obstacles.<sup>98</sup> The vision of national autonomy became a cherished

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<sup>94</sup> Luton News, 14 October 1976, 18 November 1976.

<sup>95</sup> Nationalisation of the Ford Motor Company. Notes commissioned by the TGWU, undated [1975], in: Archive Trade Union Research Unit, Ruskin College Oxford.

<sup>96</sup> A policy for the British Motor Vehicle Industry. A trade union response to the government White Paper by AUEW (TASS), undated [1976], in: MRC, MSS . 292 D/Box 1709.

<sup>97</sup> Fourteenth Report from the Expenditure Committee, Annex, vol. II, pp. 35 (TGWU), 213 (ASMTS), 248 (TASS); Cf. A policy for the British Motor Vehicle Industry. A trade union response to the government White Paper by AUEW (TASS), undated [1976], p. 11, in: MRC, MSS . 292 D/Box 1709.

<sup>98</sup> Nationalisation of the Ford Motor Company. Notes commissioned by the TGWU, undated [1975], in: Archive Trade Union Research Unit, Ruskin College Oxford.

ideal rather than a practical proposition - particularly at Vauxhall where management told the unions as late as 1975 that "[...] self-sufficiency remained a long-term objective."<sup>99</sup>

In this situation, as already in the early 1970s, British unions attempted to achieve a measure of national control indirectly - through the imposition of macroeconomic barriers protecting Ford's and Vauxhall's domestic market base from competition. Debates concentrated on import controls and British membership in the EEC.

The latter issue acquired crucial importance since late 1974 in the run-up phase to the referendum about the renegotiated terms of the Wilson government. British union discussions on the Common Market had been influenced by the rise of multinational companies since the late 1960s; an increasingly dominant view perceived the two phenomena as mutually reinforcing vehicles for the export of jobs from Britain to the Continent. If anything this view became even stronger during the crisis years 1974/5. The TUC's negative verdict on continued membership found one of its most powerful arguments in the "flight of capital to Europe" orchestrated by large multinationals. The shift of Ford investments from Britain to Germany was explicitly mentioned.<sup>100</sup>

In the motor industry the two dominating unions AUEW and TGWU argued strongly for EEC withdrawal and equally for the imposition of import controls. Jack Jones declared that "we must seek limited and temporary, but very definite, import controls, which will give our manufacturers the necessary home market base."<sup>101</sup> Other union representatives advanced the argument of the sector being an "infant industry" that needed temporary protection from international competition for its "rejuvenation" through large capital injections.<sup>102</sup> Despite the reservations of a minority within the TUC leadership against such protectionist devices the motor industry with its very high level of import penetration figured prominently in the TUC campaign for selective and temporary import controls since May 1975.<sup>103</sup>

The main driving force behind the campaign was the desire to protect the viability of the state-controlled "national champion" BL, but it can not be overlooked that ardent

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<sup>99</sup> Minutes of the meeting of Vauxhall Joint Negotiating Committee, 11/12 September 1975, in: Archive Vauxhall Motors, HRM department, File JNC Minutes, vol. 2.

<sup>100</sup> Cf. Trades Union Congress, Report of 106th Annual Trades Union Congress, 2-6 September 1974, pp. 486/87; cf. Teague, Labour and Europe, pp. 99ff.

<sup>101</sup> TGWU, Report of annual conference of vehicle building and automotive group, p. 15, in: MRC, MSS. 126/TG 3, Sack 35/1.

<sup>102</sup> Fourteenth Report from the Expenditure Committee, Annex, vol. II, p. 260, vol. II, p. 233.

<sup>103</sup> Cf. TUC, Economic Committee, 14 May 1975, 11 June 1975, 13 August 1975, 8 October 1975, 12 November 1975, in: MRC, MSS. 292D, 560.1/Box 1088.

pleas for import restrictions and withdrawal from the Common Market were equally widespread at Ford and Vauxhall, and were not simply meant as messages of solidarity with Leyland workers. Local officers and shop stewards of both firms actively supported anti-EEC campaigns in Dagenham and Luton. The campaigners stressed the link between business internationalisation and EEC membership. The latter had opened the door for tied imports while not providing any scope for future exports to Europe. Prominent Ford and Vauxhall shop stewards equally advocated import controls <sup>104</sup>

The prevailing outlook in British trade union circles was that the car companies needed to concentrate their efforts on the defence of the home market and diversify their export policy to include regions such as Eastern Europe and the Third World. Contrary to the thinking of the early 1960s the potential for exports to the EEC was considered to be low, and consequently EEC withdrawal, while providing competitive relief in the home market, would not dramatically affect export performance. Ford's export patterns often served as an illustration of this argument; according to Evans (TGWU) marketing rationalisation within Ford of Europe in any case determined that EEC markets were not supplied by the British subsidiary but the plants in Belgium and Germany. <sup>105</sup>

This focus on the "home market" was also apparent in the debate about investment by multinational firms. Domestic sales potential linked to the presence as a local manufacturer was often described as the perhaps only major strategic trump in influencing the investment policies of these companies. For instance, citing Ford's massive investment in Spain as an example of this bargaining power, TASS argued that "[...] the UK had still one of the largest domestic car markets of the world, and no multinational company would lightly withdraw from it." It could be expected, for instance, that GM would undertake substantial investment efforts to retain and improve its position on the British market. <sup>106</sup>

The implication of such arguments was that protection of the home market by import controls and withdrawal from the EEC was likely to encourage companies like Ford and Vauxhall to invest in the UK. Yet, this claim, as in the early 1970s, coexisted uneasily with continued complaints by the Ford NJNC trade union side about corporate restrictions on European exports. The 1974/5 wage application had again laboured this point in detail requesting the company to undertake a major export offensive in EEC

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<sup>104</sup> Cf. Dagenham Post, 2 April 1975, Luton News, 6 February 1975; Fourteenth Report from the Expenditure Committee, Annex, vol. II, p. 262; vol. III, p. 177.

<sup>105</sup> Fourteenth Report from the Expenditure Committee, Annex, vol. II, p. 33.

<sup>106</sup> Ibid. vol II, p. 248; vol. III, p. 204.

countries.<sup>107</sup> In the discussions about the location for *Fiesta* assembly, too, one of the major demands of Ford shop stewards was to include the supply of a number of European export markets into production schedules.<sup>108</sup>

The apparent contradiction between these two positions was never addressed, let alone resolved. It was the classic ambiguity of being eager not to miss the gains of a game while at the same time fearing the losses that might be incurred from participation. The protection of the British market would secure Ford UK's and Vauxhall's position in their European networks but being excluded from the high-growth EEC markets it would be a minor, and presumably further marginalized position. Ford's Spanish example demonstrated that companies with integrated European business operations ventured into local manufacturing not only to seek domestic market access but also to gain a further outlet for European exports that could be integrated into a Europe-wide system of intra-company trade in parts and components.<sup>109</sup>

In the overall context of British trade union policy towards the European Community in 1974/75 the ambiguous oscillation between strategies of uncoupling and a more beneficial mode of integration can hardly come as a surprise. It perfectly mirrored the confusion after British EEC entry in 1973 when many trade unions, while continuing to support harsh anti-European Congress resolutions had nevertheless found it useful to send representatives to Brussels.<sup>110</sup>

At the same time these ambiguities reveal that union strategies at Ford and Vauxhall should not only be seen against the background of employment security fears triggered by the internationalisation paths of the companies. The broader implications of what European economic integration meant for British trade unions were at least equally significant. While the danger of "alien" restrictive industrial relations legislations had disappeared with the repeal of Heath's IR Act, the more general threat of EEC-induced pressure on British working and trade union practices remained, as demonstrated by the inflationary use of European productivity comparisons in the crisis year 1975. Ford of Europe and the emerging European network of General Motors were perceived as paradigmatic examples of how employers used international economic integration as a

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<sup>107</sup> Cf. Ford Wages and Conditions application 1974/75, 25 January 1974, pp. 7f., in: MRC, MSS. 126/TG/ Sack 139/1.

<sup>108</sup> Passingham/Connor, Shop stewards on Industrial democracy, p. 9.

<sup>109</sup> Tolliday, *The Origins of Ford of Europe*, p. 210.

<sup>110</sup> Cf. Teague, *Labour and Europe*, p. 96.

device to improve British industrial performance at the expense of trade union labour market interests and, through comparisons with “weak” trade unions abroad, even their traditions of interest representation. In continuity with the period between 1969 and 1973 it was the fear of the consequences of “cut-throat” European competition for labour that was underlying trade union discourses. As one AUEW representative put it, European economic integration did not “[...] provide any solace for the future [...] other than in a competitive sense.”<sup>111</sup>

In any event, by the end of 1975 ideas about a temporary uncoupling of Britain from the international economy had become wishful thinking. The Common Market referendum had ended with a clear majority voting in favour of continued British EEC membership, and during the Chrysler crisis in December the government had opted against import controls - effectively dealing the death blow to the “Alternative Economic Strategy”.

### *III. The failure of the Social Contract in international perspective (1976-1979)*

#### *1. Trade union resistance against a “labour bias” in company strategies*

The reversal of the Labour government’s industrial policy towards a focus on microeconomic adaptation since late 1975 included a reassessment of policy towards the motor industry. The premise of the new strategy, best reflected in the CPRS report in December 1975 and a government White Paper based on that report, was that the future of the sector depended on the achievement of continental productivity standards. Apart from the special case of British Leyland with its large investment needs the key to improvement was mainly perceived to lie with a more efficient utilisation of available resources. Differences in capital assets between Ford’s and GM’s British and Continental plants were described as a “minor cause” of low productivity. The CPRS stressed in particular the damaging impact of production interruptions because of labour disputes, and explicitly recommended redundancies to reduce “overmanning”.<sup>112</sup>

The new government policy closely resembled the approach adopted by Ford and – to a lesser extent – Vauxhall management in the wake of the oil crisis, particularly

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<sup>111</sup> Fourteenth Report from the Expenditure Committee, Annex, vol. II, p. 87.

<sup>112</sup> Cf. The Future of the British Car Industry, pp. 80ff.

with regard to the central importance of European productivity comparisons.<sup>113</sup> Indeed, key comparisons in the CPRS report were taken from Ford itself; the company's advanced European product and plant standardisation allowed to pinpoint the "gap" in the most graphical way. The government also backed Ford and Vauxhall strategies through practical measures as productivity comparisons became the central theme of a new "sector working party" for the motor industry bringing together Department of Industry officials, high-level executives of companies and leading AUEW and TGWU representatives since early 1976.<sup>114</sup> Not by coincidence, tripartite visits of car plants in Germany and Belgium became a central component of the committee's work.

Trade union reactions developed in continuity with the time of acute crisis in 1975. The majority of union officials and shop stewards acknowledged the need for higher productivity in general terms but insisted that higher efficiency was foremost the result of increased capital spending. There was concern that workers who were already accepting wage restraint would become the first casualties of restructuring if the latter concentrated on issues such as "overmanning" – as recommended in the CPRS report. British Leyland with its investment-led recovery strategy and its commitment to avoiding mass redundancies could easily be invoked as a contrasting positive model.<sup>115</sup> Moreover, all the major official studies carried out in 1975 had revealed that fixed capital asset levels at Ford UK and Vauxhall were considerably lower than in the German sister companies. While the CPRS referred to these differences as a minor problem the report of the Trade and Industry Sub-Committee of the House of Commons considered under-capitalisation as one of the central weaknesses of the industry: "insufficient power behind the worker's elbow" hampered the prospects of catching up with continental efficiency levels.<sup>116</sup>

This argument became the assumption for trade union policy in the latter half of the 1970s. If labour was expected to make sacrifices in terms of working conditions and industrial relations the companies needed to be committed to increase their investments. Obviously, the argument could also be turned around – and it was mainly in this way that it unfolded over subsequent years: If companies disregarded their "obligations" in

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<sup>113</sup> Cf. Beynon, *Working for Ford*, pp. 347f.; Friedman/Meredeen, *The Dynamics of Industrial Conflict*, pp. 241f.

<sup>114</sup> Letter Department of Industry to Len Murray, TUC, 16, January 1976, in: MRC, MSS D/Box 1709.

<sup>115</sup> Cf. Whisler, *The British Motor Industry*, pp. 137ff.

<sup>116</sup> Fourteenth Report from the Expenditure Committee, pp. 29ff.

terms of trading and investment opportunities labour's willingness to compromise in its "own" field would remain limited.

Moreover, in the unions' view there were limits to what could reasonably be expected from them. The AUEW and TGWU officials participating in the tripartite visits to German and Belgian Ford plants acknowledged that labour productivity was higher on the continent and that dispute levels in Britain needed to be reduced. However, they were careful to point out that in practice this could not simply mean people had to work harder, or that trade unions would in the future refrain from supporting stoppages which they regarded as legitimate.<sup>117</sup> At Vauxhall, union representatives stressed management responsibilities for low product quality and the limits of trade union influence in containing industrial disputes and changing employee attitudes in problem areas such as overtime work or in-plant labour mobility.<sup>118</sup>

Clearly, opinions diverged within the Ford and Vauxhall trade union organisations of what constituted the limits of potential trade union collaboration in raising productivity levels. For the more militant currents any ideas of a *quip pro quo* were taboo. For them the arguments about the "lacking power behind the elbow" served the sole but useful purpose of legitimising their radical strategies. The left-wing TASS adopted a fundamental attitude of opposition as far as labour efficiency was concerned. If workloads on the continent were really higher, TASS argued, then "[...] it would be wrong to assume that [...] there is a case for speeding-up the British workers." Similarly, as for industrial disputes, management needed to accept the right of workers to strike, a right that according to TASS was more strongly felt in Britain than in any other country because of the UK's pioneering role in the process of industrialisation. In countries such as Germany or France the "struggle for industrial democracy" that would eventually lead them towards the British path was still in its initial phase.<sup>119</sup>

These rather bizarre arguments<sup>120</sup> demonstrate that British union positions towards the productivity question, as in the late 1960s and early 1970s, were partly shaped by comparative observations of trade union patterns abroad. The conclusion reached not only by left-wing organisations like TASS was still the one that had prevailed in the

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<sup>117</sup> Beynon, *Working for Ford*, pp. 347/48.

<sup>118</sup> Minutes of the meeting of the Vauxhall JNC, 13 February 1976, in: Archive Vauxhall Motors, HRM department, File JNC Minutes, vol. 2.

<sup>119</sup> „A policy for the British Motor Vehicle industry. A trade union response to the government White Paper by AUEW (TASS), undated [1976], pp. 19/20, in: Modern Records Centre Warwick, MSS. 292 D., Box 1709.

<sup>120</sup> Next to Britain TASS named Italy as the other European forerunner in the struggle for industrial democracy – certainly not a pioneer in the industrialisation process.

days of the struggles against government industrial relations reforms: Even if the deepness of the country's industrial crisis was worrying Britain provided an attractive model within the international trade union world.

Already during the parliamentary inquiry in 1975 TGWU and AUEW representatives insisted that persuasion was the only method of securing a return to work in situations of dispute. Suggestions by parliamentarians that British unions should follow the example of labour organisations abroad to "police" the observance of agreements were rejected, confirming thereby the dismissive view of German and American trade unionism adopted already in the late 1960s and early 1970s. Referring to the American UAW as being "policemen" and "custodian of workers" an AUEW representative discounted the relevance of such foreign industrial relations models for British labour.<sup>121</sup>

The exchanges of Vauxhall shop stewards from different political trade union backgrounds with their *Opel* counterparts further illustrate this point. Already in the initial period of these meetings in 1973/74 Vauxhall representatives had been highly critical of German labour practices and trade union strategies while praising British achievements. For instance, they stressed that German unions lacked activity and grassroots mobilisation, and that the works council system drove union representatives too close to management instead of representing worker interests. In terms of working conditions the Vauxhall stewards claimed that higher workloads in Opel plants were achieved with safety standards that would be unacceptable in the UK.<sup>122</sup>

If anything these attitudes were further reinforced since the mid-1970s. During a visit to Germany in December 1975 leading Vauxhall union representatives remained impressed by the organisation of work and the modernity of equipment in Opel plants. However, they claimed that German safety standards would lead to immediate industrial unrest in British plants. The British trade union model was seen as superior in terms of membership levels, shopfloor organisation and independence from state and employers. Rather than being driven towards continental practices by the deep industrial crisis of 1975 the Vauxhall stewards expected their German counterparts to "catch up" with UK

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<sup>121</sup> Cf. Fourteenth Report from the Expenditure Committee, Annex, vol. II, pp. 27, 81.

<sup>122</sup> Cf. Amt für Industrie- und Sozialarbeit der Evangelischen Kirche in Hessen und Nassau, „Bericht über den Besuch der englischen Gewerkschaftsgruppe aus Luton, 6-12 August 1973“; „Bericht über die Englandfahrt vom 15.9.74 bis 22.9.74 von Kurt Schneider, 2. Vorsitzender der VKL der IG Metall Opelwerk Rüsselsheim“, in: Private Archive Max Gutknecht-Stöhr, Rüsselsheim.

standards. One TGWU convenor declared that "we don't blame the German workers for the system they have, but we do expect them to struggle against it."<sup>123</sup>

In a similar vein a report by a national TGWU officer noted in 1976 that German unions were severely restricted by a legal framework similar to the repealed Industrial Relations Act of the Heath government. Works councils were prohibited from industrial action, and their members had not even to belong to trade unions – issues that were deemed to be "totally unacceptable" in Britain.<sup>124</sup>

Such critical assessments of foreign trade union practices reinforced British trade union insistence on clear limits for the collaboration with management at home. And, moreover, visits to German Ford and *Opel* plants further raised union representatives' awareness of the gap in investment levels between subsidiaries in the two countries – strengthening the belief that management held the key for the improvement of industrial performance in Britain.

## 2. Union campaigns for more investments

In the immediate aftermath of the oil crisis trade union concerns about investment had been motivated equally by job security fears and employer pressure with regard to the productivity question. From 1976 onwards - against the background of the new industrial policy and a stabilisation of employment levels in both companies - the balance between these two aspects clearly tipped towards the productivity issue. Lacking investment into new products and the expansion of capacity increased the danger that restructuring along the lines suggested by the CPRS would entail massive pressure on working conditions and trade union practices.

This is not to say that employment security concerns disappeared. They became less urgent once the acute crisis had been overcome by 1976 but they remained on trade union agendas throughout the late 1970s. At Vauxhall - not least due to the continued commercial weakness of the firm - they remained stronger than at Ford. Priorities for one or the other aspect of course also depended on political positions: "Moderates"

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<sup>123</sup> Report of a visit to Rüsselsheim by a party of trade unionists from Vauxhall Motors, 1-7 December 1975, in: *Ibid.*; it should be underlined again that these claims did not represent any "objective" pattern even though a comparison of trade union density levels in Western Europe indeed shows that British levels exceeded those of all other countries apart from Scandinavia in the mid 1970s. As far as real wages were concerned Britain continued to fall behind in international comparison – cf. Ebbinghaus/Visser, *A comparative Profile*, p. 63.

<sup>124</sup> E. Bone, Report on German study group, 12-18 September 1976, in: MRC, MSS 126, TG/3, 35/2.

tended to be more preoccupied with future job prospects while for radical militants the investment issue merely fulfilled a useful role in contesting management attacks on the productivity front.

In any case, trade union lobbying related to investment and inter-company trading patterns became a permanent feature between 1976 and 1979. The annual industrial policy conference of the TGWU automotive trade group, for instance, recorded continuously, and with increasing disillusion, its concern over tied imports and investments. Resolutions complained about "unfair" trading practices of the multinationals that endangered the future viability of the British car industry.<sup>125</sup> Developments at Ford and Vauxhall even played an important role in the discussions of industrial policy in the TUC Economic Committee and at TUC Congresses. In December 1977 the Economic Committee pointed particularly to Ford's tied imports as being a new and disturbing element in the British trade balance. In June 1978, a TUC delegation meeting government ministers referred to the import policies of the multinational car firms as a key issue to argue the case for the establishment of a government-appointed "investment agency". Anger was expressed that the trade policy of Ford and Vauxhall was undermining the import targets set by the sector working party for the motor industry.<sup>126</sup> TUC Congress debates frequently featured complaints about how British EEC entry had opened the door for the tied imports of multinational motor firms.<sup>127</sup>

In the direct negotiations with Ford it became almost a ritual negotiation exercise for the unions to bring up investment matters. In virtually every meeting of the Ford NJNC and the local plant committees the topic was raised in various ways: age of machinery, lack of investment to increase pressshop capacity and wheel production, extension of assembly capacities in other countries, importation of parts and built-up cars. In 1978 the TGWU even prepared a counter-presentation to Ford's annual account with detailed calculations about the downward trend of Ford investments between 1971

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<sup>125</sup> Cf. TGWU, Vehicle Building and Automotive Group, National Committee Report to the national industrial policy conference, 21/22 May 1976, in: MRC, MSS 126/TG 3, Sack 35/1, TGWU, Report of the Annual Conference of Vehicle Building and Automotive Group, 1977; TGWU, Report of the Annual Conference of Vehicle Building and Automotive Group, 7/8 July 1978, TGWU, Vehicle Building and Automotive Group, National Committee Report to the national industrial policy conference, 6 July 1979, in: MRC, MSS 126/TG 3, Sack 116/2.

<sup>126</sup> Cf. TUC, Economic Committee, 14 December 1977: "Trade Policy"; Economic Committee, 12 July 1978: "Report of a meeting between the Economic Committee and the Secretaries of State for Industry and Trade, 19 June 1978", in: MRC, MSS 292D, 560.1/Box 1090.

<sup>127</sup> Cf. for instance: TUC, Report of the 109th Annual Trades Union Congress, 5-9th September 1977, p. 500.

and 1976, culminating in the claim that the company “[...] was manifestly failing to develop.” British Leyland served as a model; its higher level of capital expenditure was explicitly mentioned.<sup>128</sup>

The most sustained campaign of these years occurred in Dagenham in 1977/78. Following the decision to build a new engine factory in Bridgend there was a great deal of anxiety about future employment prospects in the Dagenham engine and foundry plants, and this sparked off a more general campaign for the modernisation of equipment, an increase of local manufacturing capacities, recruitment and the reduction of tied imports. The campaign included intensive contacts with local MPs and government ministers, almost permanent meetings with company officials and constant public pressure.<sup>129</sup>

At Vauxhall, campaigns were less constant and much less aggressive in tone. For instance, protests against the import of Vauxhall-badged Opel vehicles with a high German component content became more moderate after 1976. TGWU reports described them as an unpleasant but inevitable phenomenon.<sup>130</sup> Apart from the lower propensity of Vauxhall management to use European productivity benchmarking this was mainly due to the still precarious commercial position of the company, which continued to declare losses throughout the 1970s. Under these circumstances aggressive demands for more investments were difficult to sustain. It was already seen as a success that from autumn 1977 the largely German-manufactured *Cavalier* was at least assembled in Britain instead of Belgium.<sup>131</sup>

Ford, in contrast, experienced a sales boom in this period and by 1977 became market leader in the UK. After the small dividends of 1974 and 1975 the subsequent years witnessed an explosion of profits: 140 million pounds in 1976, 263 million in 1977, 242 million in 1978, 386 million in 1979. In the latter year, Ford of Britain generated 70 percent of Ford's global profits.<sup>132</sup> The combination of such dividend figures and the ever increasing volume of tied imports triggered violent trade union protests and underpinned claims for more investment. When in 1978 the TGWU judged

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<sup>128</sup> TGWU, „Trade union presentation on Ford's Annual Report 1977”, 21 April 1978, in: MRC, MSS. 126/TG/3, Sack 36/2.

<sup>129</sup> Cf. Dagenham Panel of District Officers, Minutes of fortnightly meeting, 5 October 1977, 26 January 1978, 9 March 1978, 6 April 1978, 18 May 1978, in: MRC, MSS/126/3, Sack 36/2.

<sup>130</sup> TGWU, Report of the Annual Conference of Vehicle Building and Automotive Group, 1977; TGWU, Report of the Annual Conference of Vehicle Building and Automotive Group, 7/8 July 1978.

<sup>131</sup> Ibid.

<sup>132</sup> Tolliday, Ford of Britain: Statistical Appendix, pp. 131, 141.

Ford's four-year investment program as being insufficient the underlying message was clear: "Do not tell us the funds aren't there."<sup>133</sup>

These campaigns yielded some limited success. It is probable that public pressure on Ford to reduce its tied imports induced Detroit and Ford of Europe to place its new engine plant in Britain rather than on the continent, and certainly the unions contributed to this pressure. In the German press the decision was interpreted as a concession the company had to make to uphold its national image in Britain and the credibility of its commitment to a European division of labour.<sup>134</sup> However, Bridgend was lucrative for Ford also from a commercial point of view: Exchange rate conditions were favourable to British sourcing at the time, and a large investment grant by the British government considerably reduced the financial burden.<sup>135</sup> Similarly, the beginning of *Fiesta* production in Dagenham in 1977, celebrated by Ford shop stewards as a major success of their investment campaign<sup>136</sup>, was not a decision forced upon the company. As the stewards themselves acknowledged their initiative coincided with a change in corporate thinking. Ford decided to launch the *Fiesta* in the United States, too, and this required additional assembly capacity. Nevertheless, Valencia and Saarlouis remained the two main locations with Dagenham merely topping up production after 1976.<sup>137</sup> At Vauxhall, the decision to switch from imports to local assembly of the *Cavalier* in 1977 was taken in a climate of vivid debates about tied imports, in which the trade unions actively participated. Company officials were repeatedly hard pressed about the move in the local press.<sup>138</sup> However, the change represented only a minor improvement.

Altogether, union pressure on managements through direct meetings, public campaigns and the lobby of local members of parliament may in a few cases have had an impact on sourcing decisions by Ford UK and Vauxhall. Attempts to achieve a more systematic pattern of influence failed. As a matter of fact, tied imports further increased until 1979, and trade union preoccupation with low investment did not abate. It was of no help that since 1976 TUC Congresses every year adopted lengthy motions favouring the imposition of temporary and selective import controls, often with a specific reference to the motor industry: In their talks with the TUC Economic Committee

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<sup>133</sup> TGWU, "Trade union presentation on Ford's Annual Report 1977", 21 April 1978, in: MRC, MSS. 126/TG/3, Sack 36/2.

<sup>134</sup> Die Welt, 12 September 1977; Handelsblatt, 12 September 1977.

<sup>135</sup> Cf. Beynon, Working for Ford, pp. 336f.

<sup>136</sup> Passingham/Connor, Shop stewards on Industrial democracy, pp. 8/9.

<sup>137</sup> Tolliday, The Decline of Ford in Britain, p. 96.

<sup>138</sup> Cf. Luton News 14 July 1977.

government ministers flatly refused any such ideas. By 1979, voices within the Ford trade union organisation warned that “[...] more and more members within the plants are beginning to question our effectiveness and indeed our commitment to tackle the import issue.”<sup>139</sup>

Almost permanent trade union lobbying for higher investments and fewer tied imports had contributed to the maintenance of short-term employment stability at Ford and Vauxhall but it had not prevented a further deterioration of British positions within Ford and GM’s international business networks. As Tolliday has put it for the case of Ford: British subsidiaries were locked into a role of a limited production base, which the parent companies did not want to build up, but could not close down.<sup>140</sup>

### 3. International aspects of a new wave of militancy

Under the conditions of the late 1970s company policies to reduce the importance of British subsidiaries in conjunction with accelerated European productivity benchmarking did nothing to induce the majority within the Ford and Vauxhall union organisations to adopt a more collaborative stance towards labour-management relations. Several factors accounted for this pattern.

Firstly, union representatives knew that the companies, while continuously reducing the British share of their European operations, needed to retain at least their present manufacturing facilities as part of a “British image” that was still important for sales success in the UK market – a feature particularly relevant for Ford with its heavy reliance on the fleet sector. If UK operations ceased to expand there were also clear limits for further downsizing.<sup>141</sup> Rising employment levels after 1976 indicated that company strategies would remain without dramatic short-term job security consequences for the time being.

Secondly, against the background of the “Social Contract”, the lacking commitment of Ford and Vauxhall to investments in Britain appeared as an unacceptable posture, which threatened to place over-hard burdens on labour to catch up with continental productivity levels. Time and again British Leyland was invoked as a counter-example of an investment-led strategy. At Ford this attitude found wide

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<sup>139</sup> Dagenham Panel of District Officers, Minutes of fortnightly meeting, 31 May 1979, in: MRC, MSS/126/3, Sack 37/1.

<sup>140</sup> Tolliday, *The Decline of Ford in Britain*, p. 99.

<sup>141</sup> Marsden et. al., *The Car Industry*, p. 161.

resonance not least because of the high profits achieved by the company between 1977 and 1979; these return figures were widely interpreted as indications “[...] of how well Ford UK is doing despite the claims of low labour productivity that we constantly hear”.<sup>142</sup> Given this business performance cross-border productivity comparisons were seen as hardly credible – at Halewood, in particular, the company “verged on overkill with its statistical warfare”<sup>143</sup>.

Thirdly, the majority of union representatives continued to emphasise the limits of any form of collaboration that could be reasonably expected from them, not least in the field of industrial dispute resolution. As in the mid-1970s these attitudes were partly nurtured by comparison with trade union practices abroad, which still occasionally underpinned Ford management’s productivity initiatives. In 1977, for instance, Ford suggested an agreement to replace workers striking in breach of the dispute procedure by groups of volunteers, asking the unions to co-operate in securing the transfer of other employees to fill the vacant jobs. It was evident that the scheme was inspired by American practice where such provisions were a routine part of factory life. The initiative was yet another attempt to get British trade unions to discipline its members in a similar way to the UAW in the United States.<sup>144</sup>

Union representatives in the NJNC unanimously rejected this plan. The freedom to strike was described as a fundamental principle of British trade union tradition, which could not be abrogated through joint policing agreements. The company was told that observance of procedure ultimately depended on individual employees; “by their nature and constitutions” trade unions could influence people on the shopfloor but could not control or instruct them.<sup>145</sup> Continued company comparisons with the situation in Germany found a similar echo. As one AUEW delegate in the NJNC put it drastically in 1979: “I don’t think the British workers should need to find it necessary to defend their style of life and their work. We are the oldest producers in the world, and without being in the least a chauvinist the trade unions were born in this country [...] We are

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<sup>142</sup> „Trade union presentation on Ford’s Annual Report 1977”, 21 April 1978, in: MRC, MSS. 126/TG/3, Sack 36/2

<sup>143</sup> Beynon, *Working for Ford*, p. 352.

<sup>144</sup> Roots, *Do Companies get the trade unions*, p. 15; see also the evidence given to the 1975 parliamentary inquiry by Ford UK’s senior management: *The Motor Vehicle Industry*, vol. I, p. 248/249.

<sup>145</sup> Minutes of the NJNC Sub Committee on Lay-Offs, caused by Internal stoppages, 7 March 1977; Minutes of a meeting of the NJNC Sub Committee to discuss the elimination of internal stoppages leading to Lay-Off, 17 February 1978, in: MRC, MSS. 126/TG 3, Sack 36/2.

constantly told this throughout the world [...] No one really advanced the idea that Dr. Ley's Labour Front was the best way"<sup>146</sup>.

If union opposition to labour-centred productivity drives along foreign models was unanimous the question was still whether the unions should attempt to make *some* contribution to higher efficiency. Particularly at Ford this became an issue deeply dividing the trade union organisation in the late 1970s. "Moderates" favoured such a strategy advocating particularly a re-assessment of traditional attitudes towards industrial disputes. In the local Dagenham union organisation, Ford management noticed in 1977/1978 "more constructive" discussions. The new TGWU Dagenham District official Murphy was particularly outspoken in his criticism of unofficial strikes; according to his view the unions could no longer support "[...] misconceived notions that every dispute is correct, irrespective of merits or consequences."<sup>147</sup>

International considerations played a certain role in these positions, as discernible in the context of Ford's decision to locate a new engine plant in Wales. Through their links with the Welsh Development Agency the local trade unions and notably the Welsh TUC were well aware of the strong locational competition over the new engine plant and, determined to secure this major project, they were "bending over backwards to be helpful."<sup>148</sup> Their efforts were backed by national leaders; Scanlon (AUEW) and Evans (TGWU) met Henry Ford II for informal talks on several occasions. Evans, himself of Welsh origin, was particularly supportive. Joining forces with Prime Minister James Callaghan they assured Ford's American and European top managers that they were "turning this country round" and that, if necessary, this would also include exercising stricter discipline over trade union members.<sup>149</sup>

However, such instances of collaboration with management were strongly opposed by other trade union currents. Criticism of the trade union role in the Bridgend deal was widespread particularly in Dagenham where the new Welsh site was also perceived as a threat to employment security in the local engine plant. The fact that Ford had been showered as much with public subsidies as with declarations of goodwill by trade union leaders gave rise to frequent, if often not outspoken complaints. With regard

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<sup>146</sup> Notes of proceedings at a meeting of the Ford NJNC, 4 May 1979, in: MRC, MSS/TG/3, Sack 37/1.

<sup>147</sup> A short history of the struggle against lay-offs at Ford Dagenham, June 1978, p. 53, in: MRC, MSS. 226x/IND/21/1.

<sup>148</sup> Beynon, *Working for Ford*, p. 339.

<sup>149</sup> *Ibid.* p. 336; Minutes of the General Executive Council of the TGWU, 30 May-2 June 1977, 19-22 September 1977, in: MRC, MSS. 126/TG/1/1/48; Interview with Denis Gregory, Trade Union Research Unit, Ruskin College Oxford..

to imports many union representatives held the view that rather than merely blaming disputes, the company had a responsibility to reduce the number of vehicles brought in from the continent, e.g. through week-end overtime work or the recruitment of additional workers – even if this would be less profitable than importing.<sup>150</sup>

The clearest sign of increasing internal tensions within the Ford trade union organisation was the formation of a “Ford Workers Combine”, created by militant shop stewards mainly to combat Ford’s efficiency requests. Its leaflets unequivocally stated that “[...] we need more money, but not harder work, manning cuts, unsafe working conditions, shorter relief and financial penalties for lateness and absence”, coupled with warnings that further pressure would meet with resistance and thus simply augment the number of disputes.<sup>151</sup>

After 1977 the failure of the “Social Contract” at national level made the balance clearly tip towards militancy. In line with national trends opposition to further pay restraint built up both at Ford and Vauxhall since that year, resulting in a dramatic rise of the number and intensity of strikes in both companies.<sup>152</sup> The nine-week long Ford strike in 1978 was itself designed by the TGWU to precipitate the breakdown of the government’s incomes policy. Given Ford’s record profits the union could rely on the determined support of shopfloor workers.<sup>153</sup> Although their firm’s commercial position was much weaker, the mood of many Vauxhall stewards towards further pay restraint had equally taken a radical twist since 1977, paving the way for the long 1979 strike.<sup>154</sup> Taken together with rising sectionalism, triggering numerous disputes about pay relativities, lay-off procedures and representation patterns the breakdown of the “Social Contract” thus led to a wave of militancy.

In these circumstances international aspects of union policy again acquired the function they had mainly fulfilled since the early 1970s: They served as discursive weapons against management’s cross-border comparisons in order to sustain mobilisation in the plants and a favourable trade union image in public opinion.

This was most visible in the renewed use of international pay comparisons in strategies to buttress the case for higher earnings. Such comparisons, themselves fraught

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<sup>150</sup> “Minutes of meeting on 13<sup>th</sup> October 1977 to discuss stamping plant capacity”, in MRC, MSS 126/TG/3 Sack 36/2.

<sup>151</sup> Ford Strike News No 2 [1978], in: MRC, MSS 226x/IND/21/128; cf. Darlington, *The Dynamics of Workplace unionism*, p. 233.

<sup>152</sup> Holden, *Vauxhall and the Luton Economy*, chapter 10; Friedman/Meredeen, *The Dynamics of Industrial Conflict*, pp. 269ff.

<sup>153</sup> Cf. Friedman/Meredeen, *The Dynamics of Industrial Conflict*, p. 269ff.

<sup>154</sup> Cf. Luton News, 17 February 1977, 5 October 1978, 30 August 1979.

with contradictions, had been used since the early 1970s to contest management productivity benchmarking strategies - without underlying aspirations for parity with higher wage rates paid in continental countries. Now, again, comparisons served this defensive purpose, still uneasily oscillating between the reference to lower wages in the UK as an important investment incentive despite lower efficiency, and the claim that pay increases in line with the superior rates abroad would themselves contribute to higher productivity. A document by Ford convenors on the company's 1977 annual report managed to combine both. Citing comparative labour costs for *Fiesta* production in Germany and Britain it commented: "This reflects two things, how much cheaper it is in terms of labour costs to make cars in Britain, and how much more Ford workers are paid in Germany." The document went on to suggest that given low labour costs the company should invest more in Britain while at the same time ensuring that pay and conditions "[...] are such that they will get higher productivity."<sup>155</sup>

During the nine-week strike at Ford in 1978 it was the latter argument that came to underpin pay claim and negotiation strategy. The claim was to a large extent based on comparisons with earnings at Ford Germany: "We aim to achieve the same treatment for our workers here in terms of pay and conditions as has been achieved in Germany. Ford [...] cannot continue to treat their British workforce as cheap labour." The claim also cited more favourable holidays and working time patterns in Germany and Belgium, concluding that "[...] we can see no logical or moral justification for this difference in treatment."<sup>156</sup>

During the negotiations this point was laboured again – productivity and pay comparisons became – as already during the strike in 1971 – an important element in the struggle to convince Ford workers and public opinion at large of the legitimacy of the trade union's claim. And the actual strike development demonstrated that the union's case did not fall on deaf ears. Ford's labour director Roots despaired at the persistence of Anglo-German wage comparisons during the strike agitation: "I must have explained to the trade unions and to our employees as a whole a dozen times the comparative situation between the British and German rates of pay, yet almost every

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<sup>155</sup> „Trade union presentation on Ford's Annual Report 1977", 21 April 1978, in: MRC, MSS. 126/TG/3, Sack 36/2.

<sup>156</sup> Notes of proceedings at a meeting of the Ford NJNC, 24 August 1978, in: Ibid.

day I hear from somebody on your side, or somebody who should be informed from your side, the nonsense about the difference with German rates".<sup>157</sup>

For the most militant currents Ford's European network offered additional incentives for striking. The "Ford Workers Combine", in particular, propagated a deliberate exploitation of Ford's production network as in the late 1960s. According to this view, lay-offs in German and Belgian plants due to shortages of British components could be used as additional pressure for a favourable settlement.<sup>158</sup>

#### 4. The debate on "industrial democracy" (1975-1979)

The widening of collective bargaining agendas towards questions of corporate planning, visible at Ford already since the late 1960s, became a permanent feature of British union policies at Ford and Vauxhall in the second half of the 1970s. The 1975 parliamentary inquiry committee received numerous detailed trade union submissions about the product, trading and investment policies of Ford and Vauxhall. Once more this was most extensive amongst the white-collar unions.<sup>159</sup> Equally, corporate planning issues continued to play an important role in trade union wage claims; the resources of research departments and the assistance by Ruskin College became ever more important. At the same time, union representatives frequently complained about the lack of involvement into company planning: The demand for more and better information and consultation was a thread running through almost all testimonies before the parliamentary inquiry in 1975. Ford convenors, in particular, complained about insufficient consultation prior to company sourcing decisions.<sup>160</sup> And, although Ford in 1975 instituted a new six-monthly consultation scheme and was generally more forthcoming about confidential matters, the complaints hardly abated: Still in 1978 arguments were raging in the Ford NJNC over what type of information the unions were entitled to obtain, and the unions regularly accused management of denying them important details of strategic planning. They also asked for a more permanent pattern of consultation beyond the six-monthly presentations. In addition, local union initiatives,

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<sup>157</sup> Notes of proceedings at a meeting of the Ford NJNC, 15 November 1978, in: MRC, MSS. 126/TG/3, Sack 37/1.

<sup>158</sup> Ford Strike News No 2 [1978] in: MRC, MSS 226x/IND/21/128.

<sup>159</sup> Fourteenth Report from the Expenditure Committee, vol. III, pp. 164ff. 183ff.

<sup>160</sup> *Ibid.*, vol. II, pp. 188ff.

e.g. in Dagenham, requested parallel consultation meetings with British and even European top management.<sup>161</sup>

In parallel to these developments the political debates about legal support for trade union bargaining positions in multinational companies continued. These debates had emerged since the late 1960s, partly inspired by the frustrations felt in bargaining with such companies, partly by more general debates on "industrial democracy" in Britain and Western Europe. On the one hand, there was the question of legal disclosure requirements for multinationals – an issue for which the TUC continued to lobby throughout the 1970s.<sup>162</sup> On the other hand, potential legislation to improve trade union involvement into corporate planning now acquired greater prominence. Between 1971 and 1974 this issue lay dormant, due to the Conservative government's refusal to undertake anything related to "industrial democracy". The pressure exerted by Jack Jones insured that the issue was incorporated into the "Social Contract", and in August 1975 the Labour government appointed an independent commission under Lord Bullock to review the matter. The result which transpired - against the minority opinion of three employer representatives in the Commission - was a recommendation for legislation to provide for worker directors on board of companies with more than 2000 employees. Their number was to be equal to company representatives, with a third group of "neutral" members to be co-opted. Their nomination would be a matter for the trade unions although subsequently the worker directors would not be obliged to follow union resolutions or instructions.<sup>163</sup>

On a fundamental level, this debate confirmed the overall national trend of British unions shifting away from "purely" voluntarist strategies, which had already been discernible in the early 1970s – by then contradicting the passionate union defence of "British exceptionalism" in the struggle against the Heath government. If opinions diverged about the precise strategy, the assumption to use the law to labour's advantage instead of condemning legal intervention altogether was now shared by most TUC unions.<sup>164</sup>

Yet, as far as legislation on "industrial democracy" was concerned, opinions remained ambiguous and deeply divided. Already in the late 1960s many unions had

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<sup>161</sup> Cf. TGWU, „Trade union presentation on Ford's Annual Report 1977", 21 April 1978, Notes of proceedings at a meeting of the Ford NJNC, 21 September 1978, Dagenham Panel of District Officers, Minutes of fortnightly meeting, 18 May 1978, 15 June 1978, in: MRC, MSS. 126/TG/3, Sack 36/2.

<sup>162</sup> Cf. TUC, Economic Committee, 12 July 1978, in: MRC, MSS 292D, 560.1/Box 1090.

<sup>163</sup> Cf. Atenstaedt, *Mitbestimmung der Arbeitnehmer*, pp. 72, 89ff.

<sup>164</sup> Davies/Freedland, *Labour Legislation and Public Policy*, pp. 352f.

stood aloof from this question. Scepticism had been widespread both on the Left and the Right. TUC initiatives in the area owed much to the activism of a committed minority headed by Jack Jones. Between 1975 and 1979 the divisions remained. Supporters around the TGWU faced the opposition from AUEW and other major unions arguing for the integration of corporate planning into - legally supported - collective bargaining instead of union representation rights in company boards. The fact that Jones was the main trade union figure in the Bullock committee created the false impression that the entire TUC strongly pushed for legislation.<sup>165</sup>

In the car industry, already the 1975 parliamentary inquiry had revealed that only the TGWU actively advocated the case for board membership. The AUEW wanted to see it implemented in the state-owned British Leyland, but not at Ford or Vauxhall. The position of the white-collar unions ASMTS and TASS were highly ambiguous. Time and again the diverse meanings of the term "worker participation" caused confusion. Ford and Vauxhall shop stewards disagreed among themselves but on the whole were also rather sceptical.<sup>166</sup>

As already during the late 1960s opinions on both sides were influenced to a large extent by the theory and practice of the German co-determination model. On the one hand, the industrial crisis of the mid-1970s intensified reflections about the merits of a closer involvement of employees into company decision-making given that in Germany this appeared to contribute to a better economic performance. On the other hand, British debates were influenced by initiatives of the European Commission to create an EEC level company law framework in which the German model of co-determination played an important role.<sup>167</sup> Pointing to the German example Jack Jones argued that labour representatives on company boards contributed to economic success. He even seemed prepared to accept features that appeared problematic, related, for instance, to the question of shopfloor accountability of worker directors. Moss Evans, the TGWU officer for the automobile industry, similarly argued that despite some problematic implications worker directors would be a valuable new instrument for British unions at Ford and Vauxhall.<sup>168</sup>

On the other hand, the trade union representatives in the Bullock Commission successfully insisted on a scheme for board participation that was based on the

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<sup>165</sup> Cf. Atenstaedt, *Mitbestimmung der Arbeitnehmer*, pp. 90ff.

<sup>166</sup> Fourteenth Report from the Expenditure Committee, vol. II, pp. 36ff, 85f., 187ff., 235f., 251ff.

<sup>167</sup> Cf. Höland, *Mitbestimmung in Europa*, op. cit.

<sup>168</sup> Cf. Jones, *Union Man*, pp. 312ff.; *The Motor Vehicle Industry*, vol II, pp. 37.

traditional British "single-channel" approach, thus avoiding the German works council pattern that was seen as unacceptable. Trade unions would have the monopoly of employee representation in the British variant of co-determination. More generally, it can be assumed that Jones and other promoters of the board representation idea were convinced that British unions would use this instrument in a different way than their German counterparts - they would defend member interests with more determination and be less susceptible to end up as rubber-stamping management decisions.

It was precisely this optimism that was not shared by the majority of trade union officers and shop stewards at Ford and Vauxhall - mirroring similar scepticism within the TUC at large. Predominantly negative assessments of German labour relations and trade unionism played a crucial role for the opposition to the recommendations of the Bullock Commission. The meetings of *Opel* and Vauxhall shop stewards between 1975 and 1978 witnessed sharp disagreements about the value of co-determination. British delegates were particularly critical of its implications for shopfloor strength and trade union independence; a higher level of information about future company plans was the only advantage of the German system they could perceive. Board membership would blur the lines between capital and labour since union representatives would be accountable to company and member interests at the same time. A potential "import" of the German board representation idea was therefore seen as weakening rather than strengthening union positions.<sup>169</sup> The detailed knowledge of German unionists about corporate plans could be useful for British shop stewards because in many cases they also directly concerned the British subsidiaries. Indeed, Vauxhall shop stewards used the exchanges with *Opel* works council members foremost to collect information about GM's future production and investment plans. But there was no intention to imitate German patterns in the UK.

Ford shop stewards shared the scepticism of their Vauxhall counterparts: If it was not possible for board representatives to be trade union delegates then it was better not to get involved at all, otherwise the ensuing loyalty conflicts would soon separate board representatives from their workplace constituencies. The use of board membership for the collection of information was seen as the major benefit of the German system; as in the case of Vauxhall British Ford unionists used their contacts in Germany not least to enhance their knowledge about company operations. But on the other hand, the trade

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<sup>169</sup> Report of a visit to Rüsselsheim by a party of trade unionists from Vauxhall Motors, 1-7 December 1975, in: Private Archive Max Gutknecht-Stöhr, Rüsselsheim.

union situation at Ford in Germany appeared to them as a warning of what could happen if they went down the road suggested by the Bullock committee. In the words of the Dagenham convenor Passingham: "There is the fear that you could start landing up like the works councils in Germany. We don't want to be in a position where we start divorcing ourselves from the shopfloor. The works council has no allegiance to anybody, no allegiance to the stewards or the people they represent on the floor."<sup>170</sup>

Given that these attitudes represented mainstream trade union thinking at Ford and Vauxhall it was hardly surprising that the Bullock report was not taken up in negotiations with management or any public campaigns in the years between 1976 and 1979. Once again, despite no longer being under the banner of British "exceptionalism", international entanglements of industrial relations and trade union systems were perceived as dangers rather than providing valuable elements for domestic strategies. Scepticism was reinforced by the opposition of employers. Ford management, echoing British employer attitudes at national level, repeatedly insisted that industrial democracy had to be kept within limits. While never ceasing to reiterate their new philosophy of management by consent company officials opposed the imitation of German board membership patterns. The company's Managing Director remarked with relish that the issue had never been brought up by anybody in the Ford trade union organisation.<sup>171</sup>

In such a climate of employer resistance and widespread union scepticism the promoters of the Bullock ideas around Jack Jones were fighting a losing battle. A White Paper eventually published by the government in 1978 confirmed this scenario; it went a long way to accommodate employer anxieties and was not even intended as a document to be translated into legislation. What was left of the Bullock report sank, in the resignative words of Jack Jones, "into the disaster of the winter of discontent."<sup>172</sup>

##### 5. International trade union co-operation: A period of stasis (1975-1979)

International trade union relations at Ford and General Motors entered into a period of stasis in the mid-1970s. Attempts for the co-ordination of collective bargaining and for joint union-management consultation at European level had failed

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<sup>170</sup> Passingham/Connor, *Shop stewards on industrial democracy*, p. 10.

<sup>171</sup> Fourteenth Report from the Expenditure Committee, vol. 1, p. 252; cf. Friedman/Meredeen, *The Dynamics of Industrial Conflict*, pp. 246f.

<sup>172</sup> Jones, *Union Man*, p. 316.

between 1972 and 1974, and in a wave of general disillusion were now completely abandoned – giving relief to the German *IG Metall*.<sup>173</sup>

In the case of the UK limited interest in international union co-operation was almost the reverse of domestic debates on productivity. Dismissive views of trade unionism in the Common Market, particularly in Germany, nurtured the opposition to European efficiency benchmarking by Ford and Vauxhall management. At the same time, permanent attacks by employers at home extolling the virtues of trade unions abroad reinforced the scepticism of the potential of union co-operation within the EEC.

In 1975 there was an impulse to use international union contacts more strongly than in the past as an opportunity to spread the virtues of British trade unionism, but in the face of a most critical reception, particularly in Germany, such attempts soon abated. This was particularly visible in the exchanges between Vauxhall and *Opel* shop stewards. During a visit to Rüsselsheim in December 1975 leading Vauxhall convenors claimed that there were safety problems at workplaces in *Opel* factories, and praised the way British unions were able to deal with such problems. They criticised the lack of union militancy in Germany, again pointing to the different situation in Britain. One TGWU convenor declared that “we don’t blame the German workers for the system they have, but we do expect them to struggle against it.”<sup>174</sup>

But such calls found little resonance among their German counterparts, who, in turn, expressed incomprehension about the British pattern of multi-unionism, which in their view contributed to the multitude of strikes. The insistence of British shop stewards to take industrial action as a normal means of conflict resolution was equated with “anarchy”<sup>175</sup> – a vision that strongly resembled the dismissive discourses about the “British sickness” widespread in German trade union circles during the 1970s: According to this view frequent strikes contributed a great deal to the industrial decline of the United Kingdom.<sup>176</sup> There was also frequent criticism of the anti-EEC attitudes of British trade unions. Repeated instances of such exchanges made British representatives understand the futility of hopes to “export” their brand of trade unionism. By 1978

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<sup>173</sup> Karl-Heinz Pitz, „Multinationale Tarifverhandlungen – der falsche Weg“, in: WSI-Mitteilungen 7/1975.

<sup>174</sup> Report of a visit to Rüsselsheim by a party of trade unionists from Vauxhall Motors, 1-7 December 1975, in: Private Archive Max Gutknecht-Stöhr, Rüsselsheim.

<sup>175</sup> *Ibid.*

<sup>176</sup> Cf. Hoff, *British Sickness in Germany*, pp. 25ff.

reports of cross-border trade union encounters noted with resignation that German unions appeared to accept the system in which they had grown up.<sup>177</sup>

Apart from these problems Anglo-German union co-operation was inhibited by a stronger perception of investment competition in the wake of the oil crisis, reinforced not least by almost permanent management warnings about the "danger" from abroad. Prominent Ford UK shop stewards openly admitted that "[...] there is little co-operation with Germany when British and German workers are interested in the same work." There was the attempt at organised joint resistance against the set-up of the new plant in Valencia (Spain) but this proved abortive.<sup>178</sup> At Opel/Vauxhall a similar situation prevailed. The campaign of Vauxhall trade unions for local assembly and against tied imports caused concern within the Opel trade union organisation in Germany. Leading works council members saw these plans as a trend that in the longer term might threaten expansion of manufacturing capacity in the German plants, which they had already advocated for some time. In parallel, demands by the Opel works council to re-launch truck production were likely to come at the expense of employment in Britain.<sup>179</sup>

In this climate of mutual competition and incomprehension international meetings achieved little else than the traditional exchange of information about production plans on the one hand, and recent collective bargaining developments on the other. Shopfloor contacts between German and British representatives continued throughout the years until 1979 but their main purpose were not to put forward grand schemes of cross-border co-ordination but to obtain information about company forward planning that could be valuable for domestic negotiations. Vauxhall shop stewards' main motivation for meeting their Opel counterparts in the mid-1970s was to get a clearer picture about future GM plans in the UK. At Ford, equally, investment questions played an important role in meetings between UK convenors and leading German works councillors.<sup>180</sup> Here, British unions – through the knowledge of their German interlocutors - continued to draw indirect benefits from the German co-determination system, which they criticised otherwise for its weakening impact on independent trade unionism. However,

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<sup>177</sup> E. Bone, Report on German study group, 5-11 march 1978, in: MRC, MSS 126/TG 3/Sack 116/2.

<sup>178</sup> Passingham/Connor, Ford shop stewards on industrial democracy, p. 13.

<sup>179</sup> Cf. „Bericht des GBR-Vorsitzenden Rudi Hahn“, Betriebsräteversammlung 17-19.10.1977, in: Archive Betriebsrat Adam Opel AG, Rüsselsheim, file „Betriebsräteversammlung 17-19.10.1977“; Protokoll der Sitzung des Betriebsrats, 19 November 1976, in: Archive Betriebsrat Adam Opel AG, Rüsselsheim, file „Protokolle Betriebsrat ab Januar 1975“.

<sup>180</sup> Letter Mike West to Max Gutknecht-Stöhr, 12 May 1975, in: Private Archive Max Gutknecht-Stöhr, Rüsselsheim.

given the stronger sense of competition between location crucial information was often withheld.<sup>181</sup>

Initiatives for more far-reaching schemes of co-operation came to nothing. For instance, a British-German meeting of *Opel* and Vauxhall delegates in 1975 adopted a resolution to create a permanent trade union liaison committee for General Motors plants in Europe but this plan was never implemented.<sup>182</sup> This was also due to the lack of support from national trade unions both in Germany and Britain. In the UK, the days were gone when national leaders like Carron had strongly intervened to prevent independent international shopfloor contacts. But even under the leadership of Scanlon and Jones, posing as advocates of shop stewards rights, AUEW and TGWU showed little inclination to actively support international meetings – partly because of competence rivalry, partly because of insufficient financial means. Their attitudes resembled those towards independent combine committees in the UK<sup>183</sup> – toleration without financial or logistical support.<sup>184</sup>

In Germany, the *IG Metall* leadership, still fearful of a repetition of the events of the 1960s and in 1976/7 again confronted with demands by Ford and *Opel* trade unionists to decentralise the union's collective bargaining structures, pursued a much harder line. Its chairman Loderer repeatedly, albeit unsuccessfully exhorted Ford and *Opel* works councils to refrain from international meetings that were organised without prior knowledge and consent of the union leadership. The union also refused to provide any financial assistance for such meetings.<sup>185</sup>

Given these circumstances the organisation of cross-border union contacts at Ford and General Motors posed enormous problems, best expressed by the fact that in the case of GM exchanges were for a long time organised and financially supported by industrial and social services of the Anglican and Protestant churches. Socially engaged pastors performed the role national union federations declined to play.<sup>186</sup>

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<sup>181</sup> Interview with Wilfried Kuckelkorn, former chairman of the works council *Fordwerke AG* Cologne.

<sup>182</sup> Report of a visit to Rüsselsheim by a party of trade unionists from Vauxhall Motors, 1-7 December 1975, in: Private Archive Max Gutknecht-Stöhr, Rüsselsheim.

<sup>183</sup> Cf. Terry, *Combine Committees*, pp. 372f.

<sup>184</sup> Interview with Bernie Passingham, former convenor, Ford Dagenham.

<sup>185</sup> Cf. letter Eugen Loderer, *IG Metall* to Richard Heller, Chairman works council Adam Opel AG, 3 October 1977, in: Archive Betriebsrat Adam Opel AG, Rüsselsheim, file „Schriftverkehr mit der *IG Metall* 1976 bis 31.7.1978“; letter Wilfried Kuckelkorn, chairman works council *Fordwerke AG* to Eugen Loderer, *IG Metall*, 7 November 1979, in: Archive *IG Metall* Cologne, file „VKL Ford 77-Dez 79“.

<sup>186</sup> Cf. Rüsselsheimer Echo, 28 September 1976.

As far as the traditional official meetings of the International Metalworkers Federation were concerned the period between 1975 and 1979 witnessed their Ford and GM "world company councils" in disarray. In contrast to the numerous conferences organised in the late 1960s and early 1970s few meetings took place during these years. The only exception worth mentioning came in 1978 when the nine-week strike at Ford UK, as in 1971, triggered massive lay-offs in Belgium and Germany, leading the IMF to organise an emergency meeting of the Ford company council in London. The meeting expressed solidarity with the British unions and promised financial support if desired. In contrast to 1971 the German Ford works councils also pledged a ban on work normally done in Britain. Its chairman frankly admitted that this support was not least motivated by self-interest given that German labour representatives had increasingly been pressured domestically with reference to the low wages at Ford UK.<sup>187</sup>

Moreover, and still more importantly, *Fordwerke* management and the works council had negotiated an agreement with the federal labour office that guaranteed laid-off Ford workers in Germany 95 percent of their normal pay for the duration of the strike in Britain, thus neutralising the contentious issue of wage losses that had caused acrimony in 1971.<sup>188</sup>

However, this isolated instance of international support merely provided the exception to the general trend of declining interest for international trade union co-operation.

#### *IV. Conclusion*

This chapter started out from the crucial transformation in 1974/5 when the combined effect of world recession and longer-term structural problems hit the British motor industry to such an extent that bankruptcy of British Leyland and Chrysler could only be prevented through major government interventions. Ford and General Motors deliberately exploited the crisis to shift the balance of their European operations to the disadvantage of plants in the UK: Ford opened a completely new manufacturing complex in Spain and started to import parts of its European model range from Germany. General Motors launched its own European rationalisation scheme, which in

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<sup>187</sup> Friedman/Meredeen, *The Dynamics of Industrial Conflict*, p. 273.

<sup>188</sup> *Süddeutsche Zeitung*, 11 November 1978.

the car sector left its British subsidiary Vauxhall as little more than an assembly operation of Opel-badged vehicles; "tied imports" rose rapidly.

The main immediate impact these changes had on British trade union thinking was an intensified concern for employment security, coupled with a greater awareness of investment needs. In their strategies to stabilise and improve the employment situation the questioning of the UK's downgrading within European company networks became a crucial element. Job security issues, although remaining on union agendas throughout the period, lost some of their urgency after 1976 when new recruitment drives by both companies signalled that the acute crisis of the mid-1970s had been overcome.

In spite of this, trade union preoccupation with investment did not disappear. On the contrary, this issue became a crucial union argument against intensified company pressure for higher productivity. Compared to the previous period unions needed to worry little about Ford or Vauxhall pressing for anti-strike legislation. With the repeal of the Conservative Industrial Relations Act by the new Wilson government most British employers refrained from venturing into this field. But European efficiency benchmarking further increased in importance in the labour strategies of both companies; indeed their detailed comparisons of labour productivity between British and continental plants now occupied the centre-stage of national debates on the motor industry. In this situation counter-comparisons demonstrating the unfavourable position of Ford UK and Vauxhall in terms of capital asset levels served to delegitimise company arguments.

As the crisis of 1974/5 coincided with the arrival of a new Labour government, elected on a highly interventionist economic program with Tony Benn as Minister of Industry, there appeared to be a window of opportunity to exercise more public control over firms such as Ford and Vauxhall. Stricter accountability of multinational companies through planning agreements with the government was part of Labour's election manifesto. Moreover, the nationalisation of British Leyland and the collapse of Chrysler UK in 1975 seemed to open up the opportunity for a government-led restructuring of the entire industry.

But any such prospects failed to materialise, partly because the internal balance in the government, facing stiff employer opposition, soon turned against Benn's interventionism, partly because most national union leaders were reluctant to mobilise their influence in support of such schemes. Both at Ford and Vauxhall a considerable number of shopfloor activists lobbied repeatedly for planning agreements and more

“social control”. At national level the left-wing TASS now actively advocated the nationalisation of the whole automobile sector. However, shopfloor opinion on these issues was divided, and within the TUC leadership a clear majority urged caution. Influential figures like Jones and Scanlon had already displayed scepticism about Benn’s “airy-fairy stuff” prior to the elections, and the deep economic crisis reinforced their doubts. In the Chrysler case in late 1975 the TUC General Council explicitly preferred a solution that left the American company in full control over a public take-over. It also argued against a compulsory planning agreement with the company as this could endanger Chrysler’s commitment to the rescue scheme.

The only aspect of the AES the unions seriously pushed forward was the imposition of temporary macroeconomic barriers to unfettered economic internationalisation, either through the withdrawal from the Common Market and/or through the introduction of selective import controls. As in the early 1970s these initiatives stood in tension to parallel trade union calls for a Ford export offensive in EEC markets. In any case, the EEC referendum and the government decision against import controls in the motor industry ruled out such scenarios by late 1975. In subsequent years the unions were left with the potential for launching public campaigns against specific trading and sourcing decisions by Ford or Vauxhall, mainly relying on the need of the companies to retain at least some “British image” for market success. The government’s role, supported by unions to varying degrees, was now transformed into the marketing of Britain’s attractiveness for foreign investors.

The failure of the unions to achieve a measure of public control over Ford and Vauxhall also influenced the development of union-management relations. Particularly at Ford, management attitudes became less confrontational but internationalisation did little to further a partnership approach. The intensified use of European productivity benchmarking was counter-attacked by the unions with detailed cross-border comparisons of assets and investments to underpin their claim that higher productivity originated foremost from higher capital intensity. British Leyland with its investment-led recovery strategy was often invoked as a reference model.

Only a minority among union officials and shop stewards at Ford and Vauxhall advocated a shift towards co-operation with management beyond single instances such as the engine investment decision for Bridgend in 1977. The prevailing view insisted that there had to be a *quid pro quo* as expressed at national level by the “Social Contract”. A growing current among British unionists came to believe that labour was

supposed to carry an over-hard burden while capital continued its "investment strike" and the government slid further towards restrictive economic and social policies. The Ford strike in 1978 was itself designed by the TGWU to precipitate the breakdown of the government's incomes policy. The rejection of European productivity comparisons by counter-comparisons of investment levels provided the international dimension to this campaign. The same logic - continuing the pattern of the early 1970s - stood behind the renewed use of European wage comparisons in negotiation processes.

The defeat of attempts for a "legal revolution" of British industrial relations in the early 1970s did not mean that international entanglements of industrial relations and trade unionism did not continue to play a role for British union policy at Ford and Vauxhall in the latter half of the decade. Ford again repeatedly tried to persuade British labour representatives to emulate patterns of unionism abroad, most clearly in 1977/8 when the company pressured the unions to accept a policing role in wildcat disputes along the model of the American UAW. Rejecting these overtures Ford union representatives continued to argue the case of British superiority in terms of labour relations and trade unionism, a view that was equally manifest in the intensified exchanges with German trade unionists in both companies.

The German works council and co-determination system was harshly criticized as weakening shopfloor strength and trade union independence *vis-à-vis* employers. Against this background suggestions by a government commission for the introduction of worker directors in Britain met with little enthusiasm at Ford and Vauxhall in 1976-78. Only an influential minority headed by the TGWU leader Jack Jones actively advocated the appropriation of German patterns in an adapted form in the UK. Other major unions and most shopfloor leaders at Ford and Vauxhall could see no gain apart from higher levels of information about company strategies. Not least their fear to "end up" like German trade unions let them to argue against the introduction of worker directors in the UK.

The contemptuous view of German trade unionism continued to be a major factor in hampering British unions to advocate a strengthening of international labour co-operation at Ford and Vauxhall. Sporadically there appeared an impulse to use cross-border exchanges to convert the "German brothers" to the virtues of British trade unionism but generally there were few illusions about the futility of such endeavours. Tensions rose as the German unions in their turn criticised the pattern of multi-unionism and the "strike anarchy" in the UK. There was also incomprehension about the anti-EEC

attitude defended by British trade unions. In this climate regular international meetings at IMF and shopfloor level, with the exception of the 1978 Ford strike in the UK, did little more than provide a forum for information exchange, which at times could prove useful for domestic purposes. Ideas about the international co-ordination of collective bargaining did not play a role anymore. No attempts were undertaken to renew the lobby for joint union-management consultation on product and investment planning at international level.

## Chapter 5

### International labour market integration as a threat to employment security in Britain (1980-1987)

#### *1. The economic and political context*

##### *1. The British car industry in European context*

In the first half of the 1980s car manufacturing in Western Europe underwent a radical transformation that had a deep impact upon employment patterns. The introduction of automation technology and new methods of work organization led to sizable headcount reductions in all major European automobile firms. Most of these measures came as a response to the growing challenge of Japanese competition. Imports from Japan were rising, and the superior productivity and quality standards of firms such as Toyota or Mazda caused shock and disbelief. Moreover, a number of Japanese companies started to look for opportunities for direct investment in Europe.<sup>1</sup> This pressure on employment was compounded by the second oil crisis, which hit the industry in the years 1980 and 1981. Not until the mid-1980s onwards did a new wave of expansion set in.<sup>2</sup>

The combined effect of recession and structural change led to heightened competition in European car markets as the major companies tried to keep and increase market shares through heavy investments in process and production innovations as well as new models. In the UK, the three big firms BL, Ford and Vauxhall entered into full-fledged competition in all major car segments for the first time in post-war history.<sup>3</sup> Debates about overproduction in the European motor industry were widespread, and in the press there were regular rumours about the imminent closure of particular plants. This was not merely a kind of emotional panic. Ford, for instance, indeed closed its Dutch and Irish factories in the early 1980s.<sup>4</sup>

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<sup>1</sup> Cf. Starkey/McKinlay, *Strategy and the Human Resource*, op. cit.; for a more general analysis of new models of production: Michel Freyssen et al. (eds.), *One Best Way? Automobile Firms Trajectories and the new Industrial Models*, Oxford University Press 1998.

<sup>2</sup> Cf. Tolliday, *Ford of Britain: Statistical appendix*, pp. 127/128.

<sup>3</sup> Cf. Tolliday, *The decline of Ford in Britain*, pp. 75ff.

<sup>4</sup> Cf. Ferry de Goey, "Ford in the Netherlands, 1903-2003. Global strategies and national interests", in: Bonin/Lung/Tolliday, *Ford, 1903-2003*, pp. 233-265, here: pp. 254ff.

In the United Kingdom the situation was particularly critical. Compared to the other main European car producing countries the British motor industry entered the crisis years of the early 1980s in a very weak position: The domestic market share taken by imports, including the tied imports by Ford and GM, had risen to much higher levels than in France, Italy or Germany. On the other hand, this erosion of the home market had not been compensated by higher export sales. The high value of the pound in the first half of the 1980s proved to be disastrous for UK car exports. As a result, annual output figures of the industry fell below one million in the early 1980s, showing signs of recovery only after 1985 when production volumes rose back to the levels of the late 1970s. This modest growth was home market-led. While the dismal export performance continued British firms were able to halt the rise of imports in the UK. The market share taken by imports fell from 58 percent in 1984 to 55 percent at the end of the decade.<sup>5</sup>

The "national champion" British Leyland continued to perform badly. By the late 1970s it was obvious that the ambitious targets of the 1975 survival plan had not been achieved. This led to a change of corporate strategy implemented under the leadership of the new company Chairman Edwardes, focussing on cost-cutting and downsizing instead of investment-led expansion. From 1979 onwards this strategy unfolded in a radical way: Within a few years installed capacity was radically reduced resulting in the closure of numerous plants and a reduction of employment from 177 000 in 1979 to 78 000 in 1985.<sup>6</sup> Moreover, the restructuring plan was consciously designed to break the negotiating power of shop stewards, and Edwardes by-passed the problem of union acceptance by balloting the workforce directly. The aggressive management bargaining was backed by open threats to close the entire company.<sup>7</sup>

This credibility was not least the result of the support given to Edwardes by the new Conservative Thatcher government. Elected in 1979 it had declared immediately that the government's aim was to privatise British Leyland as soon as possible. Thatcher backed Edwardes' confrontation openly as a general signal to British industry that the government would support management in efforts to curb trade union power.<sup>8</sup> Her privatisation plans proved to be difficult to implement, however. After having split the

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<sup>5</sup> Whisler, *The British Motor Industry*, p. 381, Henry Bernard Loewendahl, *Bargaining with multinationals. The investment of Siemens and Nissan in North-East England*, Palgrave, Houndmills, 2001, pp. 142-179, here: p. 169.

<sup>6</sup> *Ibid.*, p. 371; Williams et. al., *Cars*, pp. 152/153.

<sup>7</sup> Whisler, *The British Motor Industry*, pp. 372ff.; for Edwardes' personal account see Michael Edwardes, *Back from the Brink: An Apocalyptic Experience*, Collins London 1983.

<sup>8</sup> Margaret Thatcher, *The Downing Street Years*, New York 1993, p. 120.

company in a car and a commercial vehicle division in the early 1980s first attempts to sell the car business to Ford and the commercial sector to GM in 1985/6 were halted in the face of public uproar about American control of the last British-owned motor firm. It was only in 1987/8 that the BL divisions were eventually sold to DAF (trucks) and British Aerospace (cars). Moreover, throughout the 1980s BL had built up extensive links with the Japanese company Honda, helping the ailing "national champion" through joint design and engineering projects. But even this alliance could not restore BL's market success. While labour productivity improved BL's commercial position continued to decline: Faced with strong competition from Ford (holding its position as market leader) and Vauxhall, its domestic market share eroded from 19 percent in 1981 to 15 percent in 1987/88. By the end of the decade BL even lost the second place to Vauxhall. Export sales had collapsed since the early 1980s due to traditional distribution weaknesses and the effects of the high sterling exchange rate.<sup>9</sup>

A significant event in this period was the arrival of Nissan as a new producer in the UK. The company decided to set up a manufacturing complex in Britain in 1984 designed to supply not only the domestic market but also European markets from the late 1980s.<sup>10</sup>

## 2. Ford UK and Vauxhall in the international company networks

New labour-saving technologies and recession also had marked effects upon the employment patterns at Ford UK and Vauxhall, and these were, moreover, accompanied by a further relative decline of the British subsidiaries within Ford and GM's European networks in the early 1980s. In the case of Ford the British share of overall European production fell from 29 percent in 1980 to 21 percent in 1984, resulting from the fact that the British plants had again been passed over in Ford's 1979 European expansion program. The latter had opted against the initial idea to build new plants in France, Austria or Portugal in favour of an extension of existing locations. But this increase in European capacity had mainly taken place in the Valencia and Saarlouis plants while excluding British locations. Since output in the UK plants did not augment the trend of supplying the British market from continental subsidiaries became still more accentuated. The older corporate strategy that the German and British markets were

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<sup>9</sup> Cf. Williams et. al., Cars, chapter 8.

<sup>10</sup> Cf. Loewendahl, Bargaining with multinationals, op. cit.

reserved for the local plants had already been weakened since the mid-1970s with the centralisation of *Capri* and *Granada* in Germany and sizeable imports of other vehicles. Between 1981 and 1984, with a pound-DM exchange rate very favourable to tied imports, the latter reached staggering levels of roughly 40 percent of all Ford car sales in the UK. The majority of these were models that like the *Fiesta* or the *Escort* were also produced in British sites. Apart from components such as engines and transmissions car exports fell to insignificant quantities in the early 1980s.<sup>11</sup>

As such, this shifting Ford production geography at the expense of Britain was not a new development, but rather the continuation of a trend of about two decades. The crucial difference was, however, that in the situation of the early 1980s it made the employment losses due to recession and the introduction of new technology even more massive. International investment decisions ceased to be decisions about a faster or slower rate of job creation. They now became associated with mass redundancies: From 1979 to 1983 the overall headcount at Ford UK was reduced from 76 000 to 58 000 employees. While these cutbacks appeared modest in comparison to British Leyland they were over-proportional in European comparison. In Germany job losses were sizable in Cologne but of little importance in Saarlouis. The Belgian and Spanish plants equally recorded lower reductions.<sup>12</sup>

Apart from these already painful cuts Ford now openly threatened to close entire British plants if productivity did not catch up with European levels. The Halewood body and assembly plant became a particular target of this campaign; throughout the early 1980s there were persistent rumours about an impending closure of the plant and the transfer of production to Saarlouis, the other major location with *Escort* production.<sup>13</sup> From 1981 management at Dagenham threatened to close the foundry unless the plant became commercially viable over the coming 12 months, and there was also an intense struggle about possible cutbacks in the engine plant where Dagenham competed with Cologne for future investments. As far as the foundry was concerned, the closure scenario indeed materialised in 1984. The engine plant, on the contrary, received

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<sup>11</sup> Tolliday, *Ford of Britain: Statistical appendix*, pp. 139, 146.

<sup>12</sup> *Ibid.* p. 143; Bordenave, *Ford of Europe*, p. 287.

<sup>13</sup> Cf. Darlington, *The Dynamics of workplace unionism*, pp. 211f.; for public speculations in Germany see for instance *Kölner Stadtanzeiger*, 31 December 1984.

massive investments and was made a principal source of powertrain supply within Ford of Europe.<sup>14</sup>

In the case of Vauxhall the period of job decline had been foreshadowed by a series of corporate decisions taken in 1979 and 1980. In 1979 GM Europe had embarked on a massive capacity expansion program, which had totally left out plants in Britain. New manufacturing complexes were set up in Vienna and Saragossa (Spain), complemented by additional component facilities in France. Connected to this expansion GM made a quantum leap in its policy of cross-border rationalisation: Its new vehicle range was designed to be "world cars" with many identical components produced in very large volumes. Vauxhall was not considered to be a serious tender for this globalised component manufacturing, and therefore the company ceased to produce major components such as engines, transmissions or axles. These were now imported from Germany, Japan and Australia. Vauxhall production activities were confined to the assembly of two of the new "world cars", the *Cavalier* at Luton and the *Astra* at Ellesmere Port. Upper market range cars were imported as built-up vehicles from the continent. British plants would also receive no share in the assembly of the new small car *Corsa*, introduced on the British market in 1983.

As a result of these sourcing decisions the British content of Vauxhall vehicles fell to less than 30 percent in the early 1980s, and less than half of Vauxhall cars sold in Britain were assembled in the UK. This staggering level of tied imports included large volumes of *Cavalier* and *Astra*, the two vehicles produced at Luton and Ellesmere Port. Moreover, all Vauxhall dealerships on the European continent were cancelled. *Opel* and Vauxhall sales departments were fused and, apart from commercial vehicles, Vauxhall no longer exported to Europe. Annual car production in the UK barely reached the level of 100 000 units in these years, and particularly in 1980 and 1981 the closure of one or both British plants appeared to be a realistic scenario. Vauxhall management relentlessly connected European productivity benchmarking to the threat of total closure.<sup>15</sup> In terms of employment these developments precipitated the decline caused by recession and rationalisation measures: Between 1979 and 1982 the number of Vauxhall employees was reduced from 33 000 to 20 000.<sup>16</sup>

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<sup>14</sup> Tolliday, *The decline of Ford in Britain*, p. 116, note 95; cf. Greater London Council, *The Ford Report. A public inquiry into the Ford Motor Company*, London 1986, pp. 17f.

<sup>15</sup> Cf. Daniel T. Jones, *The Import Threat to the UK Car Industry*, University of Sussex, Brighton 1985.

<sup>16</sup> Holden, *Vauxhall Motors and the Luton economy*, op. cit.

The years between 1984 and 1987 were a period of stabilisation both at Ford and Vauxhall. In the case of Ford the closure of the Foundry was compensated by massive investment in engine manufacturing. After having reached a low point of 21 percent in 1984 the UK share of Ford European vehicle production rose again to 26 percent in 1987. However, tied imports fell only slightly because Ford of Europe used the rising market share of the company in Britain to offset the difficulties encountered by Ford Germany on the continent.<sup>17</sup> At Vauxhall recovery was more visible. Production volume doubled to about 200 000 in 1987/8 by which time the British market demand for *Cavalier* and *Astra* was almost entirely met by UK production. Nevertheless UK operations remained much smaller than plants on the continent. Recruitment of new employees took place, if on modest scale: highly increased productivity meant that vehicle production per employee surged to much higher levels. Apart from this leap towards higher efficiency the stabilisation of British operations was also helped by public uproar about Ford and GM's tied imports in 1985 triggered by publications of Daniel Jones from the University of Sussex. Under public pressure the Conservative government pushed both companies to source more of its British demand from UK production, in line with its agreement with Nissan to include a minimum of 60 percent local content in the cars produced at its new UK site.<sup>18</sup>

An important new feature of Ford and GM internationalisation strategies was the beginning globalisation. Vehicles like the Ford *Escort* and the Vauxhall *Cavalier* were no longer only standardised at European level but were – at least partially – designed as “world cars”. In the case of GM the commonisation of components such as engines and transmissions was now extended to several continents, and their sourcing included sites in Japan, Australia, and Brazil. The Ford *Escort* was equally manufactured in Brazil, and for a time even exported from there to particular markets in Europe. Ford also initiated and developed an alliance with the Japanese firm Mazda, notably sharing design and engineering resources in the small car segment. While this had a stronger impact in North America it was not without significance for Western Europe, particularly in product development and design.<sup>19</sup>

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<sup>17</sup> Tolliday, *Ford of Britain: Statistical appendix*, p. 147.

<sup>18</sup> Tolliday, *The decline of Ford in Britain*, pp. 98/99.

<sup>19</sup> Cf. Bordenave, *Globalization at the heart of organizational change*, pp. 226ff.; Yannick Lung, “Ford's M&A and alliance strategies in Europe”, in: Bonin/Lung/Tolliday, *Ford 1903-2003*, vol. 1, pp. 589-611, here: pp. 601f.; Knuth Dohse/Ulrich Jürgens, „Konzernstrategien und internationale Arbeitsteilung in der Automobilindustrie – am Beispiel Ford und General Motors“, in: *mehrwert* 26/1985, pp. 30-48.

### 3. The Thatcher government, multinational companies and British trade unions

As in the case of British Leyland the strategies pursued by Ford and Vauxhall in the early 1980s were wholeheartedly backed by the new Thatcher government. Ideologically committed to monetarism and free private enterprise, the government unequivocally refused to undertake experiments in industrial policy along the lines of debates that had divided the Labour Party in the mid-1970s. Even as recession deepened and unemployment rose to previously unimaginable levels of three million people in 1981/82, the government did nothing to interfere actively in microeconomic matters apart from the selective provision of investment grants. Thatcher's disdain for anything that looked like the support of "lame ducks" was notorious. To some extent there was even a conscious policy to use mass redundancies as a "shock treatment" to assist management in forcing through efficiency drives and the curbing of trade union power on the shopfloor. Closure threats were not regarded as alarming signals but as "brinkmanship" which required government backing in order to break the resistance of organised labour.<sup>20</sup>

In the motor industry the encouragement of foreign investment played an important role. In 1979 the government abolished the exchange control mechanism that required foreign investors to submit their projects for screening, and wooed multinational firms promising higher rates of return than in the past and in other European countries. This stance contributed to and was reinforced by a more general liberalisation of government attitudes towards foreign investment in many West European countries. The Thatcher administration actively promoted and financially supported the implantation of Japanese firms such as Honda or Nissan in the UK, not least to create a more competitive climate in the British car market that would force the other companies to upgrade their performance.<sup>21</sup>

In the case of the established multinationals Ford and Vauxhall the government did nothing to prevent the firms from deploying what Marsden et. al. have rightly described as the "key sanction" in forcing up productivity levels: the threat to divert production abroad and eventually close down British plants in case of persisting shopfloor resistance.<sup>22</sup> When it did intervene in 1985/6 pressing Ford and Vauxhall to

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<sup>20</sup> Cf. Middlemas, *The End of the post-war era*, pp. 233ff.

<sup>21</sup> Wilks, *Institutional insularity*, pp. 171/172.

<sup>22</sup> Marsden et. al., *The Car Industry*, p. 148.

invest more in Britain and reduce the level of their tied imports this was largely due to heated public debates. Moreover this happened at a time when productivity levels, particularly at Vauxhall, had been catching up considerably with European standards. The government had also negotiated a 60 percent local content rule with Nissan not least due to the pressure of France and Italy that were fearful of an intra-European export wave emanating from the Japanese transplants in Britain. In the domestic context this raised questions of equal treatment notably in the case Vauxhall, whose local content rate was less than 60 percent.<sup>23</sup>

Altogether, in the early period of the Thatcher administration it was this backing of management strategies rather than direct legal measures that helped to realise the Prime Minister's outspoken objective to curb the power of organised labour. The disciplining effect of high unemployment weakened union membership levels and bargaining power, and thus drove them towards more moderate attitudes. On the other hand, the Conservative cabinet consciously avoided the approach taken by Heath in the early 1970s of simultaneously implementing a comprehensive piece of legislation that would bring trade unions under stricter control of the law. The early moves in this direction in 1980 and 1981 were cautious and concentrated on measures for which there was broad public support. A hasty confrontation was seen as likely to strengthen the radical wing within the unions.<sup>24</sup>

From 1982 onwards the Tory government then step by step introduced several laws to restrict the freedom of trade unions to engage in industrial action and to curb their power more generally. Most importantly, the new laws restricted the almost century-old trade union and strike immunities – abolishing the centrepiece of the voluntarist tradition. Unions were put under strict statutory control, e.g. through ballot requirements for elections and disputes, and were now financially liable for damages incurred by unconstitutional strike action. At the same time, a number of legal provisions favourable to organised labour, e.g. the statutory recognition procedure, were abandoned.<sup>25</sup> The thrust of this more aggressive government policy was reinforced by the new Conservative election victory of 1983: In 1984/5 the second Thatcher

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<sup>23</sup> Tolliday, *The Decline of Ford in Britain*, pp. 98/99; Stopford/Turner, *Britain and the Multinationals*, p. 240.

<sup>24</sup> Marsh, *The New Politics of British Trade Unionism*, pp. 64ff.

<sup>25</sup> Cf. Davies/Freedland, *Labour Legislation and Public Policy*, chapter 9.

government opted for total confrontation in the strike of the radical miner's union NUM against pit closures, ending with the complete defeat of NUM.<sup>26</sup>

The hostile economic and political environment British unions were facing from 1980 onwards left its traces. Until 1987 most unions recorded a massive decline of membership levels; the two largest motor industry unions TGWU and AUEW (from 1986 renamed into AEU) alone lost about 30 percent of their members.<sup>27</sup> Under these circumstances economic and labour market policies rapidly shifted. On the one hand, recession and mass unemployment gave renewed emphasis to concepts related to Benn's Alternative Economic Strategy. The 1980 and 1981 TUC Congresses were dominated by debates about exchange and import controls, and the need for industrial planning which would include tighter controls of multinational firms. The TUC again radicalised its attitude towards the EEC: In 1981 a Congress motion calling for unilateral withdrawal from the Community without a prior referendum was adopted with a large majority.<sup>28</sup> This happened despite the fact that the implementation of AES measures had already been politically resisted under Wilson and appeared to be more remote than ever after the election of the Thatcher government.<sup>29</sup>

However, only very left-oriented organisations such as TASS regarded these alternative prescriptions as the only necessary response to the economic crisis. Mainstream economic thinking within the major unions in the manufacturing industry held that import controls and planning alone did not suffice as they could only assist in the necessary reinvigoration of British industry, a task that also appeared to require sacrifices from organised labour. As Terry has argued "it appeared obvious that without radical change many manufacturing companies would simply cease to exist."<sup>30</sup> TGWU and AUEW/AEU, if to different degrees and not in an unqualified way, supported management in raising productivity levels, not least through the encouragement of members to avoid production disruptions wherever possible. There were differences in approach; some unions such as the TGWU kept a more militant posture than others. But the level of strikes diminished considerably compared to the late 1970s. In the case of

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<sup>26</sup> Middlemas, *The end of the post-war era*, pp. 297ff.

<sup>27</sup> McIlroy, *Trade unions in Britain*, p. 29.

<sup>28</sup> Cf. Teague, *Labour and Europe*, pp. 116ff.

<sup>29</sup> Cf. Minkin, *The Contentious Alliance*, pp. 423ff.

<sup>30</sup> Terry, *Employee representation*, p. 268.

redundancies and plant closures militant stewards and union leaders were often unable to mobilise shopfloor workers against such measures.<sup>31</sup>

At national level the TUC kept the union front united against the Thatcher government until the 1983 elections; expectations were geared towards the return of Labour and a subsequent repeal of Conservative legislation. The second consecutive Tory victory then opened a period of intense internal struggle over the future direction, with radical unions such as NUM on the way to confrontation with the government opposing a current of so-called "new realism" represented notably by the AUEW/AEU and the electricians' union EEPTU; the latter argued in favour of a more far-reaching reorientation of trade union strategies towards co-operation with employers and at least partial acceptance of government legislation. These views were also underpinned by international comparison with other European trade unions that despite their often more moderate bargaining strategies were seen to have fared better in terms of pay and employment security for their members.<sup>32</sup>

After the defeat of the miners in 1985 „new realism“ became predominant within the TUC although major unions such as the TGWU continued to contest it. At industrial level there was a new trend to conclude single-union agreements with companies setting up new business in Britain, spearheaded by AUEW/AEU and EEPTU. These agreements mostly included clauses for compulsory arbitration thus restricting the potential for industrial disputes.<sup>33</sup>

At national level there were heated debates about the question whether the unions should qualify their attachment to trade union and strike immunities in favour of a strengthened commitment to the creation of positive legal rights for British employees and trade unions. The idea of promoting legal support for trade unions in collective bargaining had already gained ground within the TUC during the 1970s, and had led British unions to abandon "pure" voluntarism. What was new in the debate in the mid-1980s was on the one hand that aspirations for legalisation went much further than previously, even moving into the area of industrial disputes, most clearly expressed in the demand for a "right to strike" – which had never been previously requested. On the other hand, the promoters of such a new approach were prepared, for the first time in

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<sup>31</sup> Cf. for the motor industry: Marsden et. al., *The Car industry*, pp. 119ff.

<sup>32</sup> Cf. Philip Bassett, *Strike Free. New Industrial Relations in Britain*, London Macmillan 1986, pp. 2ff., 44f., 84.

<sup>33</sup> *Ibid.* pp. 148ff.; Marsh, *The New Politics*, pp. 199f.

post-war history, to accept legal restrictions of trade union freedom, e.g. with regard to elections and strike ballots.<sup>34</sup>

As in the 1960s and 1970s, comparisons with practices abroad played an important role in the debates, however not in the sense of delimiting British "exceptionalism" but as pointers to potential models to emulate. Exponents of "New Realism" argued that particularly in low-paid and unorganised sectors of the economy a legal "safety net" as operated in many continental countries had yielded better results than the traditional "British" approach of relying mainly on industrial strength. Against the background of declining membership levels this line of thinking gained ground and was for the first time endorsed as official TUC policy at the 1986 Congress - against the opposition of a sizeable minority clinging to the traditional approach.<sup>35</sup>

In parallel to these changes the enthusiasm for the Alternative Economic Strategy also diminished, partly acknowledging the poor prospects for its implementation after the second Thatcher victory, partly reflecting more general debates about the limits of national economic sovereignty arising from recent experience of the Socialist Mitterrand government in France. Issues such as import controls or planning agreements were increasingly treated with less determination even though they did not completely disappear from conference agendas until 1987. Equally, the question of withdrawal from the EEC was no longer discussed at TUC Congresses after 1983.<sup>36</sup> However, change was slow and varied among individual unions. In the motor industry, for instance, during the mid-1980s union strategy papers still emphasised the need for stronger government intervention including the limitation of imports and stricter controls of multinational firms.<sup>37</sup>

#### 4. Labour-management relations at Ford UK and Vauxhall

In contrast to the industrial strife of the late 1970s the employment crisis of 1980/81 heralded a new era of labour-management relations characterised by much lower levels of open conflict. The number of strikes dramatically decreased. At Vauxhall, because of the desperate commercial situation and perhaps also because of

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<sup>34</sup> Marsh, *The new politics*, pp. 72f.; Minkin, *The Contentious Alliance*, pp. 435f.

<sup>35</sup> Cf. TUC, Report of 118<sup>th</sup> Annual Trades Union Congress, 1-5 September 1986, pp. 450ff.

<sup>36</sup> Cf. Denis MacShane, „Trade unions and Europe“, in: *Political Quarterly* 62/1991, pp. 351-364, here: pp. 352f.; Ben Rosamond, „National labour organisations and European integration: British unions and '1992'“, in: *Political Studies* XLI/1993, pp. 420-434, here: pp. 424, 430f.

<sup>37</sup> Cf. Marsden et. al., *The Car Industry*, pp. 169f.

the longer-term heritage of benevolent company labour policies, this shift occurred almost instantly with industrial disputes already falling to very low levels in the early 1980s. The unions not only refrained from contesting the massive employment cuts operated by the companies but, faced with constant threats of plant closures, their attitudes generally became increasingly co-operative.

Vauxhall management praised shop stewards and workforce for the "new realism", which had resulted in a great reduction of work stoppages. The company also acknowledged "solid progress" in improving quality, schedule achievement and production efficiency. Plant convenors stated publicly that the long dispute in 1979 had contributed to Vauxhall's commercial losses. They emphasised that since then there had been far fewer strikes, and that the unions had done the "utmost to cut out any unofficial action".<sup>38</sup> In subsequent years this trend continued, accompanied by several union-management agreements designed to improve manufacturing performance, most importantly in 1985 when a two-year bargaining contract was combined with far-reaching union commitments to increased job flexibility, changed shift patterns and the reduction of absenteeism. Taken together with further declining strike rates this meant that labour productivity enormously increased until the late 1980s.<sup>39</sup>

At Ford, the shift of attitudes was slower and much more contested within the union organisation, not least due to the company's better financial situation. In spite of this, threats to close plants such as the Dagenham foundry and the announcement of job cuts in a previously unimaginable dimension did have a deep impact. The new mood of co-operation was most clearly expressed in two agreements concluded in 1981, designed to reduce unofficial stoppages and to increase manufacturing efficiency. The unions declared their commitment to active efforts to reduce the number of strikes – marking a clear break with their previous unwillingness to take such measures beyond local fire-fighting. Moreover, during the wages and conditions negotiations 1981 a majority of the Ford NJNC union representatives accepted a list of management demands drawn from the company analysis of Japanese working practices.<sup>40</sup>

This shift of positions was, however, highly contested within the Ford trade union organisation. Decisions by the NJNC were taken with narrow minorities, and locally many shop stewards continued to oppose collaboration to raise production efficiency.

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<sup>38</sup> Luton News, 3 July 1980, 2 July 1981; see for statistical data Marsden et. al., *The Car Industry*, p. 131.

<sup>39</sup> Cf. Holden, *Vauxhall Motors and the Luton Economy*, chapter 10.

<sup>40</sup> Bortolaia Silva, *Labour and Technology in the car industry*, pp. 254f.

Even though closure threats and low shopfloor mobilisation meant that such radical positions were increasingly held only by a minority, the degree of union co-operation with management remained controversial for a number of years.<sup>41</sup>

These tensions also reflected contradictory strategies of Ford management during the early 1980s, arising from the labour implications of new automated technology and from the ambiguous lessons the company drew from its study of Japanese work organisation. On the one hand, the Japanese experience was seen as indicating a greater need to assert managerial authority, best expressed in attempts for the introduction of a new disciplinary code in 1980. On the other hand, the increased need for quality production induced the company to increase individual worker responsibility for performance and to encourage the shopfloor to identify more closely with company objectives – hence the launch of initiatives for “employee involvement” through discussion groups and training courses.<sup>42</sup>

Whatever the precise impact of these contradictory strategies for labour attitudes it became clear by 1985 that co-operative approaches were gaining the upper hand within the Ford trade union organisation, triggered less by sophisticated management manoeuvres than by the continued threat of employment cuts and plant closures. Fear was heightened not only by public rumours about impending closure decisions but also by the observation of heavy downsizing at British Leyland. The fact that the “national champion” was encouraged by the government to shut down plants by the dozen made Ford unionists inclined to believe in the seriousness of company closure threats.<sup>43</sup>

In this climate of uncertainty and fear the unions successively shifted towards collaboration with management. The year 1985 witnessed the first peak of this new pattern. Prepared by earlier local agreements in the Halewood plant the unions agreed to wide-ranging changes in job flexibility, quality control and demarcation. These changes were instrumental in increasing labour productivity even though this process was slower than at Vauxhall and did not occur uniformly between plants and locations.<sup>44</sup> In parallel, strike incidence decreased considerably. At Halewood, for instance, the number of stoppages fell from 116 in 1980 to 73 in 1982, and to a mere 12-13 in 1985-87.<sup>45</sup>

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<sup>41</sup> Cf. Darlington, *The Dynamics of Workplace Unionism*, pp. 213ff.

<sup>42</sup> Cf. Tolliday, *Ford and Fordism*, pp. 100ff.; see Starkey/McKinlay, *Strategy and the Human Resource*, *op. cit.*

<sup>43</sup> Cf. Beynon, *Working for Ford*, pp. 380ff.

<sup>44</sup> Tolliday, *Ford and Fordism*, p. 105. The Dagenham assembly plant was seen as particularly problematic by Ford still in the late 1980s – cf. Tolliday, *The Decline of Ford in Britain*, p. 101.

<sup>45</sup> Darlington, *The Dynamics of Workplace Unionism*, pp. 219.

## *II. Trade unions and the employment crisis at Ford and Vauxhall (1980-1982)*

### *1. The importance of international sourcing for trade union crisis perception*

That the large-scale redundancies operated by Ford UK and Vauxhall in the early 1980s made employment security the top item on trade union agendas was hardly surprising. It was remarkable, however, that the international sourcing aspects associated with the crisis featured most prominently in union positions, in terms of crisis perception and potential future strategies.

At Vauxhall there had already been serious disquiet in the summer of 1979 when the news about GM's expansion program in Austria and Spain had broken: Trade union representatives in the national negotiating committee displayed anxiety about the impact of the program on plants in the UK.<sup>46</sup> Equally, in December 1979, the unions had expressed concern about the cancelling of Vauxhall dealerships on the Continent, which they rightly saw as the end of Vauxhall as an independent passenger car exporter.<sup>47</sup> But clearly, it was the cutback measures the company introduced from the summer 1980 onwards that led the unions to step up their job security campaign beyond previous standards. While in 1979 wage improvements and skill differentials had still been the top items of their agenda employment questions now came to dominate union strategies. Throughout 1980 extensive short-time working was introduced in the Luton and Ellesmere Port plants. In January 1981 the company announced the first of several successive waves of redundancies to be achieved by voluntary separation and early retirement programs.<sup>48</sup>

Union protests immediately focused on the international aspects of the Vauxhall job crisis despite the acknowledgment of the effects of general recession in the European car industry. Demands were straightforward: While British workers were declared redundant or put on short-time work Vauxhall should reduce imports from the Continent and shift more production to the UK. With more work brought to Britain reductions of the Vauxhall labour force could be achieved exclusively through the non-replacement of employees who were leaving the firm.<sup>49</sup> The unions stressed that they

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<sup>46</sup> Minutes of the meeting of the Joint Negotiating Committee, 22 June 1979, in: Archive HRM, Vauxhall Motors Ltd, Box JNC Minutes, vol. 3.

<sup>47</sup> Minutes of the meeting of the Joint Negotiating Committee, 14 December 1979, in: *ibid.*

<sup>48</sup> Luton News, 15 January 1981.

<sup>49</sup> Synopsis of JNC meeting held on 21 January 1981, in: Archive HRM Vauxhall Motors Ltd., Box 4.

saw it as unacceptable to operate mass redundancies in Britain while GM was investing heavily in other countries. In a meeting following the company announcement in January 1981 it was argued that "[...] General Motors has a world-wide investment programme totalling 68 billion dollars from 1980-1985, and the trade unions are determined that the UK shall have its fair share".<sup>50</sup> Of particular concern was the company decision to end component manufacturing and to confine Vauxhall to the assembly of vehicles. The AUEW in particular, with its craftsmen membership, pointed out that this was not only damaging to the immediate employment prospects but also implied the threat of total closure in the long run. Being restricted to assembly the company would generate fewer profits, and the low investment connected to assembly operations also meant that GM could withdraw more easily from Britain.<sup>51</sup>

How alarming the situation was seen to be can be grasped by the fact that in October 1980 blue-collar and white-collar unions even decided to set up a joint liaison committee to co-ordinate the job security campaign – a novelty in the history of trade unionism at Vauxhall. The committee urged all unionists to “speak with one voice now” in order to secure higher production and investment levels by GM in Britain, warning that otherwise total closure was a realistic scenario.<sup>52</sup>

However, in the crisis meetings that took place in early 1981 Vauxhall management showed little inclination to follow the union suggestions. It stated that because of the long-term inability of Vauxhall to generate its own investment funds the company was in a weak position within the new international network. Since Vauxhall had made near constant losses almost over the last ten years Detroit was reluctant to allocate new funds unless Vauxhall would earn a better return on investments. Although bids had been made for some component manufacture of the new world cars none of them had been successful. In this situation assembly was the only way of securing employment: “Coming from where it had – the company could expect nothing else – it was lucky to be in the game at all”.<sup>53</sup>

Vauxhall management not only declined all union suggestions for an immediate increase of investments or a lower level of imports. Underpinned by the already notorious European productivity comparisons the argument was made that future

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<sup>50</sup> Statement made by the trade union side of the Vauxhall Joint Negotiating Committee, 21 January 1981, in: *Ibid.*

<sup>51</sup> Key points from the meeting with national officers, 20 February 1981, in: *Ibid.*

<sup>52</sup> *Luton News*, 30 October 1980.

<sup>53</sup> Key points from the meeting with national officers, 20 February 1981, in: *Archive HRM Vauxhall Motors Ltd., Box 4.*

prospects depended entirely on whether the company was able to catch up with continental plants in terms of performance in order to restore GM confidence, which, in turn, would lead to higher investments. The unions objected in the traditional way that the key to higher efficiency was additional investment but they were unable to reverse the company view that further GM investment required prior efficiency improvements, including a major reduction of the Vauxhall labour force.<sup>54</sup>

At Ford debates developed in a very similar way even though the commercial situation of the company was much less critical than in the case of Vauxhall. The fact that British plants had hardly participated in the 1979 capacity expansion round of Ford in Europe had already aroused much trade union concern. A further upsurge of tied imports caused particular anxiety.<sup>55</sup> But the real shock came when the company announced massive employment cuts: In June 1980 the unions were given notice of the first 2300 redundancies, followed by the introduction of short-time working in October. Crisis hit in early 1981 with Ford's declaration to reduce its British labour force by 20 000 workers over the next four years.<sup>56</sup>

As in the case of Vauxhall international aspects played a crucial role in trade union protests, which mainly focussed on the short-term employment impact of tied imports. In a British car market hit by recession it was seen as essential that Ford would supply domestic demand exclusively from British plants. In the NJNC union representatives made it plain that tied imports at a time of mass redundancies constituted nothing else than the "import of unemployment". The suspicion was widespread that Ford of Europe consciously continued this policy because of collapsing sales in Germany and other continental markets.<sup>57</sup> Indeed, there can be no doubt that in 1980 and 1981 the substantial deliveries to Britain considerably helped German and Belgian plants to limit the effects of recession; the Cologne plant in particular was plagued with low sales of the large *Granada* range.<sup>58</sup> Yet, Ford UK's management constantly reiterated that which it had already argued in the late 1970s: Tied imports from the continent would continue on the one hand because European division of labour, in particular the single-sourcing of *Capri* and *Granada* at Cologne, made it

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<sup>54</sup> Ibid.

<sup>55</sup> Notes of proceedings at a meeting of the Ford NJNC, 4 May 1979, in: MRC, MSS. 126/TG/3, Sack 37/1.

<sup>56</sup> Dagenham Post, 23 June 1980, 18 March 1981.

<sup>57</sup> Notes of proceedings at a meeting of the Ford NJNC, 26/27 March 1981, Notes of proceedings at a meeting of the Ford NJNC, 23 July 1981, in: MRC, MSS 126/TG/3, Sack 117/2.

<sup>58</sup> Notes of proceedings at a meeting of the Ford NJNC, 3 July 1981, in: Ibid., Sack 117/1; for the problems in German and Belgian plants see Express Köln, 23 May 1980, 8 August 1980.

necessary to offer a complete model range in the UK. On the other hand an import reduction of vehicles that were also produced in Britain (*Fiesta, Cortina* and *Escort*) depended on the achievement of European productivity standards so that production schedules would be regularly met. Better utilisation of capacity was depicted as the sole option for improving the prospects for future investment.<sup>59</sup>

## 2. The disillusioned lobby for import controls

If British unions associated the beginning employment crisis at Ford and Vauxhall foremost with aspects of international corporate strategy this left the question of how to tackle this problem practically in the face of intransigent management attitudes. This situation gave renewed emphasis to ideas for the Alternative Economic Strategy that had been entertained on the Left within the British labour movement since the mid-1970s and that had captured the Labour Party's economic thinking in the aftermath of the 1979 election defeat.<sup>60</sup> Import controls were at the centre of the debate.

Against this background the immediate union reaction to the lay-offs at Ford and Vauxhall was a lobby for government restrictions on car imports. This was thought imperative not only for Japanese imports the rise of which had also alarmed British motor industry employers and the government. The unions argued additionally for government action on imports from continental Europe, including the growing number of imports brought in from Ford and GM subsidiaries in Germany, Belgium and Spain. Representatives of the Vauxhall national negotiating committee met on several occasions with Conservative government ministers to press the issue. At Ford a petition for import restrictions was signed by several thousand employees. It was sent to the TUC headquarters in June 1980 urging the General Council to take up the import issue "with greater urgency than has been displayed in the past".<sup>61</sup> The highlight of the campaign was a mass lobby in the House of Commons in October 1981 addressed by senior officials of all motor industry trade unions, among them the new AUEW president Terry Duffy. Michael Foot, the new Chairman of the Labour Party, declared that a future Labour government would implement import controls as part of an

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<sup>59</sup> Notes of proceedings at a meeting of the Ford NJNC, 27 March 1981, 30 October 1981, in: MRC, MSS. 126/TG/3, Sack 117/2.

<sup>60</sup> Cf. Minkin, *The Contentious Alliance*, pp. 423ff.

<sup>61</sup> Cf. Dagenham Pot, 23 June 1980, Luton News, 17 July 1980, 16 October 1980; Minutes of fortnightly meeting of Dagenham panel of district officers, 24 June 1980, in: MRC, MSS. 126/TG/3, Sack 117/1.

alternative economic strategy. Support for the lobby was particularly strong at Vauxhall where it was linked to a one-day token strike in the Luton factory. At Ford participation was lower as production continued to run normally.<sup>62</sup>

That the campaign targeted imports regardless of their destination appeared to be a consequent choice. Given that the bulk of foreign vehicles came from the continent, an exclusive focus on Japan as advocated by the government and the motor employers did little to remedy the situation in quantitative terms. On the other hand, this raised – as in the 1970s – the question of British EEC membership itself. In the crisis context of the early 1980s it was hardly conceivable that temporary import restrictions would be tolerated by other member states without retaliation and, therefore, it was little wonder that trade union representatives in the motor industry joined the reawakened movement for British withdrawal from the Community.

In the relevant debates at the TUC Congresses 1980 and 1981 endorsing motions for EEC withdrawal the tied imports operated by the multinational motor firms played an important role. Delegates repeatedly pointed to Ford and Vauxhall policies to argue that the imposition of import restrictions without the additional measure of Britain's exit from the Common Market were a mere drop in the bucket. If the UK had not been in the EEC many of the imported cars would have been made in Britain. At the same time the Treaty of Rome did not allow the British government to pursue a policy of import controls and in addition made it difficult to control the cross-border flow of investment capital.<sup>63</sup> Still more than in the past the Common Market was predominantly perceived as an "institution of the multinationals" whose main aim was to displace jobs in search of greater profits. Therefore, withdrawal was essential to secure sectors such as the motor industry a "breathing space" that could be used for its modernisation.<sup>64</sup>

Despite its obvious historical parallels the new trade union import campaign also displayed an interesting shift in emphasis. In terms of practical implementation of import control schemes the unions had concentrated on quota restrictions, anti-dumping and GATT procedures until the late 1970s, that is, on measures to be achieved through bilateral or multilateral agreements with foreign governments. This focus did not disappear but was now supplemented by the new concept of "local content", prescribing

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<sup>62</sup> Financial Times, 22 October 1981; Luton News 22 October 1981.

<sup>63</sup> TUC, Report of 112<sup>th</sup> Annual Trades Union Congress, 1-5 September 1980, pp. 488f.; Report of 113<sup>th</sup> Annual Trades Union Congress, 7-11 September 1981, pp. 523, 533.

<sup>64</sup> For the link between EEC membership and multinational motor firms see also Teague, Labour and Europe, pp. 116f., 213f.

a minimum level of British-based production for cars designed for sale on the UK market. There were endless debates about the appropriate percentage rate and the ways of measuring local content (by weight, value-added etc.) but the crucial aspect of the new concept was that it shifted the method of import restriction measures from international treaties to agreements with private firms: Local content provisions had to be negotiated directly with the concerned companies.

As such the local content concept was not a new phenomenon in the history of the international automobile industry. For decades it had been used on various occasions by national governments to induce foreign firms to engage in domestic manufacturing. That it now permeated British trade union thinking was clearly the result of the increased importance of multinational firms as major importers of components and vehicles from the European continent. Although in theory local content provisions could be equally applied to foreign-based firms such as *Renault* or *Fiat* they primarily targeted the US multinationals with a British subsidiary. Vauxhall with its low British content was seen as a particularly problematic case.<sup>65</sup>

While this shift attempted to address the growing import propensity of the multinational motor firms it also implied the clear acknowledgement that the ideal of a 100 percent British-sourced vehicle was a thing of the past. Even if local content provisions were high they would leave companies the opportunity to import up to certain volumes. This entailed the recognition that Ford UK and Vauxhall were part of a European business network, of which they could be detached only by incurring prohibitive costs.

It should be added that broader developments in the British motor industry helped to bring about the shift towards local content: The weak commercial position of British Leyland had driven the firm into an alliance with Honda that made substantial imports of Japanese design and engineering facilities a commercial necessity. Moreover, the impending arrival of Nissan in the UK equally raised the question to what extent the import content of foreign-controlled British subsidiaries could and should be limited.<sup>66</sup>

The local content concept was put forward for the first time at the 1979 TUC Congress by a joint AUEW/TGWU motion calling for a minimum of 55 percent British content in cars sold in the UK and government restrictions to be applied upon vehicles

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<sup>65</sup> TUC, Economic Committee, 7 May 1980, in: MRC, MSS. 292 D, 565.1, Box 1092.

<sup>66</sup> TUC, Economic Committee, 8 July 1981, in: MRC, MSS. 292 D, 565.1, Box 1093.

failing to attain this threshold.<sup>67</sup> In the early 1980s the topic became the object of almost constant trade union debate. At Ford where major components such as engines, transmissions or axles were still built in Britain it concentrated on the lobby for a reduction of imports of vehicles assembled on the Continent. At Vauxhall the loss of almost all component manufacturing in the new world car schemes gave a powerful additional thrust to the campaign. The AUEW representing the bulk of skilled workers played a particularly active role. In autumn 1980, for instance, leading trade union members of the Vauxhall JNC approached several ministers of the Conservative government to press for legislation on minimum local content of cars sold in the UK. Behind this lobby stood the desperate hope that Vauxhall would continue to keep at least some component manufacturing in Britain. The unions pointed to GM's Australian subsidiary Holden, which had been allocated a substantial part of the world car engine manufacturing not least because of the local content requirements imposed by the Australian government.<sup>68</sup>

Altogether, debates on import controls, local content and EEC withdrawal in the early 1980s marked a further step in the shift of British union agendas away from concerns about exports and towards a focus on the domestic market. In the early 1960s the potential for higher EEC export sales had been perceived as a major benefit of Ford's internationalisation. By the early 1970s a first shift had already been discernible. Optimism had been transformed into highly critical attitudes of corporate export restrictions imposed by Detroit. More importantly, the concern with export performance, still very vivid, was superseded by the fear of rising (tied) imports - and thus by demands for protection of the domestic market. Since the mid-1970s this trend had been further reinforced at Ford and Vauxhall by the rise of tied imports. Now, given the low export propensity of both firms, attention was almost exclusively concentrated on how to alter Ford's and GM's international strategies in order that they source British demand by their plants in the UK. As in the national debate on the Common Market there were few voices left to warn against such a narrowed perspective.<sup>69</sup>

But prospects for the implementation of any measure of import controls were more remote than ever in the early 1980s. If it was understandable for the promoters of

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<sup>67</sup> TUC, Report of 111<sup>th</sup> Annual Trades Union Congress, 3-7 September 1979, p. 604.

<sup>68</sup> Luton News, 16 October 1980, 23 October 1980; for the involvement of GM Holden into the new world car strategy see Dohse/Jürgens, *Konzernstrategien und internationale Arbeitsteilung*, p. 38.

<sup>69</sup> See for EEC debates for instance TUC, Economic Committee, 10 February 1982, in: MRC, MSS. 292 D, 560.1, Box 1093.

import restrictions to be disappointed by the failure of the Labour government to introduce elements of the alternative economic strategy between 1975 and 1979, only dreamers could have expected such endeavours from the Thatcher administration. Apart from the special case of Japan where government and employers agreed that some protection was necessary, the Cabinet's position was that import controls would only shelter industries from the need for modernisation and increased productivity. Imports were perceived to result solely from poor British manufacturing performance.<sup>70</sup> In fact, many documents witness that the unions themselves saw their campaign as a lost cause. In the TUC Economic Committee there was agreement that it was unlikely that the government would impose any form of import controls.<sup>71</sup>

In fact, the decision to pursue the points raised by the motor industry unions was taken without much enthusiasm in the TUC Economic Committee.<sup>72</sup> The extent to which union leaders viewed the chances to achieve legislation against imports as limited was also demonstrated by Congress speeches appealing to trade union members as consumers. In the absence of government action it was up to trade unionists to stop imports – by buying British-made products.<sup>73</sup> On the local level Ford and Vauxhall shopfloor leaders equally anticipated the negative outcome of their government approaches and saw the protests rather as means to safeguard their legitimacy within the plants. As Doug Lawrence, AUEW convenor at Luton, put it: “We have to explore every avenue we can. Even if those avenues fail it is better to have tried and failed”.<sup>74</sup>

Other potential instruments for government pressure on Ford and Vauxhall were equally regarded with scepticism. The old idea of planning agreements was largely discredited, at the latest since Chrysler in 1978 had simply ignored its commitments arising from such an agreement by selling its British subsidiary to Peugeot.<sup>75</sup> Apart from politically left-oriented unions the reception of renewed Labour Party positions advocating “development contracts” with multinational firms was, therefore, rather lukewarm. While on a general level the TUC supported the idea of a new planning framework this was not a major issue at union congresses in the early 1980s. There was a strong sceptical current arguing that direct controls of multinationals would remain

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<sup>70</sup> Letter Secretary of State for Trade to Len Murray, TUC, 3 April 1980, in: *Ibid.*, MSS 292 D., 565.1, Box 1092.

<sup>71</sup> TUC, Economic Committee, 14 November 1979, in: *Ibid.*, MSS. 292 D., Box 1709.

<sup>72</sup> TUC, Economic Committee, 12 March 1980, in: MRC, MSS. 292 D, 560.1, Box 1091.

<sup>73</sup> Cf. for instance TUC, Report of 112<sup>th</sup> Annual Trades Union Congress, 1-5 September 1980, pp. 483.

<sup>74</sup> Luton News 16 October 1980.

<sup>75</sup> Cf. Wilks, *Industrial Policy and the Motor Industry*, pp. 253ff.

ineffective as these firms were able to switch future investment to other countries.<sup>76</sup> In the local Ford and Vauxhall union settings planning agreements or development contracts do not appear to have been discussed during this period.

The remaining political lever was the existence of British Leyland as a publicly-owned "national champion". But here, too, dramatic change had occurred with the new downsizing strategy of Edwardes. While the unions continued to argue the case for more government support for BL it seemed more likely that BL's cutback measures would induce Ford and Vauxhall to do likewise rather than exerting any influence on them to step up their production programs in the UK.<sup>77</sup> Overall, the potential for effective government support looked worse than ever.

### 3. Closure threats and the acceptance of European efficiency comparisons

The lack of success of the campaign for import restrictions by legislation left the unions at plant level with the question whether or not to oppose the Ford and Vauxhall redundancy plans by industrial action. While a radical minority clearly favoured the strike option it soon became clear that their strategy would not prevail. The positions adopted by trade union negotiators at times appeared to display a mood of militancy: In January 1981 Vauxhall representatives declared that they would resist employment cuts that looked like the beginning of a total company run-down.<sup>78</sup> At Ford the unions made similar threats of industrial action against lay-offs.<sup>79</sup>

However, these threats were designed to mobilise leverage for negotiations with the companies rather than reflecting serious intentions to engage in industrial disputes. Few of the Ford and Vauxhall union representatives were prepared to follow the advice of radicals who argued that "we should not be talking to these people [the company, T.F.] but to MPs and dockers."<sup>80</sup> Apart from some minor and short-lived actions to block imports in the Ford Dagenham body plant, no redundancy-related disputes were reported during 1980 and 1981. In fact, even in the annual pay negotiations, the unions proceeded with a great deal of caution.

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<sup>76</sup> TUC, Economic Committee, 10 February 1982, in: MRC, MSS. 292 D, 560.1, Box 1093.

<sup>77</sup> Beynon, Working for Ford, pp. 380ff.

<sup>78</sup> Minutes of the meeting of the Vauxhall Joint Negotiating Committee, 21-22 January 1981, in: Archive Vauxhall Motors Ltd., HRM, Box JNC Minutes, vol. 3.

<sup>79</sup> Notes of proceedings of a special meeting of the Ford Joint Negotiating Committee, 3 July 1980, p. 6, in: MRC, MSS. 126/TG/3, Sack 117/1.

<sup>80</sup> Notes of the special meeting with Staff and hourly-paid trade union representatives, 23 July 1981, in Archive Vauxhall Motors Ltd., HRM department, Box 4, file "JNC August 1981-July 1982".

Union negotiators were aware of the general recession in the European car industry, and their suggestions only sought to mitigate employment losses, e.g. through short-time working and, above all, through reduced imports and more investments in UK plants.<sup>81</sup> It was crucial, moreover, that the situation at Ford and Vauxhall appeared to be favourable if compared to the massive job cuts and plant closures at British Leyland. Still more importantly, these experiences with plant closures coincided with credible closure threats at Ford and Vauxhall: In the case of Ford the Halewood body and assembly plant became a particular target of closure speculations triggered by press reports about Ford plans to source parts of European *Escort* demand from Brazil after 1983; due to the productivity gap between Halewood and the other *Escort* plant in Saarlouis, the former was expected to be the major victim.<sup>82</sup> In Dagenham management publicly threatened to close the loss-making foundry.<sup>83</sup> The position of Vauxhall plants now confined to assembly activities appeared even more vulnerable.

Under these circumstances union strategies were heedful of management warnings that industrial action against redundancies could precipitate plant closures, all the more since the companies did not operate compulsory redundancies but financially generous early retirement and separation schemes. The latter aspect in itself further eroded the basis for a mobilisation of workforces. Given the attractive financial packages associated with the schemes the companies had little difficulty to find the volunteers necessary to achieve the quantitative targets of headcount reductions.<sup>84</sup>

As a side-effect, this course of events also undermined the prevailing moderate union strategy attempting to use the threat of industrial action as a bargaining lever in negotiations about investments and imports. Operating outside the normal redundancy procedures the companies did not even need trade union consent to implement the cutbacks. In the negotiating process the unions usually ended up trying to further improve the financial attractiveness of the schemes. As workers volunteered in great numbers the unions lost bargaining power, which would have enabled them to put pressure on the companies to increase British production and investments.<sup>85</sup>

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<sup>81</sup> Notes of proceedings at a special meeting of the Ford Joint National Negotiating Committee, 7 July 1980, pp. 8/9, in: MRC, MSS. 126/TG/3, Sack 117/1.

<sup>82</sup> Cf. Darlington, *The Dynamics of Workplace unionism*, pp. 210f.

<sup>83</sup> *Dagenham Post*, 18 March 1981.

<sup>84</sup> Cf. for instance: Minutes of meeting of Vauxhall Joint Negotiating Committee, 27 February 1981, in: Archive Vauxhall Motors Ltd., HRM, Box JNC Minutes, vol. 3.

<sup>85</sup> Notes of proceedings of a special meeting of the Ford Joint Negotiating Committee, 3 July 1980, in: MRC, MSS. 126/TG/3, Sack 117/1.

The widespread fear of plant closures had still more far-reaching consequences. The prospect of future redundancies on a still larger scale due to European overcapacity and the inter-plant competition for investments in Ford's and GM's international networks alarmed the unions and made them accept the long-standing management request to collaborate in efforts to catch up with continental efficiency levels. During the 1960s and 1970s investment boycott threats based on European productivity benchmarking, while often causing vivid anxiety, had only occasionally led British unions to refrain from aspirations for better wages and working conditions. Often, they had been rebuffed as lacking credibility and/or as using labour matters as an excuse for broader corporate strategies. Productivity benchmarking had been countered by international comparisons of capital asset and wage levels. But by then, such threats had been related to decisions for expansion, and they had - apart from the temporary crisis in 1974/5 - never been linked to massive job losses.

Now, the withholding of investments could mean the wholesale closure of plants and mass redundancies. At the same time, it seemed that against the background of the far more radical cutbacks by BL no social or political considerations stood in the way for Ford or Vauxhall to pursue such a course. Given this situation the view came to prevail among Ford and Vauxhall union representatives that necessary investment for future production could only be obtained if the unions co-operated with management in raising productivity levels to European standards.

Unsurprisingly, this shift of union strategy was faster at Vauxhall. By 1981 the extremely weak commercial position of the company had led to a situation in which Vauxhall's role in GM's international network had been downgraded to an assembly shop of *Opel* vehicles. Time and again, Vauxhall management pointed out that the company stood at the brink of total closure unless performance improved to an extent that matched other European GM plants. Production volumes were so low that this scenario appeared highly realistic. Government officials openly warned TUC representatives that Vauxhall could be shut down within a few years.<sup>86</sup>

Faced with these threats union attitudes changed radically: Already in the summer of 1981 Vauxhall management praised shop stewards and workforce for the "new realism", which had resulted in a great reduction of work stoppages.<sup>87</sup> Change was

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<sup>86</sup> Meeting with Department of Industry officials on the Motor Industry study, 14 August 1981, in: MRC, MSS. 292D/Box 1709.

<sup>87</sup> Luton News, 2 July 1981.

particularly drastic at Ellesmere Port. From being the central spot of militancy in the late 1970s the plant now became the model of the "turnaround". At Luton plant convenors stated publicly that they did their "utmost to cut out any unofficial action".<sup>88</sup> Alongside the introduction of the new world cars for assembly the Vauxhall trade unions also accepted for the first time that European standards should be used to determine workloads and manning levels. Shopfloor leaders at Ellesmere Port saw the collaboration of labour in raising efficiency as a crucial factor for the success of any campaign to get more investment into the plant.<sup>89</sup>

At Ford, given the sound commercial situation of the company, the shift of attitudes was slower and more controversial within the union organisation. But company closure threats and massive job cuts did also alter attitudes here. Commenting on the company plans to shed 20 000 jobs between 1981 and 1985 a regional TGWU officer concluded that "[...] there cannot be any doubts now that unless there is a total re-examination of traditional attitudes then the future for all our members is very bleak indeed".<sup>90</sup> At Halewood, shop stewards watched with anxiety the closure of a large nearby BL factory and other industrial establishments on Merseyside concluding that they, too, were standing at the "edge of the abyss".<sup>91</sup>

Events in 1981 confirmed this change of trade union positions. In October 1980, following an upsurge of disputes during the production launch of the new *Escort* in Halewood, Ford adopted a new disciplinary code and a related policy to require other employees to fill jobs left vacant by workers striking in breach of procedure. These measures sparked resistance particularly in Halewood culminating in an all-out strike in May 1981. The company offered to withdraw the code if the trade unions came up with an alternative plan to reduce the level of work stoppages.<sup>92</sup> While the withdrawal of the code represented a victory for shopfloor militants the ensuing talks confirmed that this time the unions would actively seek to curb unofficial action. They were clearly frightened by repeated management threats that conflict escalation could lead to the total closure of Halewood, transferring production to Ford plants on the continent. Press reports already speculated about the building-up of additional *Escort* production at

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<sup>88</sup> Luton News, 3 July 1980.

<sup>89</sup> AUEW Ellesmere Port notice, 28 January 1981, in: Archive Vauxhall Motors Ltd., HRM, Box 21, Box 3, File "redundancy".

<sup>90</sup> Minutes of fortnightly panel of Dagenham district officials, 24 March 1981, in: MRC, MSS. 126/TG/3, Sack 117/2.

<sup>91</sup> Darlington, *The Dynamics of Workplace Unionism*, pp. 212/213.

<sup>92</sup> Cf. Beynon, *Working for Ford*, pp. 359ff.

Valencia in Spain. Company plans to produce the *Escort* in Brazil further fuelled these fears.<sup>93</sup>

NJNC negotiators told the company that they had "sympathy" for the idea of filling jobs left vacant through wildcat stoppages but that they could not accept a formalised agreement. Attitudes needed to be changed, which required time and a procedure the unions could control themselves.<sup>94</sup> The alternative union proposals, celebrated by the company as a major breakthrough, included regular plant visits by national officers to achieve the co-operation of workforces and shop stewards. Moreover, the NJNC trade union chairman wrote a personal letter to all employees pointing to the need for "self-control". Job losses and the danger of plant closures were key features of the letter.<sup>95</sup> For the first time since the early 1960s and after having selectively encouraged wild-cat strikes during the last decade the Ford trade unions were taking active measures to curb wildcat strikes beyond local fire-fighting. Importantly, this shift was facilitated by a mood of shopfloor apathy resulting not only from job security fears but also from the legacy of sectional struggles in the late 1970s, which had made many workers tired of wildcat disputes often leading to lay-offs with a loss of wages.<sup>96</sup>

Further change came with the wage negotiations 1981. The company presented a list with demands associated with their analysis of Japanese working practices, including more employee mobility and flexibility between jobs and grades, the breakdown of demarcation lines between skilled trades, better achievement of work standards, and other issues.<sup>97</sup> Against considerable internal opposition a majority of the NJNC representatives argued that the unions would need to accept most of the company suggestions to secure future employment. Their strategy was to trade-off the company demands for improvements in pay and pensions, and a reduction of working time. After much trade union infighting the package deal was accepted in the NJNC by a narrow margin of 27 against 17 votes.<sup>98</sup>

The agreement set a precedent for a sea change in trade union attitudes at Ford. Its confirmation came already with the launch of the *Cortina* replacement model *Sierra* in

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<sup>93</sup> Ibid. pp. 363/364.

<sup>94</sup> Notes of proceedings at a meeting of the Ford Joint National Negotiating Committee, 24 November 1980, 17 June 1981, in: MRC, MSS. 126/TG/3, Sack 117/2.

<sup>95</sup> Beynon, *Working for Ford*, p. 364.

<sup>96</sup> Darlington, *The Dynamics of Workplace Unionism*, pp. 218/219.

<sup>97</sup> Notes of proceedings at a meeting of the Ford National Joint Negotiating Committee, 30 October 1981, in: MRC, MSS. 126/TG/3, Sack 117/2.

<sup>98</sup> „1981/82 wages and conditions negotiations. Diary of events”, in: Ibid.

Dagenham in 1982. On request of the unions a meeting of all Dagenham plants was convened to discuss problems related to the launch, and the unions declared their complete commitment. They accepted that continental manning standards would be introduced and made suggestions as to how the achievement of planned schedules and quality targets could be improved.<sup>99</sup> Publicly the unions urged their members to refrain from unofficial walkouts and to work towards improved quality and productivity. A dramatic call to “save Dagenham” was made, which referred to company documents “[...] proving the disadvantages of manufacturing cars at Dagenham compared to elsewhere in the world”. Dire predictions about the “ultimate death of Dagenham” were coupled with the exhortation that “[...] our future lies in the willingness of workers to utilise the facilities we have”.<sup>100</sup> Again, threats of a plant closure decision by Ford of Europe were the main driving force for a new spirit of collaboration.

It should be emphasised again that in contrast to Vauxhall the shift of union positions at Ford was highly controversial. In the Dagenham assembly plant, for instance, leading shop stewards for a long time opposed the set-up of a special union-management group in support of the *Sierra* launch in 1982 arguing that “there was no need for trade union involvement in a working party of that nature.”<sup>101</sup> At Halewood, too, there were long internal debates as to what extent trade union representatives should accede to management demands. Closure threats and the low potential for shopfloor mobilisation meant that advocates of resistance were increasingly only a minority, but the degree of union co-operation with management remained a contested issue in the early 1980s. The years between 1981 and 1983 witnessed a number of large-scale struggles over new workloads and discipline procedures, particularly at Halewood.<sup>102</sup> It was only from the mid-1980s onwards that co-operation eventually turned out to be the lasting new “paradigm” of labour-management relations at Ford.

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<sup>99</sup> Minutes of Hythe Conference 23/24 June 1982, in: Archive AEEU Dagenham, file „Dagenham Panel“.

<sup>100</sup> Dagenham Post, 29 September 1982.

<sup>101</sup> Minutes of the JWC Dagenham Assembly Plant, 13 May 1981, in: Archive AEEU Dagenham, file “JWC 1980-1989”.

<sup>102</sup> Cf. Darlington, *The Dynamics of Workplace Unionism*, pp. 213ff.

### *III. Employment protection as trade union priority: Campaigning against tied imports (1982-1987)*

#### *1. The search for a national strategy*

The deep crisis of the motor industry in the early 1980s and the joint initiatives undertaken by the main trade unions in relation to import controls triggered more general discussions about the need for a national union strategy for the car industry. Such a joint strategy had last been elaborated in the early 1960s under the auspices of the CSEU. Since then policies had been designed in an ad-hoc fashion by individual unions. TUC headquarter staff routinely complained about tensions between and within the motor industry unions.<sup>103</sup> But from 1982 to 1984 the main unions now came together in an effort to develop a common approach, and in March 1984 the first TUC conference on the motor industry was held adopting a strategy document that had been discussed for about two years.<sup>104</sup>

The situation at Ford and Vauxhall was a central aspect of debate, and the view clearly prevailed that the impact of their internationalisation strategies upon employment prospects in the industry was negative. The practice of tied imports caused particular concern: Despite the more co-operative trade union attitudes in raising efficiency both companies registered very high trading deficits; in the case of Ford tied imports accounted for about 45 percent of overall British sales between 1982 and 1984.<sup>105</sup> Union documents acknowledged that Ford also continued to be a large exporter of engines and other components, and that the company invested considerably in its British plants. In terms of employment cuts it was also noted that Ford UK and Vauxhall had fared better than British Leyland with its succession of plant closures. However, the declining role of the British subsidiaries within Ford and GMs European networks was alarming.

Moreover, tied imports on such a large scale endangered the recovery of British Leyland whose market share in the UK had fallen to levels below 20 percent. By reducing the domestic sales of the "national champion" Ford and GM eroded the volume basis necessary to sustain BL's full, independent model range. As the unions continued to perceive BL's existence as the best guarantee for the survival of the whole

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<sup>103</sup> Inter-departmental memo David Lea to Murray, 20 May 1981, in: MRC, MSS. 292 D, Box 1709.

<sup>104</sup> Report of the motor industry conference, 30 March 1984, in: Ibid., Box 1710.

<sup>105</sup> Tolliday, Ford of Britain: Statistical Appendix, p. 147.

sector they saw the future of Ford UK and Vauxhall threatened in a double sense, on the one hand directly through the loss of trading and investment opportunities to continental Ford and GM plants, on the other hand indirectly through the demise of BL as “anchor” of the industry that potentially acted as a lure for the multinationals to maintain or expand production in the UK.<sup>106</sup>

Therefore, the idea of exerting greater leverage over the sourcing strategies of multinationals was a red thread running through union documents during the motor industry debate between 1982 and 1984. Confirming the direction of the early 1980s, strategies were almost completely focussed on the home market. The trading pattern of the industry appeared to suggest this emphasis. While Ford continued to export engines and other components its overseas shipments of built-up and KD vehicles had been reduced to almost negligible quantities. Vauxhall’s exports had practically been halted. In the case of BL overseas sales, particularly in Europe, had virtually collapsed in the early 1980s.<sup>107</sup> Against this background trade union ideas for recovery revolved around the idea that UK firms should obtain a higher proportion of domestic sales, be it through increased market share (BL) or the reduction of tied imports (Ford UK, Vauxhall). As part of this strategy the unions advocated public policy measures that would stimulate domestic car demand.<sup>108</sup>

The alternative of an export-led recovery, including the internationalisation of British Leyland itself, was discarded – despite the fact that the arrival of Nissan in the mid-1980s with its prospect for large-scale exports to the European continent appeared to encourage such thinking.<sup>109</sup> However, the motor industry unions were never able to adopt a joint position on the Nissan investment itself. Senior officials of the TUC Economic department were active in promoting the deal, and the leaders of TGWU and AUEW, Evans and Duffy, also appeared to be favourably disposed to the investment.<sup>110</sup> But they faced heavy criticisms from the automotive membership in the traditional motor centres. Unions like TASS openly resisted the implantation of the Japanese firm because it would endanger jobs in other car plants. At the 1984 motor industry

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<sup>106</sup> TUC Economic Committee, 10 November 1982, 10 August 1983: „Motor industry study“, in: MRC, MSS. 292 D, 560.1, Box 1094, 1095.

<sup>107</sup> Cf. for export data of BL, Ford UK and Vauxhall in the early 1980s: Church, *The rise and decline of the British motor industry*, pp. 109, 115.

<sup>108</sup> TUC Economic Committee, 10 August 1983: „Motor industry study“, in: MRC, MSS. 292 D, 560.1, Box 1094.

<sup>109</sup> Loewendahl, *Bargaining with Multinationals*, pp. 162f.

<sup>110</sup> Inter-departmental correspondence Len Murray to David Lea, 17 March 1981; Inter-departmental correspondence, David Lea to Len Murray, 26 July 1982, in: MRC, MSS. 292 D, Box 1710.

conference Murray, the TUC General Secretary, admitted that “[...] it was not easy to balance the interests of members elsewhere in the motor industry against the direct employment gain associated with the new investment.”<sup>111</sup>

As far as BL’s internationalisation was concerned the unions acknowledged the firm’s collaboration with Honda. In the new TUC motor industry strategy an alliance of BL “with a Japanese or European multinational” was elaborated as one long-term restructuring option to maintain BL’s anchor role in the industry, but it was clear that the majority among the union officials preferred such collaboration to be limited so that it would not restrict too much the independence of the British “national champion”. The main role in securing the future of the firm was seen to fall upon the government. Another, more far-reaching internationalisation option was only briefly contemplated in the debate, namely a merger of BL with either Ford UK or Vauxhall. It was immediately dropped when it became clear in the TUC Economic Committee that such a link would be opposed by many representatives who were anxious about the status of BL as the sole independent British producer.<sup>112</sup> As a matter of fact, this heralded the course of events more than two years later when secret talks about a merger of BL’s car division with Ford UK, and of the commercial vehicle division with GM caused violent protests notably by TGWU and TASS.<sup>113</sup>

With the option of a less heavy focus on the home market discarded the TUC debate inevitably returned to the protracted problem of how to deal with imports. With regard to Ford and Vauxhall, more specifically, the question was how the unions could mobilise pressure against their large-scale tied imports. Despite the hitherto rather limited success of strategies based on government intervention public control was still regarded as a major instrument. TUC documents listed a whole range of measures through which the government should induce Ford and Vauxhall to reduce tied imports and supply the British market from UK plants, e.g. price and dividend controls, taxation or subsidies. Particular importance was accorded to local content rules.<sup>114</sup>

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<sup>111</sup> TUC, *Report of the motor industry conference*, 30 March 1984, in: *ibid.*; TASS, *The way ahead. New technology and the UK motor industry*, December 1986, in: Archive Vauxhall Motors Ltd., HRM, Box 1, file “TASS General”.

<sup>112</sup> TUC, *Economic Committee*, 10 August 1983, in: MRC, MSS. 292 D, 560.1, Box 1095.

<sup>113</sup> Cf. TGWU, *Report of the Annual conference of the Vehicle building and automotive group*, 4 July 1986, in: Archive AEEU Dagenham, for background on the merger proposals see Church, *The rise and decline of the British motor industry*, pp. 111/112.

<sup>114</sup> TUC *Economic Committee*, 11 January 1984: „Motor industry study“, in: MRC, MSS. 292 D, 560.1, Box 1096.

As contemporary commentators predicted such an agenda would fall on deaf ears with a Conservative government determined to privatise British Leyland rather than constraining multinational firms.<sup>115</sup> In fact, the union documents themselves pointed to unsatisfactory experiences with government intervention in the past; the planning agreement concluded with Chrysler in 1977 was seen as having had “little significance”. That public control nevertheless featured so prominently resulted on the one hand from the “input” by the left-oriented TASS, and on the other hand from the hope for the election of a new, more interventionist Labour government in June 1983. Most of the discussions took place in the pre-election phase, and explicit references were made to Labour’s election manifesto calling for a new planning department in Whitehall that would negotiate “development contracts” with large companies.<sup>116</sup>

But the motor industry debate also highlighted that British unions had come to regard government intervention as only one among several instruments to displace imports from the British car market. Len Murray, General Secretary of the TUC, opened the motor industry conference in March 1984 by stressing the limits of what could be expected from government policy: He strongly recommended that unions should take up trading issues more aggressively with the individual multinational companies concerned, including the mobilisation of public support and union research expertise, and the threat of industrial action.<sup>117</sup> Raising consumer awareness was another important issue often mentioned. Slogans such as “buy a British-built Vauxhall” became a central feature of trade union lobbies and press communications. The TUC Economic department gave detailed technical information to consumers of how to distinguish a UK version of an otherwise identical European Ford or Vauxhall car. On several occasions the issue was even debated at the annual TUC Congresses.<sup>118</sup>

Thus, government action became part of a broader strategy to protect the domestic market against imports in general, and against the tied imports operated by Ford and GM in particular. The focal point of these strategies was the functioning of the British car market itself, notably the fact that it represented – in comparison to other European countries – a large market with very high profit margins, due mainly to the exceptionally high share of car sales taken by so-called fleet-buyers, that is, vehicles

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<sup>115</sup> The Guardian, 5 March 1984.

<sup>116</sup> TUC Economic Committee, 10 August 1983: „Motor industry study“, in: MRC, MSS. 292 D, 560.1, Box 1094; TASS, “Motors at the crossroads – a TASS perspective”, in: Ibid., MSS. 101/DA/4/7.

<sup>117</sup> TUC, Report of the motor industry conference, 30 March 1984, in: Ibid., MSS. 292 D, Box 1710.

<sup>118</sup> Cf. for instance Report of 117<sup>th</sup> Annual Trades Union Congress, 2-6 September 1985, pp. 543f.

purchased for use as company cars.<sup>119</sup> As those buyers, particularly in the case of public administration, often displayed a loyalty to “buy British” still in the 1980s public campaigns denouncing tied imports by Ford and Vauxhall could have an important effect. They put direct pressure on the companies to increase their level of production in the UK. The threat of industrial action against tied imports signalled that the unions were even prepared, at the extreme, to restrict the inflow of Ford or Vauxhall cars by blocking shipments to be unloaded in ports. In short, union strategies were geared to what the trade-union related research institute CAITS neatly summarized in 1984 as follows: “Anything which threatens the manufacturers’ market share will worry them”.<sup>120</sup> Similar public campaigns had occasionally been used by Ford trade unions to advance their employment interests in the past, for instance at the time of the *Fiesta* launch in the mid-1970s. In the early 1980s it appeared to be necessary and possible at the same time to step up the mobilisation of workers, public opinion and consumers.

The central importance of market functioning for British union policy in this period was perhaps best expressed by their active interventions into European Community discussions about a harmonisation of car prices across the EEC countries. Obviously, a strategy targeting the vulnerability of commercial success of companies also depended on the continued availability of a lucrative British car market – and it was precisely this feature that the EEC measures set out to eliminate. They were intended to lower car prices in the UK and thus to decrease company profit margins in the British market. Against the campaigns of consumer associations the unions collectively joined employer lobbying against the legislation. Their submissions to government and the European Commission emphasised that additional pressure on UK profit margins would result in a further encouragement to multinational firms to relocate their production activities elsewhere. Ford was explicitly mentioned as having threatened to completely pull out of manufacturing in the UK. In line with their general strategy the unions argued that in the absence of government control the overall size and profitability of the British market constituted the greatest safeguard for jobs at Ford UK and Vauxhall.<sup>121</sup>

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<sup>119</sup> Cf. Tolliday, *The Rise of Ford in Britain*, pp. 45f.; Marsden et. al., *The Car Industry*, p. 161.

<sup>120</sup> CAITS, „The UK motor industry – some options for trade union strategies”, paper for TGWU automotive conference, July 1984.

<sup>121</sup> Summary report of a meeting between trade union representatives and Mr. Alex Fletcher, Parliamentary Under-Secretary of State, 25 October 1984, in: MRC, MSS. 292 D, Box 1710; ASMTS, Circular to automotive representatives, 31 October 1984, in: Archive Vauxhall Motors Ltd., HRM, Box 5 file “ASMTS General”. The lobby was successful in the short-run without being able to prevent a slow erosion of British prices and profit margins in subsequent years – cf. Whisler, *The British Motor Industry*, p. 383.

This was all the more the case since the union hopes for an "anchor" role of British Leyland had no chance of realisation. The shelving of mergers with GM and Ford in 1986 only postponed the eventual failure of their strategies to maintain BL as the publicly-owned "national champion". In 1988 privatisation was completed with the sale of the car division to British Aerospace. Whether British unions were able to achieve some of their objectives in their direct dealings with Ford and Vauxhall can only be ascertained through an analysis at company level.

## 2. Vauxhall: A successful campaign for higher investments and production

By 1982 the situation at Vauxhall still looked desperate from a trade union point of view. Employment cuts and the prospect of plant closures had led the unions to accept European efficiency levels. But while company representatives started to praise workforce and shop stewards for their "new realism"<sup>122</sup> little had changed in the position of Vauxhall within GM's European network. Unions had become involved in co-operation to raise productivity expecting that UK production and investment levels would increase. But tied imports were still shipped to Britain in high volumes, including the *Cavalier* and *Astra* models produced at Luton and Ellesmere Port. At the same time, both local plants continued to operate on a single shift and below their overall capacity. Annual output hardly exceeded 100 000 cars while Vauxhall's market share in the UK began to climb. In spring 1982, moreover, it became clear that Vauxhall was planning to import its new small model *Corsa* from the Spanish plant in Saragossa to sell it as the *Nova* in Britain. This intensified anger and fears. Unrest about these developments was such that spontaneous walkouts against tied imports could barely be diverted.<sup>123</sup>

In spring 1982 a company announcement of a further 300 redundancies at Ellesmere Port brought things to the boil. In the Vauxhall national negotiating committee union representatives openly threatened a major campaign against the planned *Corsa* imports, which would include industrial action backed by the TGWU's membership in the ports.<sup>124</sup> The argument was hotly debated during the wage negotiations in August and September 1982: Management, while complaining about the fact that Vauxhall alone was singled out for an import ban, declined trade union

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<sup>122</sup> Luton News, 2 July 1981.

<sup>123</sup> Luton News, 28 January 1982.

<sup>124</sup> Minutes of the meeting of the Vauxhall JNC, 23 April 1982, in: Archive Vauxhall Motors Ltd., HRM, Box JNC Minutes, vol. 3.

requests for the immediate re-introduction of two-shift working and *Corsa* assembly in a British plant. The unions argued their case for home market supply by British production. They denounced GM for its preference to source UK demand from continental plants to earn profits from their heavy investment there. German plants were perceived to operate to the detriment of British workers because they took advantage of the UK market's high profit margins the benefits of which should "naturally" accrue to the local plants. The determination to launch a campaign against Vauxhall imports was reiterated.<sup>125</sup>

On September 23, 1982, the General Executive Council of the TGWU declared its intention to support industrial action against the import of *Corsa* models "until such time as assembly of the vehicle is undertaken in the UK".<sup>126</sup> Through its membership in the ports and through contacts with the Seamen's unions the TGWU subsequently ensured that the threatened handling ban would be effective and would not violate the new legal restrictions placed on sympathetic "secondary" strike action by the Tory government's 1980 Employment Act.<sup>127</sup> Moreover, the unions at Vauxhall jointly launched a public campaign based on the argument that Vauxhall deliberately restricted production in Britain despite the willingness and proven ability of the workforce to supply the British market efficiently from Luton and Ellesmere Port. Targeting important events such as the Birmingham Motor Show the campaign attracted considerable press coverage and put the company in a defensive position. The unions also enlisted the support of Ford's and BL's shop stewards organisations. A one-day stoppage in November 1982 already included the picketing of docks.<sup>128</sup>

These moves forced the company back to the negotiating table. In November 1982 the first informal exchanges took place, and in February 1983 official talks with the national officers of AUEW, TGWU and EEPTU commenced. In the meantime the company, in an attempt to neutralise trade union protest, had announced the introduction of double-shifting at Luton from August 1983, and from August 1984 at Ellesmere Port.<sup>129</sup> During the meetings Vauxhall management confirmed these plans while reiterating that *Corsa* assembly could not be considered in the short-run as

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<sup>125</sup> Minutes of the meeting of the Vauxhall JNC, 25-26 August 1982, 9 September 1982, in: *ibid.*

<sup>126</sup> Resolution submitted and endorsed by the TGWU General Executive Council, 23 September 1982, in: Archive Vauxhall Motors Ltd., HRM, Box 19, File "S car agreement".

<sup>127</sup> Cf. Davies/Freedland, *Labour Legislation and Public Policy*, pp. 461f.

<sup>128</sup> Luton News, 16 September 1982, 24 September 1982, 7 October 1982, 28 October 1982, 11 November 1982.

<sup>129</sup> Luton News, 3 February 1983.

demand would be covered by the Spanish plant until the mid-1980s. However, the new car would be essential to broaden Vauxhall's product range for the UK market. The company promised the introduction of an additional *Cavalier* variant at Luton and a new van at Ellesmere Port until 1984.<sup>130</sup>

The unions silently dropped the question of *Corsa* imports, and the negotiations turned into a bargain over the level of local *Cavalier* and *Astra* capacity. Backed by the credible threat of industrial action and broad public support the unions secured considerable gains incorporated in an agreement in March 1983: The company dropped not only its insistence that special low-volume variants of *Cavalier* and *Astra* would continue to be imported. More significantly, it gave in to union pressure for higher production capacity in both British plants even if this implied additional recruitment of workers. It was also agreed that in case of sustained higher market demand discussions would be resumed in view of additional investments to further increase capacity.<sup>131</sup> By the end of March the agreement was accepted in plant mass meetings, and the TGWU subsequently lifted its threatened import ban.<sup>132</sup>

The campaign illustrated in a nutshell the strategic focus of British unions upon home market access as the main bargaining lever. In the case of Vauxhall timing could not have been better for GM had launched a determined and costly attack to capture a higher market share in the UK since the early 1980s.<sup>133</sup> Government intervention was of no importance here; on the contrary, union documents stated clearly that the *Corsa* import ban "[...] was a legitimate response to the present position where the government refuses to control the activities of multinational companies."<sup>134</sup> Crucial to the success of the campaign was GM's fear of suffering serious setbacks in its attempt to increase sales in Britain. Blocking *Corsa* vehicles in ports was the most straightforward way to threaten such a setback. More subtly, a public campaign damaging Vauxhall's corporate image as a "British" producer could equally have a negative impact on sales prospects. Massive imports of foreign-built vehicles at a time when Vauxhall's British plants had large spare capacities and a much improved

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<sup>130</sup> Notes of meeting, 21 February 1983, in: Archive Vauxhall Motor Ltd., HRM, Box 19, file "S car agreement".

<sup>131</sup> Notes of meeting, 3 March 1983, in: Ibid.

<sup>132</sup> Letter G. Hawley, TGWU to D. Young, Vauxhall Motors Ltd., 30 March 1983, in: Ibid.

<sup>133</sup> Marsden et. al., *The Car Industry*, p. 160.

<sup>134</sup> TUC Economic Committee, 10 August 1983: „Motor industry study“, in: MRC, MSS. 292 D, 560.1, Box 1094.

productivity performance were not popular with large segments of public opinion and with prospective customers notably in the company fleet market.

At the same time the agreement concluded with Vauxhall management in March 1983 also reflected the shift of trade union thinking in relation to productivity. It stipulated explicitly that capacity and investment commitments of the company were conditional upon the consistent achievement of efficiency and cost goals. Unless the British plants were able to produce according to scheduled volume and quality targets along European standards, none of the promised guarantees would be forthcoming.<sup>135</sup>

Another noteworthy aspect of the *Corsa* campaign was that it pushed the longer-term trend of trade union involvement in corporate planning to an extreme. As demonstrated in earlier chapters, the European business networks of Ford and GM had induced British unions for some time to develop a stronger interest for issues such as model policy, plant equipment and export marketing. The Vauxhall agreement went still further: the unions insisted upon written and detailed assurances about the hourly car throughput for future *Cavalier* and *Astra* production and upon a permanent reviewing mechanism that guaranteed a further increase of capacities and investment in case of higher sales on the British market. In the period following the 1983 agreement Vauxhall convenors consequently developed what a company report retrospectively described as an unpleasant situation “[...] where the trade unions are virtually monitoring management’s performance.”<sup>136</sup>

While production at Luton was stepped up as planned in 1983 and 1984 the situation at Ellesmere Port remained problematic. Two shift working was introduced but still in 1984 half of *Astra* sales in the UK were imported. Production volumes fell short of the targets envisaged in the 1983 agreement, mainly because of equipment problems following the introduction of robotic technology. After having accepted management arguments of “teething troubles” for some time the unions at Ellesmere Port, closely monitoring weekly production schedules, grew increasingly impatient. In January 1985 the TGWU convenor Woodley, later to become General Secretary of the union, complained loudly that the company had not kept its commitments: “We are presently running at 25 jph [jobs per hour, T.F.] as opposed to the 35 jph promised. We are stopping for reliefs which costs products daily. We have insufficient labour to increase

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<sup>135</sup> Letter John Fleming, Managing Director Vauxhall Motors Ltd., to G. Hawley, TGWU, 26 April 1983, in: Archive Vauxhall Motor Ltd., HRM, Box 19, file “S car agreement”.

<sup>136</sup> Review of strategy for probable meeting with trade union national official to discuss S car agreement, in: *Ibid.*

speeds other than minimally." He suspected that General Motors was deliberately delaying volume expansion at Ellesmere Port to allow the German subsidiary *Opel* to overcome problems in continental markets through additional sales in Britain – a conjecture which, as *Opel* sources demonstrate, was no far-fetched vision.<sup>137</sup>

The ensuing request for the re-negotiation of the 1983 agreement resulted in a series of union-management meetings in February and March 1985 during which the company promised a rapid resolution of outstanding problems.<sup>138</sup> Subsequent progress was limited, however, and during the summer attitudes were hardening. Unrest was fuelled by debates in parliament and the media about the high import levels of Ford and Vauxhall. A study by Daniel Jones from the University of Sussex revealed that apart from massive imports of built-up vehicles both companies had also further reduced the local content of their UK-assembled cars, in the case of Vauxhall to levels far lower than the 60 percent that had been agreed to by Nissan.<sup>139</sup> This triggered a major debate in the national press, and even the government started to push GM to increase its local production: Leon Brittain, the Minister for Trade and Industry, complained in the House of Commons that Vauxhall, despite lengthy discussions, was "[...] not yet ready to go further in proving that it really is a British car producer."<sup>140</sup>

Helped by these circumstances trade union positions at Vauxhall radicalised. Company sourcing policy was included into the union agenda for the annual wage bargaining; Union negotiators voiced their frustration that "[...] GM employees on the Continent had a far higher standard of living and were at the same time benefiting from the sale of cars in the UK."<sup>141</sup> By September 1985 a TGWU mass meeting at Ellesmere Port voted to launch another campaign against GM's tied imports.<sup>142</sup>

What followed was almost a blueprint of the events two years earlier: The National Executive of the TGWU declared its support for the campaign and authorised industrial action including a boycott of Vauxhall vehicles by the union's membership in

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<sup>137</sup> Letter Anthony Woodley to G. Hawley, National Secretary TGWU Automotive Group, 10 January 1985, in: Archive TGWU Liverpool, file S car; for Opel: Protokoll der Sitzung der Geschäftsleitung mit dem Wirtschaftsausschuss, 20 September 1985, in: Archive Betriebsrat Rüsselsheim, Adam Opel AG, file „Wirtschaftsausschuß Januar 1985 bis Nov. 85“.

<sup>138</sup> Minutes of a meeting held in Transport House, 25 February 1985; Minutes of a meeting held in Transport House, 5 March 1985, in: Archive TGWU Liverpool, file S car.

<sup>139</sup> Cf. Loewendahl, *Bargaining with multinationals*, pp. 162ff.

<sup>140</sup> *Parliamentary Debates, Sixth Series*, volume 84, col. 283; cf. for the media reception of Jones' study for instance *Sunday Times*, 7 July 1985.

<sup>141</sup> Minutes of the meeting of the Vauxhall JNC, 6 September 1982, in: Archive Vauxhall Motors Ltd., HRM, Box JNC Minutes, vol. 4.

<sup>142</sup> Letter John Fleming, Vauxhall Motors Ltd. to F.P.J. Beickler, Adam Opel AG, 4 September 1985, in: *Ibid.*, file "S car agreement".

docks. The company was told that undertakings were sought not only to upgrade production at Ellesmere Port in line with the 1983 agreement but to further increase capacity subsequently through additional investments in both locations. The British plants were still perceived to be vulnerable to closure because of their sole focus on assembly. The explicit aim was to ensure that all *Cavalier* and *Astra* home market sales were supplied by British plants. In case of company resistance the import ban would be re-introduced, this time not confined to *Corsa* vehicles but including all Vauxhall vehicles imported from the continent.<sup>143</sup>

Parallel to this "muscle flexing" the public campaign against tied imports was re-launched with new vigour: The precarious local labour market situation on Merseyside was contrasted with Vauxhall's sourcing policy to underline the need to recruit additional workers. Lobby activities included local councillors and MPs, and the annual Labour Party Conference. Consumers were exhorted to pay attention to the origin of Vauxhall vehicles so that they would purchase a British-built car. A motor rally across Britain indicated "massive public opinion in our support."<sup>144</sup>

Management accounts retrospectively acknowledged that these activities had created a "very emotive atmosphere" in which management had had little choice other than to acquiesce to most union requests. Senior GM management was reassured that this had been necessary to avoid an import ban with wide public support.<sup>145</sup>

The new agreement, concluded in November 1985, provided for a phased increase of capacity at Ellesmere Port until the autumn of 1986 through additional investments and regular overtime working. Moreover, the company declared its commitment to the installation of a new paint shop in order to further increase plant capacity until 1989, as desired by the unions. Domestic market sales permitting further expansion would take place thereafter. In the meantime 1200 additional jobs would be created. The agreement also stipulated that meetings with national union officers would take place every six months to monitor its implementation. TGWU negotiators appeared confident that now all *Cavalier* and *Astra* home sales could be met by British production. There was also

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<sup>143</sup> Notes of the company/national officials meetings, 14 October 1985, 25 October 1985, in: *Ibid.*

<sup>144</sup> Leaflet TGWU Ellesmere Port, 17 October 1985, in: Archive TGWU Liverpool, file S car; leaflet "Vauxhall Motors - the threat to jobs", 4 October 1985, in: Archive Vauxhall Motor Ltd., HRM, Box 19, file "S car agreement".

<sup>145</sup> Review of strategy for probable meeting with trade union national official to discuss S car agreement, undated, [1988]; Letter John Fleming, Vauxhall Motors Ltd. to J.F. Waters, GMC Overseas Group, 6 January 1986, in: *Ibid.*

the hope that higher installed capacity at Ellesmere Port would eventually bring *Corsa* production for the UK market to Merseyside.<sup>146</sup>

The new campaign confirmed the pattern of trade unionists becoming virtually “shadow managers”, a process that contemporary union sources described as a necessary routine practice to support an alternative strategy for the UK motor industry.<sup>147</sup> Union officials and convenors were anxious to make detailed suggestions of how line speeds and capacity could be more rapidly increased by recruitment of new workers, more overtime, changing relief patterns and additional technical facilities. By doing so, they also reinforced the union commitment to high efficiency: Not only that the agreement reiterated the now already habitual formula that the promised investment allocations depended on regular achievement of schedule, quality and cost goals. For specific measures such as overtime the company required further guarantees, for instance a reduction of absenteeism. Consequently plant convenors found themselves in the role of encouraging efforts and sacrifices by the workforce.<sup>148</sup>

The contrast to the 1960s and 1970s was striking: The need to keep production lines running, previously seen as a pure management problem, now became a central trade union concern. The new pattern of collaboration in raising efficiency peaked in 1985 with a national agreement on wide-ranging changes in job flexibility, quality control and demarcation between occupations. It also adopted written codes in all major production locations on how further to reduce unofficial disputes. At Ellesmere Port, the TGWU branch exhorted members that “[...] discipline is the essence of all good organisation” and declared that workers walking out in defiance of decisions by in-plant trade union bodies would not be supported.<sup>149</sup> The desire to stabilise employment prospects through the improvement of Vauxhall’s position within the European GM network had become a central underlying cause of trade union policy.

What were the results of these strategies to secure future employment at Vauxhall? Clearly, successive union campaigns were instrumental in lifting up Vauxhall car

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<sup>146</sup> Extracts from an agreement reached between Ron Todd, General Secretary of the TGWU and Vauxhall Motors, 28 November 1985; Up-date of the position in relation to Vauxhall Motors’ commitment in association with the S car agreement, 20 November 1985, in: Archive TGWU Liverpool, file S car.

<sup>147</sup> TGWU, Report of the Annual Conference of Vehicle Building and Automotive Group, 4 July 1986, in: Archive AEEU Dagenham.

<sup>148</sup> Up-date of the position in relation to Vauxhall Motors’ commitment in association with the S car agreement, 20 November 1985, in: Archive TGWU Liverpool, file S car.

<sup>149</sup> Notice on behalf of the TGWU shop stewards committee Ellesmere Port, 12 November 1985, in: Ibid., file “Disputes/Shift Guarantee”.

production in Britain. This can not least be discerned by the uneasiness they created among company management and also in Germany. A Vauxhall industrial relations document from 1988 admitted openly that the management stance in 1983 and 1985 had been defensive and that the union campaign had successfully mobilised broader parts of public opinion.<sup>150</sup> Opel management since March 1985 anticipated that company exports would suffer from the new import campaign in Britain; the latter was perceived to be driven in no small part by the trade unions.<sup>151</sup>

Whatever the case the production of *Cavalier* and *Astra* in the UK almost doubled between 1982 and 1987, and the volume of tied imports drastically decreased. At the same time the local content of Vauxhall vehicles sold in the UK rose from less than 40 to about 60 percent in the late 1980s.<sup>152</sup> The trade union campaign "to build what we sell in the UK" had achieved considerable success. Yet, given Vauxhall's very low starting point these were gains that still left British operations as a small part of GM's overall European manufacturing complex. Moreover, against the background of highly increased labour productivity, little additional employment was created.

### 3. Ford: Public pressure and "national coalition" with British management

Compared to Vauxhall the situation at Ford appeared to look favourable for trade union employment interests after the turn towards a more co-operative attitude between 1980 and 1982: Ford had invested massively in new facilities and robot technology both at Dagenham and Halewood, and in contrast to Vauxhall, it also retained a large manufacturing complex with engine, transmission and other component production. However, by the end of 1984 there were still no signs of a reversal of decline. On the contrary, annual car production at Ford UK that year fell to a mere 274 000 units despite the fact that company sales on the British market had grown to about half a million vehicles in 1983/84. As a consequence, tied imports from the continent were running at levels between 40 and 45 percent. Moreover, the retention of a much larger manufacturing operation by Ford meant that employment reductions did not, as in the case of Vauxhall, stop after 1983. Still in 1984 and 1985 there were continued job losses

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<sup>150</sup> Review of strategy for probable meeting with trade union national official to discuss S car agreement, undated [1988], in: Archive Vauxhall Motor Ltd., HRM, Box 19, file "S car agreement".

<sup>151</sup> Protokoll der Sitzung der Geschäftsleitung mit dem Wirtschaftsausschuß, 6 March 1985, in: Archive Betriebsrat Rüsselsheim, Adam Opel AG, file „Wirtschaftsausschuß Januar 1985 bis Nov. 85“.

<sup>152</sup> Presentation to Trade union national officers, 1 November 1988, in: Archive Vauxhall Motor Ltd., HRM, Box 19, file "S car agreement".

in almost all component plants. The worst case was the Dagenham foundry, which was completely run down in 1984.<sup>153</sup>

The reasons for these developments were complex. On the one hand, the soaring pound severely hampered the prospects for British Ford plants as it encouraged the partial sourcing of UK demand by relatively cheap tied imports. The pound-DM exchange rate also played a decisive role in the fate of the foundry plant: Despite large efficiency gains in the years after the initial closure threats in 1980/1 the plant did not return to profitability because exports to the continent could only be maintained at the price of continued losses. There was also a more general market trend to move away from iron to aluminium and plastic castings, which further reduced the prospects of the foundry.<sup>154</sup> Finally, the productivity improvements achieved were less impressive than in the case of Vauxhall. While Dagenham and Halewood did catch up with performance levels in continental plants this process was slow, partly because efficiency further increased in Belgium, Germany and Spain, partly because for most of the 1980s British body and assembly operations continued to experience serious operating problems, not least due to difficulties with the new robotic technology. In the Dagenham assembly plant, for instance, considerable shortfalls of production were still the norm, mostly in relation to the non-achievement of quality standards.<sup>155</sup>

Under these circumstances trade union strategies between 1982 and 1987 developed somewhat differently from those pursued at Vauxhall. The point of departure was a similar perception that international sourcing was at the heart of the continued employment crisis. And the core of strategies in both firms was also similar in its exclusive focus on tied imports and the related use of the domestic market as a bargaining lever. As much as for GM, the British car market with its comparatively high profit margins was extremely lucrative for Ford, all the more since the company kept its position as a market leader throughout the 1980s. But, in contrast to Vauxhall, Ford trade unions attempted to exploit the vulnerability of the company to market share loss not primarily through the threat of industrial action but through public campaigning.

At Dagenham this campaign was particularly vociferous. It arose from the fear that Ford could eventually run down the entire industrial area. Apart from continued job

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<sup>153</sup> Tolliday, *Ford of Britain: Statistical Appendix*, pp. 119, 139/140, 146/147; Greater London Council, *The Ford Report*, pp. 19/20.

<sup>154</sup> Tolliday, *The decline of Ford of Britain*, pp. 96/97; *id.*, *Recent developments in Ford product strategy and its implications for Ford UK*. Background Paper GLC Ford Committee, March 1984, pp. 21f.

<sup>155</sup> Tolliday, *The decline of Ford in Britain*, p. 101.

losses in almost all local plants this perception was nurtured most importantly by the foundry developments and rumours, appearing since autumn 1983, that the Dagenham engine plant would not receive the replacement investment for a new petrol engine to be manufactured from 1987 onwards.<sup>156</sup> The "Dagenham Panel", a liaison body of plant convenors and district officials of blue-collar unions, launched a number of initiatives to put public pressure on the company to increase its investment in the area. These included press conferences, contacts with the local business community, town councillors and members of parliament. To raise the awareness of sectional shop stewards and the workforces at large the Panel organised a series of conferences outlining major future trading and investment issues.<sup>157</sup> The main element of the campaign was undoubtedly the collaboration with the local public authority, the Greater London Council. The latter, headed by the left Labour politician Ken Livingstone, had increasingly become involved with Ford issues, and, by early 1984, its Industry and Employment Branch had decided to organise a public hearing about Ford's operations in the London area. It was held in January 1985 and led to the publication of "The Ford Report" one year later, mapping major recent company developments and a series of "alternative strategies".<sup>158</sup> The Dagenham trade unions supported and promoted the GLC initiative from the beginning, and they also submitted a large part of the evidence presented in the public hearings. For the Dagenham Panel the GLC Inquiry provided an important platform to heighten public awareness about the problematic employment situation at Ford. The large media coverage of the hearings proved that this did not remain without success.<sup>159</sup>

As at Vauxhall trade union arguments were based on the premise that Ford should produce what it sold in the UK. With this focus on the domestic market Ford's tied imports of components and built-up vehicles were seen as the major problem for job security. The unions presented detailed calculations of how many thousand jobs could be saved at Dagenham through reductions of these import figures. The latter were denounced as illegitimate business practices at a time when Ford held a market share of 27 percent in the UK and made high profits on British sales. As a Dagenham Panel

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<sup>156</sup> Dagenham Panel, Minutes of fortnightly meeting, 6 September 1983, in: Archive AEEU Dagenham, file "Dagenham Panel".

<sup>157</sup> Dagenham Panel, Minutes of fortnightly meeting, 18 October 1983, 1 November 1983, 29 November 1983, 21 February 1984, in: *ibid.*

<sup>158</sup> Greater London Council, *The Ford Report*, *op. cit.*

<sup>159</sup> Dagenham Panel, Minutes of fortnightly meeting, 6 March 1984, 4 April 1984, in: Archive AEEU Dagenham, file "Dagenham Panel".

representative put it in his evidence to the GLC inquiry: "The bottom line of our view is that we believe that these 27 percent should be largely satisfied by manufacturing those cars in this country."<sup>160</sup>

These campaigns were designed to fuel public debates about whether Ford was really a "British" producer, with the ultimate aim to mobilise public, consumer and government pressure on the company to reduce tied imports. Ford trade union representatives were aware of increasing government concerns with the balance of payment effects of tied imports and of the more general public debates about the British content of multinational motor company production. In line with the TUC motor industry strategy the government was urged to impose import restrictions in the form of domestic content legislation. There were explicit references to the need to implement Labour's "alternative economic strategy" to better control multinational firms.<sup>161</sup>

Public campaigning also implied the necessity to address the productivity issue. While it was acknowledged that the efficiency of British operations still lagged behind Belgian, German and Spanish plants the unions argued that *relative* improvements were higher in the UK, which would result in a slow process of catching-up. Ford was urged to accelerate this process by new investments that would increase volumes and capacity utilisation. The support for measures to enhance productivity given by workforces and trade unions was highlighted. Moreover, the continued profits made by the company in Britain were contrasted with Ford Germany's performance that had been less impressive in the early 1980s due to difficulties in continental markets. Profits in the UK were seen as entailing an obligation on Ford to increase its production and investments at Dagenham and Halewood.<sup>162</sup>

The main difference from the Vauxhall trade union approach was that at Ford public pressure was not backed up by threats to physically restrict the flow of tied imports through industrial action. The scenario of an import ban was sometimes mentioned, particularly in early 1984 in the debates about the closure of the foundry. In this context references were also made to the success of the Vauxhall boycott of *Corsa* imports.<sup>163</sup> That the option was nonetheless never seriously considered can be accounted for by a number of reasons. In the first place, the position of Ford UK and

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<sup>160</sup> Greater London Council, *The Ford Report*, p. 35.

<sup>161</sup> *Ibid.* p. 38.

<sup>162</sup> *Ibid.*, Ford NJNC, Submission of the trade unions' 1985/6 wages and conditions claim, 5 October 1985, in: Archive Vauxhall Motors Ltd., HRM, Box 8, file "Negotiations 1985"

<sup>163</sup> *Dagenham Post*, 18 January 1984, Greater London Council, *The Ford Report*, p. 38

Vauxhall within their parents' international network was very different. While Vauxhall had become a small assembly operation Ford maintained a large manufacturing complex in Britain, including production facilities for the three major Ford cars sold in the UK, namely *Escort*, *Cortina/Sierra* and *Fiesta*. Vauxhall's launch of the *Corsa* as a built-up import meant that a large segment of the mass market would not be supplied from Britain. In the case of Ford, it was *in theory* possible to meet 80-90 percent of UK sales from local production: While Dagenham and Halewood lacked facilities for *Capri* and *Granada* production the installed capacity for the other models was only slightly inferior to aggregate British demand for them in the first half of the 1980s.<sup>164</sup> It was one thing for trade union representatives to call for capacity expansion that would enable British plants to produce the entire volume of the three models sold in the UK,<sup>165</sup> it was another to ignore that the main cause for tied imports of *Escorts*, *Fiestas* and *Sierras* were production shortfalls in the British plants.

Only for the radical minority within the Ford trade unions that still clung to the old resistance against European efficiency comparisons was this merely an argument for additional recruitment. With the prevailing view being that continental productivity and quality levels had to be accepted as targets there was little choice but to acquiesce with management logic that a large part of tied imports were self-inflicted. At Dagenham, the unions suspected Ford of deliberately cutting or holding down schedules in an attempt to help capacity utilisation in Continental plants. But the shortfalls in the UK were undisputable, and consequently trade union action concentrated not on blocking imports but on efforts to monitor scheduling.<sup>166</sup> In the Dagenham body plant, the senior shop stewards convinced the company to set-up a scheduling committee to examine problems which led to shortfalls, claiming that in large part they were caused by management failure.<sup>167</sup> Here, similarly to Vauxhall, earlier tendencies to get involved with traditional management prerogatives were reinforced to the point of "shadow management" by union representatives themselves.

Another reason for the reluctance to engage in industrial action against imports was Ford UK's integration into European component deliveries. In contrast to Vauxhall

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<sup>164</sup> Overall assembly capacity at Ford UK amounted to roughly 380 000 units per year in the first half of the 1980s. Vehicle sales deducting *Capri* and *Granada* volumes oscillated between 415 000 and 460 000 – calculated after Tolliday, *Ford of Britain: Statistical Appendix*, p. 128.

<sup>165</sup> Ford NJNC, Submission of the trade unions' 1985/6 wages and conditions claim, 5 October 1985, in: Archive Vauxhall Motors Ltd., HRM, Box 8, file "Negotiations 1985".

<sup>166</sup> Cf. for the Dagenham assembly plant: Minutes of Joint Works Committee, 14 October 1981, 17 March 1982, 9 February 1983, 15 February 1984, in: Archive AEEU Dagenham, file "JWC 1980-1989".

<sup>167</sup> Greater London Council, *The Ford Report*, p. 37.

where exports had virtually ceased in the early 1980s Ford still exported large volumes of components from Britain even at the time when it had stopped overseas shipments of built-up vehicles. Even if this aspect played hardly any role in union discourses during this period it probably made them more cautious about pursuing a strike strategy against tied imports.

Finally, there were more general problems related to the mobilisation of the workforces in response to the employment crisis at Ford, most clearly expressed in the event of the foundry closure in early 1984. The plant had been threatened with shutdown since November 1980. While co-operating with local management in repeated attempts to improve the cost competitiveness of the plant the unions had at the same time declared their determination to resist closure. When in late 1981 an internal company document was leaked, which contemplated a scheme for closure and strategies to neutralise trade union opposition, the "Dagenham Panel" and the NJNC unions adopted resolutions that they would support any industrial action to resist the foundry closure, "even if this resulted in the total closure of all Ford establishments".<sup>168</sup>

But in the event of shutdown in 1984 things turned out differently. A swift strike call was followed by much internal infighting, and already a week later mass meetings voted to postpone industrial action after a meeting with Bill Hayden, vice-president manufacturing of Ford of Europe. Although union leaders denied an internal split it was reported that many workers in other plants were reluctant to support a strike.<sup>169</sup> The meeting with Hayden confirmed that the company was determined to close the foundry, and subsequently it became evident that union ranks were split. Support for a strike further eroded when the company disclosed the generous redundancy terms for foundry workers. Accompanied by bitter internal arguments the resolution to support industrial action was abandoned.<sup>170</sup> Apart from the company tactics to buy off protest with severance payments and the objectively difficult economic position of the foundry, the heritage of sectional inter-plant rivalry played an important role for the non-strike decision. Desperate calls "to forget our differences and come together as one unit"<sup>171</sup> went unheard.

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<sup>168</sup> Dagenham Panel, Minutes of fortnightly meeting, 8 September 1981, in: MRC, MSS. 126/TG 3, Sack 117/2; the leaked document recommended a further period of co-operation with trade unions in order "to minimise the risk of industrial action" – "Leaked Ford Foundry Closure Strategy", in: Archive Trade Union Research Unit, Ruskin College Oxford.

<sup>169</sup> Dagenham Post, 25 January 1984, 1 February 1984.

<sup>170</sup> Minutes of a meeting of the Ford NJNC, 2 March 1984, in: Archive AEEU Dagenham.

<sup>171</sup> Under Pressure, PTA shop stewards bulleting, January 1984, in: Ibid.

While the foundry episode highlights the difficulties trade unions at Ford encountered if they attempted to influence company sourcing decisions through industrial action it also points to a different bargaining lever they could mobilise in contrast to their colleagues at Vauxhall: Contacts with senior British managers holding key positions in the Ford of Europe hierarchy could be used to further trade union employment interests. At Vauxhall this option did not exist because with its small size and past commercial record Vauxhall did not have the powerful position of Ford UK within their respective European networks.

Key figure in the case of Ford was the previously mentioned Bill Hayden, Ford of Europe's Vice-president for Manufacturing, whom a consultancy report in 1984 described as "the grey eminence" and "the most powerful man in Ford of Europe".<sup>172</sup> Without a university degree and having climbed up the career ladder in Ford's Dagenham operations before joining the European holding he was a man with many shopfloor and trade union contacts. While in the 1970s he had been instrumental in shifting the manufacturing balance from Britain to Germany<sup>173</sup> he now, encouraged by the new co-operative stance of British trade unions, fought a hard battle to increase the weight of UK operations within Ford of Europe.

From the early 1980s onwards Hayden held regular meetings with the Ford NJNC and also with representatives of the Dagenham Panel. While time and again insisting that the British plants had to continue in improving their productivity and quality levels he mobilised his influence within Ford of Europe to reward the more accommodating attitudes of British labour by favourable allocation decisions. For instance, he was instrumental in bringing a new plastics component plant to Halewood in 1983.<sup>174</sup> In 1986 he actively promoted the expansion of British assembly capacities to reduce tied imports from the continent.

The most important instance of his collaboration with British unions was the reversal of the decision to concentrate petrol engine production in Cologne. Taken in early 1984 this decision had caused violent protests of British unions and hectic diplomacy involving government officials until in the summer of 1985 it was eventually reversed in favour of Dagenham. Hayden publicly related the changed sourcing arrangement to the "remarkable degree of co-operation" on the shopfloor, which had

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<sup>172</sup> Harbridge House, Ford of Europe, p. III, 18.

<sup>173</sup> Ibid.

<sup>174</sup> Darlington, *The Dynamics of Workplace unionism*, p. 214.

secured higher quality and better schedule achievement.<sup>175</sup> It is important to note that the move was also motivated by the now falling pound exchange rate, which gave Dagenham a narrow cost advantage over Cologne but union cooperation, too, contributed: In the year following a tacit agreement between Hayden and NJNC union leaders in March 1984 to bring the petrol engines to Dagenham as a partial compensation for the foundry closure performance levels improved considerably, which in turn enabled Hayden to project further efficiency gains in the future to justify the allocation reversal. The British government helped to secure the deal by blocking, through the European Community, attempts by Ford in Germany to obtain a large investment grant from the regional government of Nordrhein-Westfalen to subsidise engine production in Cologne.<sup>176</sup>

These events at the same time further reinforced the new co-operative leanings of British trade union policy at Ford. It was not by chance that the Dagenham foundry closure and the union-management understanding over the engine issue coincided with the first public praise for a "new spirit of co-operation" by NJNC union leaders.<sup>177</sup> The effectiveness of Hayden's initiatives strengthened the position of moderates in the Ford trade union organisation, and further isolated more radical positions. The year 1985 witnessed the first peak of union-management co-operation. The unions agreed to wide-ranging changes in job flexibility, quality control and demarcation. Self-inspection and self-rectification were introduced, production workers were expected to handle minor maintenance and cleaning, and an important step towards the elimination of craft demarcations was put into practice.<sup>178</sup>

This coincided with a shift in the general labour strategy of the company under headings such as "employee involvement" and "participative management".<sup>179</sup> The increased need for quality production induced the company to seek a greater sense of identification with its business objectives among employees. A variety of measures were implemented, ranging from the extension of facilities for shop stewards, informal discussion groups and training courses to regular video presentations about the company's commercial situation. At Halewood, Ford organised visits to continental plants for a large part of the workforce, designed not, as in the 1970s, to apportion

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<sup>175</sup> Dagenham Post, 10 July 1985.

<sup>176</sup> Tolliday, *The Decline of Ford in Britain*, p. 116, note 95; *Financial Times*, 4 July 1985.

<sup>177</sup> Dagenham Post, 7 March 1984.

<sup>178</sup> Tolliday, *Ford and Fordism*, p. 105.

<sup>179</sup> Cf. Starkey/Mc Kinley, *Strategy and the Human Resource*, op. cit.

blame for bad British performance, but to enhance co-operation between management and workers.<sup>180</sup>

This last example demonstrates again how important international aspects were for the new pattern of union-management co-operation. With both sides committed to the improvement of performance foreign countries, and more specifically, the continental Ford subsidiaries, quickly acquired the status of opponents against which joint action had to be directed. There can be no doubt that the years around 1982-4 witnessed the beginning of a "national interest coalition" between British unions and management as analysed by German scholars of industrial relations.<sup>181</sup> In trade union discourses plants in Germany, Belgium and Spain were portrayed as ruthless competitors against whom it was necessary to safeguard British interests. Each plant had "its" opponent producing the same model or competing for the same work.<sup>182</sup>

As a matter of fact, this pattern of "national coalition" could build upon earlier experiences related to the Ford of Europe complex. Since the inception of the European holding in the late 1960s British unions had been concerned about an alleged "German domination" of the company and the declining role and responsibilities of British management. Whilst eclipsed throughout the 1970s by almost permanent clashes over productivity and wages, the employment crisis of the 1980s now provided the conditions for the breakthrough of such a coalition pattern.

Given that this coalition strategy implied continued trade union support for cost-cutting and efficiency improvements it should not come as a surprise that it did not remain uncontested. If this was the case in Germany where a restructuring plan in 1985 included considerable wages and salary concessions it was still more so in Britain. At Halewood the new line of senior shop stewards to assist management in increasing line speeds and schedules triggered debates whether it was right for trade unions to actively promote changes that resulted in harder work. At Dagenham an assembly plant shop steward, giving evidence to the GLC inquiry, described Ford's new working arrangements as "slave labour".<sup>183</sup> But such voices remained a minority, not least because it appeared that alternative strategies based on government intervention or shopfloor militancy did not represent realistic options.

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<sup>180</sup> Darlington, *The Dynamics of Workplace Unionism*, p. 217.

<sup>181</sup> Cf. Streeck, *The internationalisation of industrial relations*, op. cit.; Klitzke et. al., *Vom Klassenkampf zum Co-Management*, op. cit.

<sup>182</sup> Cf. Darlington, *The Dynamics of Workplace Unionism*, pp. 214f.

<sup>183</sup> *Ibid.*, pp. 237/238; Greater London Council, *The Ford Report*, p. 51.

If one looks at the results of trade union policy one may conclude that the home market-centred approach yielded some limited success until 1987/8: Compared to the mid 1980s Ford increased its British production volume by about 100 000 units, and this also pushed up the UK share of the company's overall European output. Yet, these gains remained small; production volumes were still far away from the peak levels achieved in the late 1960s and early 1970s. Tied imports, although falling to about 30 percent of UK sales in 1986/87, still ran at high levels. In terms of body and assembly operations Ford UK remained the junior partner within Ford of Europe. On the other hand, component manufacturing continued to thrive. The Dagenham and Bridgend plants became centres of Ford's European engine manufacturing.<sup>184</sup>

While there can be little doubt that the currency switchback to a lower pound in the latter half of the 1980s was the main factor contributing to the slightly more favourable sourcing arrangements it appears that trade union pressure had an impact, too. On the one hand, there is evidence that heightened public debates about tied imports and local content rules, fuelled not least by union protests, contributed to the shift in the company's production geography: Under pressure from public opinion and the government, and fearful of Nissan's arrival in Britain Ford itself publicly emphasised its image as a "British producer" and called for local content levels of 80 percent in UK assembled cars.<sup>185</sup> On the other hand, the new "national coalition" of unions with British management and key figures within Ford of Europe was instrumental in securing major investment projects.

#### *IV. International trade union relations: competition and the slow discovery of a common "European" interest (1981-1987)*

In the early 1980s the importance of international trading and investment aspects for the employment crisis at Ford UK and Vauxhall also triggered renewed interest in international trade union contacts. This was in line with the 1982-4 TUC debate on the motor industry, which had equally called for the intensification of international union

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<sup>184</sup> Tolliday, *Ford of Britain: Statistical Appendix*, pp. 144, 147.

<sup>185</sup> *id.*, *The Decline of Ford in Britain*, pp. 98/99.

links. Often these initiatives were encouraged by trade-union related research institutes or other public bodies such as the Greater London Council.<sup>186</sup>

International meetings took place more frequently in a variety of different frameworks. At Ford this trend was particularly visible: Next to the traditional contacts of plant convenors and the conferences organised by the International Metalworkers Federation additional communication channels were created through "TIE", a network for "transnational information exchange" with seat in Amsterdam, and the left-oriented "European Ford workers combine". Between 1984 and 1986 alone four major European or international conferences of Ford labour representatives were held.<sup>187</sup> TIE and the IMF equally organised numerous gatherings of trade union representatives from the European GM subsidiaries.<sup>188</sup> In addition, there were also bilateral German-British meetings.

From the point of view of British trade unions these initiatives were entirely concentrated on the employment situation. Wage comparisons and the mutual observation of labour relations and trade union practices, hotly debated in the 1970s, were pushed into the background as was the question of strike support; the only significant instance of cross-border repercussions of industrial action did not occur in the UK but in Germany where a large *IG Metall* strike in 1984 covering the *Opel* plant in Rüsselsheim almost triggered lay-offs at Vauxhall.<sup>189</sup>

British views of the works council system remained sceptical without displaying the dismissive rhetorics of the 1970s - exemplified in attitudes towards an EEC directive on information and consultation in multinational companies in the early 1980s. While the TUC formally supported the directive it was never lobbied for in an active way. During the GLC Ford inquiry local trade union representatives appeared to be wholly

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<sup>186</sup> TUC Economic Committee, 11 January 1984: „Motor industry study“, in: MRC, MSS. 292 D, 560.1, Box 1096.

<sup>187</sup> European Ford Workers Conference Report, produced for the Ford UK National Convenor Committee by CAITS, March 1984; IMF World Auto Council Meeting, Cologne, 23-25 April 1986, in: Archive Trade Union Research Unit, Ruskin College Oxford; Ford Workers International Conference, Liverpool, 15-17 March 1985, in: Archive AEEU Dagenham office; Bericht des GBR zur Betriebsversammlung am 11. März 1985, in: Archive IG Metall Cologne, file „BR Ford-N ab Okt 1984“; for TIE see TIE-Europe, Transnational Information Exchange, Ford Special 9/1981, in: MRC, MSS. 226x/IND/21/65/1.

<sup>188</sup> Cf. Report of European GM Auto Council, organised by IMF, 19-20 May 1980, in: MRC, MSS. 292 D/Box 1709; TIE, GM Workers Voice, Nr. 1, 1984, in: Archive TGWU Liverpool, file press cuttings; Sitzung des IMB-Weltautomobil Ausschusses für General Motors, 24.-26. Juni 1981, „IMB-Sitzung für General Motors Europa 3. März 1986, in: Archiv Betriebsrat Adam Opel AG Rüsselsheim, file Tagungen; Sitzung des IMB-Weltautomobil Ausschusses für General Motors, 28.-29. März 1985, in: *ibid.*, file „GBR 86/87“.

<sup>189</sup> Minutes of the Vauxhall JNC meeting, 24 May 1984, 15 June 1984, in: Archive Vauxhall Motors Ltd. HRM department, file "JNC Minutes, Vol. 4.

unaware of the directive.<sup>190</sup> On the whole, industrial relations practices in Germany, having been crucially important for the positions of British unions towards international economic integration in the 1970s, no longer played a significant role.

The predominant focus of cross-border comparisons shifted to employment reductions in the respective subsidiaries, and the related international sourcing decisions. Trade union negotiators both at Ford UK and Vauxhall observed attentively the employment situation in other European subsidiaries, particularly in Germany. In the case of Ford, for instance, they were fully aware that over the course of the 1980s German plants suffered lower headcount reductions so that by the end of the decade the employment level at *Fordwerke AG* for the first time in post-war history exceeded the British numbers.<sup>191</sup>

It was not least the disparity in employment cuts that underpinned British trade union campaigns for international sourcing patterns more favourable to plants in the UK. British delegates at the various international meetings time and again described in great detail the massive job losses they had witnessed, clearly in an attempt to win the acceptance of other European trade unions that British production volumes needed to be increased. But it was here that initiatives reached deadlock. In an almost stagnant European car market in the first half of the 1980s British expansion would have translated directly into further cutbacks in other European locations. In Germany, for instance, Ford and Opel works councils equally had to swallow considerable employment losses due to recession and new technologies. The overall headcount of *Fordwerke AG* decreased from 58 000 to 46 000 workers between 1979 and 1985 before stabilising at a level around 48 000 until the early 1990s.<sup>192</sup> While these figures in themselves already limited the readiness of German trade union representatives to support the requests of their British colleagues, this was compounded by different perceptions of the historical evolution: For British Ford and Vauxhall delegates the claim to supply British demand from UK production merely constituted the return to the situation before 1975, thus correcting the “anomaly” of large-scale tied imports that had

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<sup>190</sup> Teague, *The British TUC and the European Community*, p. 41; GLC, *Ford Public inquiry*, 1 February 1985.

<sup>191</sup> Notes of proceedings at a meeting of the Ford NJNC, 23 November 1987, in: Archive AEEU Dagenham, file “NJNC Minutes”; „1989 Ford Wage Claim: Proposed Structure and Outline of the main arguments“, in: Archive Trade Union Research Unit, Ruskin College Oxford, file „Ford claim 1989“.

<sup>192</sup> Thomes, *Searching for Identity*, p. 174.

developed since then.<sup>193</sup> From the point of view of German *Opel* and Ford works council leaders British unions had themselves contributed to the decline of UK production levels through endemic industrial disputes; this had created a new situation in which German employees' jobs partly depended on the continued supply of the British market.<sup>194</sup>

Under these circumstances cross-border contacts resulted at best in mutual comprehension for the situation in the other country: Opel's works council chairman Heller in 1985 voiced his appreciation of the Vauxhall trade union campaign against tied imports but added that he expected UK delegates equally to accept that German unions would not voluntarily give away production capacity.<sup>195</sup> In most situations the heightened competition for jobs raised mutual suspicions about the "people from the continent" or "the British" who wanted to increase "their" share of production at one's own expense.

In some cases mutual distrust reached the stage of open hostility. The *Fordwerke* works council chairman Kuckelkorn openly stated that at a time of European over-capacity every location was automatically fighting for job-saving new investment against the others – including the respective trade union representatives; according to this view the relations between Ford of Britain and Ford of Germany had deteriorated into an "economic war".<sup>196</sup> The dominant *IG Metall* group in the works council used the argument of competition between different European locations even in its election campaigns. A memo for the 1981 elections elaborated that the threat of investment diversion to other countries could be used as a major trump in arguing for the continuation of the works council strategy of partnership with management.<sup>197</sup>

Reports of international meetings in this time reveal the helplessness of trade unions to address these problems in a co-operative way. The almost ritual declarations that the unions would need to overcome "national egoism" were the best expression of the continuing salience of competitive thinking, barely masked by justifications that such divisions were "imposed by our exploiters".<sup>198</sup> Resolutions adopted in international meetings often stood in an awkward relation to the local strategies of labour. In the

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<sup>193</sup> Cf. for instance: TIE, GM Workers Voice, Nr. 1, 1984, in: Archive TGWU Liverpool, file press cuttings.

<sup>194</sup> Interview with Ernst Schwarzenberg, former member of works council *Fordwerke AG* Cologne.

<sup>195</sup> Rüsselsheimer Echo, 21 September 1985.

<sup>196</sup> „BR-information 3/1987“, in: Archive IG Metall Colgogne, file „BR Ford-N von Januar 1987 bis 11/89“.

<sup>197</sup> Cf. VKL Ford: „Konzeption für die Betriebsratswahl 1981“, in: Ibid., file „VKL Ford 1977-84“.

<sup>198</sup> TIE, GM Workers Voice, Nr. 1, 1984, in: Archive TGWU Liverpool, file press cuttings.

Dagenham assembly plant, for instance, shop stewards openly demanded that production of the closing factory in Ireland would be transferred to Dagenham – notwithstanding the international solidarity declarations expressed at international conferences.<sup>199</sup> Ideas of how to implement local content rules in an internationally co-ordinated way, such as the “European production code” suggested by the Greater London Council<sup>200</sup>, were never systematically discussed. Delegates usually did not get further than agreeing on how difficult such measures would be to achieve. A TASS representative of Ford’s product development division perhaps best captured the dilemma trade unions were facing in his contribution at an international Ford conference in Liverpool in 1985: “[...] at the end of the day we are having to deal with this question of competition. I do not know the answer because in a strange way the capitalist Ford Motor Company is being more socialistic by spreading work around the world, than perhaps we as, I believe socialists, would do voluntarily.”<sup>201</sup>

Both in Britain and Germany the situation was further complicated by the old fears of national union bureaucracies against too close cross-border contacts between local plant representatives – although to a lesser extent than in the 1960s and 1970s. In the case of *IG Metall* in Germany it was not before 1986 that independent lay delegate contacts in multinational companies were eventually given official union blessing.<sup>202</sup> In Britain, Ford shop stewards equally still had to lobby for more determined union efforts in support of cross-border shopfloor contacts.<sup>203</sup>

As far as British unions were concerned it should also be emphasised that international union contacts still played a minor role in their overall strategies. The focus on the recapturing of home market supply meant that the crucial struggles had to be fought by other means – through negotiations with national and European management, through the mobilisation of public and consumer support for the union’s case against tied imports, through the threat of unilateral industrial action. At international trade union conferences British elaborations of these strategies often found

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<sup>199</sup> Under Pressure, April 1984, in: Archive AEEU Dagenham.

<sup>200</sup> Greater London Council, *The Ford Report*, p. 24.

<sup>201</sup> Ford Workers International Conference, Liverpool, 15-17 March 1985, p. 57, in: Archive AEEU Dagenham.

<sup>202</sup> Protokoll des 15. Ordentlichen Gewerkschaftstages der Industriegewerkschaft Metall für die BRD, 19-25 October 1986.

<sup>203</sup> Cf. for instance the comments by Ford Dagenham convenor Bernie Passingham at a TUC conference in 1983 - TUC, Economic Committee, 9 March 1983, Report of the TUC Consultative Conference “Trade union rights in multinational companies”, 28 January 1983, in: MRC, MSS. 292 D, 560.1, Box 1095.

a very critical echo, at times culminating in accusations of nationalism - thus exacerbating interest conflicts and mutual suspicion.<sup>204</sup>

Despite the undisputable fact that cross-border trade union relations in both companies in the early to mid-1980s became dominated by competitive pressures it is important to put this picture into perspective. As in earlier periods, such competitive thinking was not confined to the international sphere but equally applied to the relations between trade union representatives of different national plants. As contemporaries acknowledge, there were, for instance, continued serious clashes between the Vauxhall Luton and Ellesmere Port plant trade union organisations. At Ford the foundry closure demonstrated graphically the divisions within the Dagenham trade union organisation, not to speak of the traditional rivalry between Dagenham and Halewood. In Germany, the picture did not look so very different: In the *Opel* plants, for instance, major conflicts between the works councils at Rüsselsheim, Bochum and Kaiserslautern erupted over the location of production and local agreements with management concluded without prior knowledge of representatives of other plants.<sup>205</sup>

These considerations not only serve to put international interest conflicts into a wider perspective. More generally, they underline the context-dependent character of union co-operation: while in cases of vital importance to most plants a "German" or "British" solidarity could be constructed this did not eliminate "internal" divisions. This also helps to explain an apparent paradox emerging in the early 1980s, namely the fact that heightened competitive thinking coincided with repeated instances in which the discourses of British and German trade unions started to be couched in terms of a "European interest".

This development was mainly a result of the changing overall situation in the European motor industry with the massive market offensive by Japanese companies, and the related processes of business globalisation at Ford and General Motors. How these changes affected British union strategies at national level had already been revealed in 1981 when the TUC, realising that the Japanese challenge could only be met through strategies at European level, actively lobbied the German *DGB* to push the Bonn government towards a more restrictive attitude in dealing with Japanese car

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<sup>204</sup> Interview with Ron Todd, former General Secretary of the TGWU.

<sup>205</sup> Cf. for instance: *Frankfurter Rundschau*, 18 April 1988.

exports. Lobbying included bilateral meetings and initiatives through the European Metalworkers Federation (EMF).<sup>206</sup>

At company level a similar shift of perception occurred, much more visibly at Ford where the new company alliance with Mazda and other selected features of globalisation, such as *Escort* production in Brazil, caused anxiety among labour representatives. These were greatest among design and product development trade unions as it was in this field that Ford's globalisation had its most marked impact. Already in May 1981, against the background of headcount reductions in both the German and British product development locations, the local German works council in Cologne-Merkenich and TASS, the main British designer and technicians' union, wrote a joint letter to Philip Caldwell, president of Ford of Europe, requesting assurances about the future role of the European facilities within Ford's worldwide design and development organisation.<sup>207</sup> The anxiety expressed was foremost related to Ford plans for a stronger participation of Mazda in the design and development of small cars but also to broader strategic globalisation schemes that would re-integrate Ford of Europe with the North American operations.

In the bilateral German-British meetings the "Japanese threat" was the main item on the agenda, and at national level TASS representatives time and again raised similar questions; closer collaboration of Ford with Mazda was described as "another step in the transfer of European technology to Japan."<sup>208</sup> British and German unionists alike started to identify themselves with "Europe" and "European interests"; it was repeatedly emphasised that "Japanisation" and other features of worldwide programs, e.g. the planned import of *Escorts* made in Brazil into European markets, would have a damaging effect on job security in the European locations. TASS representatives elaborated that "[...] they wanted to ensure that EAO [European Automotive Operations, T.F.] should have a significant influence on developments and that world programs would not equate centralisation of product development in the United States."<sup>209</sup> Another Anglo-German trade union meeting in 1983 expressed concern

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<sup>206</sup> TUC, Economic Committee, 8 July 1981, in: MRC, MSS. 292 D, 560.1, Box 1093; Inter-departmental correspondence David Lea to Len Murray, 20 May 1981, 10 June 1981, 18 June 1981, in: Ibid., MSS. 292D, Box 1709.

<sup>207</sup> Letter works council Cologne-Merkenich/TASS Dunton to Caldwell, 6 May 1981, in: Archive IG Metall Cologne, file "BR Ford-P von 1977 bis Dez. 1984".

<sup>208</sup> Product development staff monthly meeting, 27 March 1981, 19 June 1981, in: Archive Betriebsrat Produktentwicklung, *Fordwerke AG*, file „Ford Europa“.

<sup>209</sup> TASS, Product Development Staff monthly meeting, 23 July 1982, in: Ibid.

about "American and Japanese intrusion in European responsibilities".<sup>210</sup> In 1986, the Merkenich works council and the TASS Dunton branch again jointly approached Ford of Europe management to lobby against a stronger role for Mazda in Ford's product development division.<sup>211</sup>

It was not least this joint interest in safeguarding employment prospects that brought British staff unions to lobby for regular cross-border meetings with the management of Ford of Europe – anticipating the creation of a European Works Council by a decade. The closer connection of Europe with other continents in terms of business strategy helped to create a stronger sense of unity between British and German trade unions – despite frequent and ongoing rivalries about the allocation of workloads and responsibilities. As a matter of fact, the year 1985 witnessed the serious attempt to transfer large parts of European product development from Germany to Britain, causing a storm of protest in Cologne.<sup>212</sup> But beyond these issues British and German union representatives now shared the belief that – under the conditions of business globalisation – they were forced to work together with the long-term aim of retaining work in Europe.<sup>213</sup>

## *V. Conclusion*

The early 1980s proved to be a watershed in the history of British trade unions at Ford and Vauxhall. The impact of the second oil crisis, the introduction of new automation technology, and heightened competition on West European car markets through the export offensive of Japanese firms led to employment cutbacks throughout the industry. The subsequent market recovery in the late 1980s was – compared to past experience – a period of jobless growth; employment levels usually remained well below the figures of the late 1970s.

In Britain the situation was particularly critical. At British Leyland capacity was reduced by 50 percent within a few years, resulting in the closure of numerous plants and the loss of about 100 000 jobs until 1985. At Ford UK and Vauxhall, too, there

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<sup>210</sup> „Treffen 21.-23.11.1983“, in: *ibid.*

<sup>211</sup> Bericht des BR Produktentwicklung zur Betriebsversammlung, 12 September 1986, in: Archive IG Metall Cologne, file „BR Ford-P von Dez 84 bis 6/89“.

<sup>212</sup> Bericht des BR Produktentwicklung zur Betriebsversammlung, 14 June 1985, in: *ibid.*

<sup>213</sup> Joint Staff Union Newsletter, Dunton, 17 February 1984, in: Archive Betriebsrat Produktentwicklung, Fordwerke AG, file „Ford Europa“.

were massive employment cuts. The role of British subsidiaries within the European company networks was further reduced, accelerating the job crisis through staggering levels of "tied imports". On several occasions and for the first time in post-war history British Ford and Vauxhall plants were seriously threatened with total closure.

Against this background employment security became, and remained throughout the decade, the single most important concern of British trade union policy – with dramatic consequences for their attitudes to labour-management relations. Calls from militant currents to oppose job cuts by strikes found little support, the prevailing view being that crisis effects could only be mitigated and that industrial action could even precipitate plant closures. Moreover, compared to British Leyland, the volume of redundancies was small, and the companies dealt with them through generously funded early retirement and separation schemes, further undermining militant protest potential.

The longer-term and more far-reaching change of union policy emerging from their reactions to the employment crisis in 1980/1 was the acceptance of management's quest for productivity levels as achieved in Ford and GM subsidiaries on the European continent. Cross-border efficiency benchmarking had been a management strategy since the 1960s, and by then this practice had already been connected to threats to withhold future investment. But it had always been related to decisions for expansion, and consequently employment security concerns had only occasionally become an overriding union policy priority. British union agendas had remained dominated by aspirations to improve wages and working conditions. In this context, management threats had often been rejected as deliberate attempts to undermine legitimate trade union objectives. Cross-border productivity benchmarking had been countered by international comparisons of capital asset and wage levels.

The crucial change in the early 1980s was that international investment decisions ceased to be decisions about a faster or slower rate of job creation. They became associated with mass redundancies and threats of wholesale plant closures. The latter scenario was given added credibility by the radical cutbacks at British Leyland. If the publicly owned "national champion" was encouraged by the government to operate mass redundancies on a previously unimaginable scale no social or political considerations appeared to prevent Ford or Vauxhall to close individual plants. Moreover, in a situation of general recession, Ford's and GM's pattern of double-sourcing of identical car models in Britain, Germany, Spain and Belgium made the closure of individual plants a very realistic option.

Against this background the view came to prevail that a more co-operative trade union attitude towards the achievement of higher productivity was necessary to avoid catastrophic employment losses. This fundamental change of union positions, at Ford occurring slower and internally more contested than at Vauxhall, was expressed in active trade union discouragement of industrial disputes and a number of crucial concessions to raise labour productivity between 1981 and 1987.

The employment crisis of the early 1980s also led to fresh trade union demands for the implementation of import controls. The idea of protecting the British motor industry, including the UK subsidiaries of Ford and GM, from European (tied) imports was also an important element contributing to renewed trade union calls for British withdrawal from the Common Market. However, even the most ardent promoters of import controls could have few illusions about the improbability that such a policy would be implemented by a Conservative government.

Therefore, union strategies shifted away from a sole focus on state control towards a broader approach to protect the sales of Ford UK and Vauxhall on the British market against tied imports – through consumer mobilisation to buy a British-made Ford or Vauxhall, through public campaigns depicting the companies' import policies as "unpatriotic", and at Vauxhall through the credible threat of import handling bans. All these measures were designed to exploit vulnerabilities of the companies to factors that could threaten their sales on the very profitable UK market, be it because of the physical non-delivery of vehicles or the loss of "British" image still important particularly in the company car sector. Similar campaigns had already been occasionally orchestrated in the past, particularly at Ford. From the early 1980s they acquired more prominence. Perhaps the most crucial element was the "local content" concept, prescribing a minimum level of British-based production for cars designed for sale on the UK market.

These campaigns also reflected a strong element of continuity in the evolution of trade union policy at Ford and Vauxhall, namely the slow shift from concerns about exports towards an almost exclusive focus on protection against tied imports. In the early 1960s the potential for higher EEC export sales had been perceived as a major benefit of Ford's internationalisation by many (right-wing) British union leaders. Since the late 1960s this optimism had been lost, and highly critical attitudes of corporate export restrictions had been accompanied by increasing fears of (tied) imports. In the 1980s attention was almost exclusively concentrated on how to alter Ford's and GM's international strategies to make them source British demand by their plants in the UK.

Union campaigns were not without success, at Vauxhall more so than at Ford, not least because they were supported – in part by coincidence, in part in a co-ordinated fashion – by influential press and academic commentators, and the attitudes of local government authorities such as the Greater London Council. The trade union case was further strengthened by the public debates about local content provisions at Nissan, prompting even the Thatcher government to put pressure on Ford and Vauxhall to increase their British production levels. Two agreements, concluded at Vauxhall in 1983 and 1985, stipulating concrete company commitments to the increase of production capacities in British plants, were the most tangible results of union efforts. Partly as a result of these agreements Vauxhall production volumes almost doubled between 1982 and 1987.

As a side-effect of such campaigns trade union concern with corporate product and investment planning, having become more important for union strategies since the 1960s, was reinforced. At the same time, the campaigns strengthened the new co-operative attitude with regard to the productivity question. The success of public mobilisation was not least due to the fact that trade union claims for higher production and investment levels in the UK could now be based on a public image that showed British operations as catching up with European productivity standards.

The new trade union commitment to higher efficiency was also instrumental in bringing about a closer national labour-management coalition to defend and enhance the place of British plants within the European networks. This was of particular importance at Ford where – unlike Vauxhall – British operations still accounted for a large part of overall European structures. In a rudimentary form this coalition pattern had already been discernible since the early days of Ford of Europe in the late 1960s but then and in the 1970s the almost permanent conflicts over productivity and industrial disputes had made it a very minor feature. Now, British Ford management, including influential UK managers in the European holding, actively collaborated with British unions to influence key sourcing decisions in favour of plants in the UK – at times with considerable success.

Unsurprisingly, this development, paralleled in Germany to an even greater extent, proved counter-productive to endeavours for international trade union co-operation at Ford and General Motors. While the employment crisis of the early 1980s triggered an increasing number of international meetings at all levels, many of them organised in Britain, little was achieved beyond the exchange of information. The agenda was now

completely dominated by employment security matters, and the related questions of investment and production. But joint initiatives were fundamentally hampered by accelerated competition for investments between different plants, in which trade unions often lined up with local managements against the interests of other locations. The pleas of British unions to consider that employment cuts in the UK had been larger than elsewhere went unheard. Indeed, the new focus of British union strategies on the vulnerability of Ford and GM's national market position itself diminished the potential for international trade union understandings: for UK labour representatives it reduced the urgency of such co-operation, abroad it triggered incomprehension and accusations of "nationalism". Under these circumstances cross-border contacts could be regarded as a success if they resulted in a degree of mutual comprehension. More often they were overshadowed by a climate of open hostility.

Yet, the chapter also demonstrated that such conflicts of interests did not necessarily have to lead to complete paralysis. Tensions arising from competition for scarce resources also increased between plants within countries but this did not prevent co-operation at national level where common interests were at stake. This logic now also started to apply to the international sphere as evident in the joint actions by German and British union representatives in Ford's product development division to secure the place of European operations in the emerging process of company globalisation.

In contrast to the 1970s, comparisons of labour relations and trade union practices played no significant role in international trade union encounters. More generally, such aspects lost much of their importance for British union policy during the 1980s. Debates within the TUC to shift policy towards a positive approach to legalisation of industrial relations along the model of countries on the European continent, discernible since the mid-1980s, found little echo at Ford and Vauxhall. TGWU and AEU negotiators did observe attentively the employment situation in other European subsidiaries, particularly in Germany, and in this context the awareness increased that British unions now lagged behind their German counterparts both in terms of wages and employment security. It is also noteworthy that the dismissive rhetoric of German trade unionism, widespread in the 1970s, hardly occurred during the 1980s. But this did not entail initiatives for a change of industrial relations patterns in the UK.

## Chapter 6

### Towards a new trade union inter-nationalism (1988-2001)

#### *I. The economic and political context*

##### *1. The British car industry in European context*

The development of the European car market in the 1990s can be divided into two different periods. In the first half of the decade the sales peak achieved in the boom of the late 1980s petered out and was followed by a downturn lasting until 1995. Only in Germany did growth continue massively in 1991/2 due to reunification and the consumer boom in the former GDR. Recession was particularly pronounced in Britain in 1991/2. It was only towards the end of the century that European car demand reached a new historical record but even this upward trend was weak compared to previous periods of growth.<sup>1</sup>

Under these circumstances competition became still harsher than during the 1980s: In the first half of the decade market stagnation led to over-capacities resulting from the expansion programs undertaken by the major companies in the late 1980s. Firms struggled to hold on to their market shares through massive discounting and marketing campaigns eroding profitability.<sup>2</sup> Moreover, there was a new market trend to diversification and fragmentation of consumer demand that required additional research and development efforts. The competitive climate was exacerbated by the arrival of the Japanese companies Nissan and Toyota in the UK, complemented by Honda creating its own transplant apart from the co-operation with British Leyland. Through these direct investments the Japanese productivity and quality challenge, driving force in the European motor industry since the early 1980s, had an even greater impact upon established firms. Moreover, this further accentuated the problem of over-capacity: Between 1987, the opening of Nissan's Sunderland plant, and 1999 the combined output of the three firms rose from zero to about 600 000 units, representing roughly

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<sup>1</sup> Cf. Williams et. al., *Cars*, pp. 177ff.; Bordenave, *Ford of Europe*, 248ff.; Tolliday, *Ford of Britain: Statistical appendix*, p. 129.

<sup>2</sup> Tolliday, *The Decline of Ford in Britain*, p. 82.

one third of overall British car production.<sup>3</sup> From 1990 onwards, the end of the Cold War and the economic integration of Eastern Europe further accelerated competition as companies ventured into vehicle manufacturing in the former communist countries. More generally, the trend towards internationalisation of automobile production continued as heightened competition and prohibitive development costs forced companies to seek mergers and alliances in support of stronger financial bases and product portfolios.<sup>4</sup>

The British motor industry proved to be one of the winners in the period of stagnation up to 1997. After the modest recovery of production levels from the mid-1980s onwards output volumes increased further during the 1990s. By 1997 production volumes had almost doubled compared to the early 1980s although they were still below the historic peak of 1972. The newly arrived Japanese firms accounted for almost all the increase; Nissan had almost matched the output levels of Ford UK and Vauxhall. Rover, the privatised former BL car division owned first by British Aerospace, and from 1994 by BMW, retained its status as the biggest UK manufacturer.

During the subsequent period until the end of the century British automobile firms failed to benefit from renewed market growth. Apart from the ultimate decline of Rover this was caused by Ford's and GM's heavy downsizing of their UK operations. By contrast, production at Nissan and Toyota continued to grow. By 2000 Nissan was the leading British car producer.<sup>5</sup>

In qualitative terms the 1990s witnessed an important shift: For the first time since the early 1970s export sales of UK firms matched those of their European competitors. Compared to the levels of the early 1980s vehicle shipments abroad increased fivefold, now absorbing more than half of British aggregate output. In the case of the Japanese transplants export shares rose to about 70 percent of annual production.<sup>6</sup> Thus, the recovery of the British motor industry was export-led, contrary to the hopes and projections of trade unions in the 1980s that had gambled on increasing home sales. Indeed, Nissan's British market share declined from six percent in the late 1980s to less

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<sup>3</sup> Whisler, *The British Motor industry*, p. 381; Loewendahl, *Bargaining with multinationals*, p. 172.

<sup>4</sup> Cf. Lung, *Ford's M&A and alliance strategies*, op. cit.; Bordenave, *Ford of Europe*, pp. 252ff.

<sup>5</sup> Whisler, *The British Motor industry*, p. 381; Loewendahl, *Bargaining with Multinationals*, pp. 171f.; [www.autoindustry.co.uk/statistics/production](http://www.autoindustry.co.uk/statistics/production).

<sup>6</sup> Loewendahl, *Bargaining with Multinationals*, p. 173.

than four percent at the beginning of the new millennium. Rover, Ford and Vauxhall, too, depended heavily on export sales to achieve production targets.<sup>7</sup>

This evolution was paralleled by a transformation of the car market structure in Britain. While the trend towards higher import levels had been a long-term feature of the UK motor scene it had, however, been halted during the 1980s. Now import growth accelerated to the point that brand images became almost completely decoupled from aspects of manufacturing. Nissan, the rising new champion of vehicle production held a UK market share that was lower than in 1979 when the firm had not yet even considered to invest and produce in the United Kingdom. Toyota was never able to achieve more than four percent of the British market. The main beneficiaries of the erosion of Ford's and Rover's market positions were not firms that built up local production in the UK but pure importers, particularly *Renault* and *Volkswagen*. Even in the fleet sector importers now invaded the market. Altogether, the market share taken by imports rose from 56 percent in 1988 to 63 percent in 1996 and further to more than 70 percent at the end of the 1990s. As Tolliday has put it: "The once powerful imperative to 'Buy British' lost its force."<sup>8</sup>

## 2. Ford UK and Vauxhall in the international company networks

Over the course of the 1990s Ford UK and Vauxhall were not able to alter their status as junior partners in their respective European groups. The improvements of their relative positions achieved in the late 1980s under the conditions of a booming British market and an effective local content campaign came to a halt in the early 1990s: Vauxhall benefited from the sales boom in the former GDR in line with the German sister company and subsequently shared the burden of stagnating European sales for the rest of the decade. Ford UK slipped back to 20-22 percent of the company's European output in the early 1990s and remained at this level until the millennium, thus sharing proportionally in the decline of Ford's market share in Europe.<sup>9</sup>

In terms of employment the pattern was uneven: While Ford and GM's European operations were all affected by the relentless drive towards higher productivity the local starting points were very different. Vauxhall's labour force had already been cut heavily

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<sup>7</sup> Tolliday, *Ford of Britain: Statistical appendix*, pp. 131.

<sup>8</sup> Tolliday, *The Decline of Ford in Britain*, p. 83; cf. for data on the UK market in the 1990s: id., *Ford of Britain: Statistical appendix*, p. 131.

<sup>9</sup> Id., *Ford of Britain: Statistical appendix*, p. 144; [www.acea.be/ASB/ASBv1\\_1\\_new.nsf](http://www.acea.be/ASB/ASBv1_1_new.nsf)

during the 1980s when company activities had been confined to assembly, and the Luton and Ellesmere Port plants had achieved enormous productivity improvements. Therefore additional job losses now remained moderate and even below the levels in German *Opel* plants. At Rüsselsheim, for instance, employment was cut down from 30 000 in 1990 to 24 500 in 1998/9 while Vauxhall headcount levels remained largely stable during the 1990s.<sup>10</sup> Ford UK, on the contrary, continued to shed labour massively throughout the 1990s. Employment levels in the German and British subsidiaries had been roughly equal at about 48 000 in the late 1980s but subsequent reductions pushed it below 30 000 in the UK with *Fordwerke* figures remaining at 42 000 still in 1999.<sup>11</sup>

On the one hand, this picture of stagnating output and declining employment levels was disappointing in the light of Nissan's dynamic growth and Ford UK's own ambitious expansion programs in the late 1980s. Dagenham, in particular, suffered a severe blow in 1989 when *Sierra* production was removed and transferred to Genk, leaving the plant with *Fiesta* assembly alone. Thus, as at Vauxhall, Ford's British production was now confined to two single model-plants (Halewood producing *Escorts*). Imports from the Continent now included not only the top-of-the range models but also the *Sierra* and its successor *Mondeo*.<sup>12</sup>

On the other hand, the situation of European car markets and industries changed dramatically from 1990 onwards, and under the new conditions the two British subsidiaries fared better than could perhaps have been expected. At Vauxhall production levels in the early 1990s, for the first time since the mid-1970s, matched and at times exceeded the aggregate UK sales of the company despite continued tied imports of *Corsas* and other *Opel* vehicles. This remained the case until the end of the decade even against a downward trend of Vauxhall market share in the UK because the company now exported up to half of its output to markets in the European Community. Similarly, at Ford, the removal of *Sierra* production from Dagenham was compensated for by large-scale exports of *Fiestas* (and to a minor extent *Escorts*) to Europe although volumes did not reach those of Vauxhall. This ensured that Ford UK's share of European production remained relatively stable despite the rapid and durable erosion of Ford's market share in Britain.<sup>13</sup> Moreover, Dagenham and Bridgend strengthened their

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<sup>10</sup> Holden, Vauxhall and the Luton Economy, chapter 10; Betriebsrat der Adam Opel AG, Standort Rüsselsheim (ed.), Betriebsratswahlen Opel Rüsselsheim, 1945-2002, Rüsselsheim 2002.

<sup>11</sup> Cf. Tolliday, Ford of Britain: Statistical appendix, p. 143; Thomes, Searching for Identity, p. 174.

<sup>12</sup> Tolliday, The Decline of Ford in Britain, pp. 101/102.

<sup>13</sup> Ibid., pp. 103f.; Loewendahl, Bargaining with Multinationals, p. 173.

position as Ford's main European locations for engine production: Bridgend's capacity was raised to one million engines per year in the mid-1990s with an export share of 80 percent, and Dagenham's position as Ford's sole source of diesel engines was equally consolidated. Far from matching this performance Vauxhall, after a decade of pure assembly operations, also managed to re-launch engine production when its Ellesmere Port plant was allocated the manufacture of engines for Opel's top-of-the range models in 1990.<sup>14</sup>

These developments have also to be seen against the background of radical changes in the global political economy and the acceleration of Ford and GM's drive towards globalisation. The latter process had started in the early 1980s with the first steps by General Motors to design and manufacture "world cars". In the 1990s both companies pushed this pattern much further: They integrated European and North American operations through joint product platforms and the creation of functional transatlantic divisions covering all major company activities. In 1994 Ford brought out its first real "world car", the *Mondeo*, manufactured identically at sites in Europe and North America. General Motors followed shortly afterwards with a complete range of global vehicle platforms. However, given that globalisation caused internal problems and initially resulted in little commercial success, the 1990s saw Ford and GM hesitant as to how far to push the process; both companies remained in an intermediate stage between global integration and distinct European structures and product portfolios. In the case of GM the latter aspect had been given formal expression through the set-up of the General Motors Europe holding in Zurich in 1986.<sup>15</sup>

Nevertheless, the trend towards globalisation fuelled competition between locations within the companies. For instance, the expansion of engine production at Dagenham and Bridgend took place after intense investment competition with plants in other countries.<sup>16</sup> Internal competition further increased by the geographical expansion of GM and Ford activities in line with more general trends in the European motor industry. GM established new plants on a durable basis in Eisenach in the former GDR and in Gliwice (Poland); Ford set up factories in Turkey and later in Russia. Moreover,

<sup>14</sup> Cf. Tolliday, *The Decline of Ford in Britain*, pp. 110/111; *Wirtschaftswoche*, 4 May 1990.

<sup>15</sup> Gérard Bordenave/Yannick Lung, "The twin internationalisation strategies of US carmakers GM and Ford", in: Michel Freyssenet/Koichi Shimizu/Giuseppe Volpato (eds.), *Globalization or Regionalization of the American and Asian Car Industry?*, Palgrave-Macmillan, London 2003; Gérard Bordenave, "Globalization at the Heart of Organizational change: Crisis and Recovery at the Ford Motor Company", in: Michel Freyssenet et. al. (ed.), *One best way? Trajectories and industrial models of the world's automobile producers*, Oxford 1998, pp. 211-241.

<sup>16</sup> Tolliday, *The Decline of Ford in Britain*, p. 101, 110f.

both companies sourced components from locations in Eastern Europe and reached further out towards China and India.<sup>17</sup>

Taken together with a relatively stagnating European car market and the decline of Ford and GM's market share these internationalisation strategies created almost permanent pressure to cut costs and employment levels in West European plants. Rumours about impending plant closures were the order of the day. At Ford UK, for instance, the termination of *Sierra* production in 1990 was clearly coupled to closure threats, and speculations about the shutdown of one of the two British assembly plants regularly re-occurred thereafter. In all locations in Western Europe continuous exercises of "restructuring" resulted in further productivity drives often accompanied by reductions of workforces. Plant closures were avoided until the end of the decade although Ford's Halewood plant only narrowly survived a terminal crisis in 1997 when *Escort* assembly was discontinued in an attempt to reduce European overcapacity. After months of uncertainty the plant was allocated to production for Ford's newly-acquired luxury brand Jaguar. Similarly, at the Vauxhall Luton plant an eminent danger of rundown was averted in early 1998.<sup>18</sup>

However, the big rupture came in 2000 when Ford and GM, still plagued by declining market shares and large European over-capacities, both decided to close plants in Britain, thus at once further reducing the role of UK subsidiaries in their European networks. Ford UK closed its traditional Dagenham assembly plant despite the fact that it had matched European cost and productivity standards for almost a decade. Employment losses were only marginally offset by increased engine production. A few months later Vauxhall discontinued vehicle assembly at Luton, single-sourcing production of the new *Vectra* (successor of the *Cavalier*) from a brand-new facility at Rüsselsheim in Germany. The decimated UK manufacturing operations were concentrated at Ellesmere Port.<sup>19</sup> Both companies entered the new century having heavily downgraded their oldest production locations in Europe.

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<sup>17</sup> Bordenave/Lung, *The twin internationalisation strategies*, op. cit.

<sup>18</sup> Tolliday, *The Decline of Ford in Britain*, pp. 102, 105f.; *automobil revue* Bern, 26 March 1992, *General-Anzeiger* Bonn, 21 August 1992; Interview with Steve Broadhead, former chairman of Vauxhall Joint Negotiating Committee.

<sup>19</sup> Tolliday, *The Decline of Ford in Britain*, p. 108; Holden, *Vauxhall and the Luton Economy*, chapter 10.

### 3. British governments, the European Union, multinational firms, and British trade unions

Margaret Thatcher and, from 1992, her Conservative successor John Major continued the neo-liberal economic policy of the first decade of Tory governments: Energetic promoters of further trade and capital liberalisation in Europe and globally they refrained from attempts to intervene into the operations of multinational firms in any significant way, emphasising that foreign investment had to be attracted by offering an attractive environment, not least through labour market flexibility and restrictions of organised labour. Further legislation was enacted to limit the potential for trade unions to engage in industrial action.<sup>20</sup>

Unsurprisingly, government ministers were not prepared to intervene in the crisis situations involving Ford or Vauxhall. Incidents such as the removal of *Sierra* production from Dagenham in 1989 or the termination of *Escort* assembly in Halewood in 1997 were described as regrettable but justified in that they represented commercial decisions taken by companies, which should not be contested. To secure future investments British locations would need to further increase productivity levels. At most, the government did assist with investment grants.<sup>21</sup> The arrival of the Labour government in 1997 only marginally altered this picture. When Vauxhall and Ford announced their closure decisions in 2000 ministers made protest noises but in effect, the Labour cabinet did little else than soften the closure decision through financial aid and re-training measures for the affected workers. In the case of Dagenham the government also set up a plan for the regeneration of the area including assistance for small businesses and public investments into the local infrastructure.<sup>22</sup>

As a matter of fact, the Labour Party, having backtracked from ideas for a left-inspired "alternative economic strategy" already after the 1983 election defeat, abandoned this agenda completely from the late 1980s onwards. The party now also wholeheartedly welcomed European market integration and the development of social policy at European level.<sup>23</sup>

This change took place against the background of a major transformation of the European Economic Community itself. In 1986 a new treaty to create a "European

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<sup>20</sup> Cf. Undy, *Managing the Unions*, op. cit.

<sup>21</sup> Cf. for instance *Parliamentary Debates*, Sixth Series, vol. 145, col. 334; vol. 289, cols. 937f.

<sup>22</sup> *Financial Times*, 12 May 2000, 15 December 2000.

<sup>23</sup> Cf. Middlemas, *The End of the Postwar Era*, pp. 410f.

Single Market" was ratified by the Member-States, aiming at the removal of all the remaining barriers to the cross-border movement of goods, capital, services and persons within the Community.<sup>24</sup> In 1992 closer market integration was complemented by a deepening of economic policy co-ordination, most visibly expressed in the decision to introduce a single European currency by the late 1990s. Moreover, the re-baptised "European Union" also started to play a much more important role in aspects of social and industrial relations policy.<sup>25</sup>

These transformations had a deep impact on British trade unions. The watershed came at the 1988 TUC Congress, which endorsed a General Council report advocating the acceptance of the "Single European Market" project, while supporting the further development of the social dimension of the Community. This meant the reversal of the hostile congress attitudes of the early 1980s.<sup>26</sup> At the same time the remnants of the alternative economic strategy disappeared from Congress floors: issues such as import restrictions or local content, which had been prominent in union campaigns still in the mid-1980s, simply ceased to be debated during the 1990s.

One of the best illustrations of this shift was the new approach towards multinational companies. For the "new realist" fraction among the TUC unions (e.g. AEU) the investment prospects associated with the activities of such companies were one of the main benefits of further European market integration. Left-oriented unions such as TGWU and "Manufacturing, Science, Finance" (MSF) – the new amalgamated white-collar union – continued to denounce the power of multinational firms but accepted international economic integration as a *fait accompli*, which could not be successfully challenged by individual Nation-States.<sup>27</sup> Even the most radical organisations abandoned their long-cherished ideas of Britain temporarily or permanently isolating itself from the pressures of international competition. Left strategies now replaced the old objective of bringing Britain out of the European Community with a new approach that aimed at internationally co-ordinated growth programs and the strengthening of cross-border trade union co-operation.

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<sup>24</sup> Cf. Geoffrey Garrett/Barry R. Weingast, "Ideas, Interests, and Institutions: Constructing the European Community's Internal Market", in: Judith Goldstein/Robert O. Keohane (eds.), *Ideas and Foreign Policy: Beliefs, Institutions, and Political Change*, Cornell University Press, Ithaca, N.Y., 1993.

<sup>25</sup> For a longer-term study of these changes see Andrew Moravcsik, *The choice for Europe: social purpose and state power from Messina to Maastricht*, Cornell University Press, Ithaca, N.Y., 1998.

<sup>26</sup> Cf. MacShane, *Trade unions and Europe*, op. cit.

<sup>27</sup> Cf. Rosamond, *National labour organisations*, op. cit.

The new British trade union attitude towards the European Community (from 1992 European Union) reflected another far-reaching shift of positions, namely the re-appraisal of the traditional attitudes towards industrial relations law. The latter process had been set in motion since 1986 when the TUC Congress adopted a resolution that accepted certain limited restrictions of traditional trade union immunities, in turn asking for a strengthening of legal union rights. In this context, comparisons with the European continent played an important role. It was increasingly believed within the British union movement that the legal regulations applied in many continental countries provided better instruments for the protection of labour market interests than the traditional British reliance on industrial action. In union discourses the rights of employees to statutory minimum pay, vocational training, and other benefits now featured as "best European practice" that should be copied in the UK. In terms of collective labour law it was similarly argued that Britain had to catch up with the more extensive information and consultation rights enjoyed by labour representatives on the continent.<sup>28</sup>

For the representatives of "new realism" among the TUC unions the emphasis on legal rights instead of industrial muscle was hardly surprising given that they themselves advocated agreements with employers containing no-strike clauses and compulsory arbitration. But even unions remaining on the Left such as the TGWU were forced to admit the increasing difficulty of using the strike weapon facing hostile legislation, employers undermining shopfloor mobilisation by closure threats, and workforces often difficult to mobilise.<sup>29</sup>

In this situation the new legislative role of the European Union in social and industrial relations matters offered a new set of opportunities. In substantive terms it enhanced employee rights, e.g. through directives on working time, dismissal procedure, and parental leave. In procedural terms it raised the prospects for an improvement of information and consultation structures in the UK through European legislation.<sup>30</sup>

The return of Labour to power in 1997 reinforced the "European trend". The new cabinet under Tony Blair undertook a number of important initiatives to create a stronger positive framework of employment law in Britain, e.g. with regard to minimum

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<sup>28</sup> Waddington, *Trade union organization*, pp. 234/235.

<sup>29</sup> Cf. Terry, *Employee representation*, pp. 265ff.

<sup>30</sup> Cf. Anton Hemerijck, "Beyond the Double Bind of Social Europe", in: Lars Magnusson/Bo Strath (eds.), *A European Social Citizenship? Preconditions for Future Policies from a Historical Perspective*, Peter Lang, Brussels, 2004, pp. 89-123.

pay and statutory trade union recognition. These achievements were welcomed by the unions. In internal debates they made it easier for the TUC majority to marginalize left-wing critics who protested against the fact that the new Labour government maintained most of the Tory industrial relations laws.<sup>31</sup>

Significantly, the union position was also reinforced by the more direct effects of deepened European market integration. Left and Right within the TUC were united in attacking the view of successive Tory governments according to which low labour costs and deregulation were the best guarantees for attracting investment to the UK. Decisions of multinational firms to close British plants nurtured these beliefs; there was a perception that companies chose the UK as a cheap and easy target for mass redundancies that would be more costly and difficult to implement in countries like Germany. This appeared to require the creation of similar provisions in Britain to create a European "level playing field".<sup>32</sup>

The stronger European dimension in the outlook of British trade unions also helped to underpin the continuing trend to collaborate with employers in raising productivity in the manufacturing industries. Reference to continental models of "social partnership" served to legitimise labour market strategies that traded longer-term employment security against wage concessions and the active promotion of productivity growth. Throughout the 1990s strike rates fell to levels similar to traditionally conflict-free countries such as Germany.<sup>33</sup>

The degree and speed of the turn towards Europe in terms of industrial relations remained controversial within the British union movement. There were, for instance, diverging views on the question whether works councils as a second channel of employee representation would be acceptable in the UK. It was widely agreed that labour-management consultation procedures in Britain were in need of "upgrading" to "best European practice" but, in continuity with the thinking of the 1970s, there was also widespread anxiety that this should not lead to a weakening of trade union strength through the establishment of a rival mechanism of employee representation. "New realist" unions tended to emphasise potential benefits while those on the Left warned against drawbacks.<sup>34</sup> A TUC compromise document, adopted by Congress in 1995,

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<sup>31</sup> Waddington, *Trade Union Organization*, pp. 229/230; cf. R. Undy, "New Labour's industrial relations settlement: the third way?", in: *British Journal of Industrial Relations* 37/1999, pp. 315-336.

<sup>32</sup> Terry, *Employee representation*, p. 277.

<sup>33</sup> Cf. Waddington, *Trade Union Organization*, pp. 224f.

<sup>34</sup> For this controversy see Kelly, *Works Councils*, op. cit.; Hyman, *Is there a case*, op. cit.

envisaged the possibility of a second channel of representation but insisted on an implementation that gave trade unions - where they were recognised - the monopoly to nominate employee representatives in such consultation councils instead of a procedure based on direct workforce ballots.<sup>35</sup> This approach, often described as “single channel plus”, practically determined British union policy also in the debates about the universal introduction of statutory consultation structures in the UK through an EU directive in the late 1990s – ending with the adoption of the directive in 2001: The TUC actively lobbied in favour of the directive while pushing hard for a “single channel plus” implementation in Britain.<sup>36</sup>

#### 4. Labour-management relations at Ford UK and Vauxhall

Throughout the 1990s the trend towards more co-operative labour-management relations at Ford UK and Vauxhall continued. The number of industrial disputes further decreased. Both companies became models of the “social partnership” approach advocated by the TUC. On the union side the overriding factor driving this partnership thinking remained the continued fear of plant closures. Time and again heightened by public speculations about impending cutback measures. There were several waves of these discussions with the two main occasions in 1992/3 and 1997/8. On both occasions Ford and GM company executives publicly contemplated the closure of one or several British production locations as an instrument to reduce over-capacity and achieve cost-savings. In the year 2000 closure threats eventually materialised.<sup>37</sup>

Against this background the large majority within Ford and Vauxhall trade union organisations continued to advocate collaboration with management in improving cost competitiveness, both by the change of working practices in support of productivity drives, and by the acceptance of lower wage increases. There were only very few countervailing signs, at Ford Halewood for instance a strike by craftsmen over the 1990 pay deal, and an initiative to oppose voluntary redundancies in 1993. In both companies the pay negotiations in 1995/96 witnessed a clear shopfloor determination to strike. But in all these instances the leading union figures both at national and at plant level made

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<sup>35</sup> Cf. Waddington, *Trade union organization*, pp. 234/235; Terry, *Employee representation*, pp. 274ff.

<sup>36</sup> See for instance TUC, *EU Directive on Information and Consultation*, 2002, in: <http://www.tuc.org.uk/law/tuc-5229-f0.cfm>, 4 June 2005.

<sup>37</sup> Tolliday, *The Decline of Ford in Britain*, pp. 102, 105f.; *automobil revue* Bern, 26 March 1992, *General-Anzeiger Bonn*, 21 August 1992; Interview with Steve Broadhead.

great efforts to contain disputes. In the case of wildcat strikes convenors and national union officials alike usually undertook fervent efforts to convince employees to return to their workplaces.<sup>38</sup>

The new style of union-management relations was reflected in a series of crucial agreements. At Vauxhall, following the merger deal of its outsourced commercial vehicle division "Bedford" with the Japanese company Isuzu, the first milestone came in 1990 with an agreement for a new engine plant at Ellesmere Port, introducing a wholesale reform of working practices and a new arbitration procedure that came close to a "no-strike" provision. During the wage negotiations in 1992/3 the central features of this agreement, with slight alterations, were extended to the entire company operations. In 1997 an agreement entitled "working together to win" provided for another major reform of working practices and the flexibilisation of shift and working time patterns. One year later in an additional contract the unions accepted that wages and vacations for new Vauxhall employees would initially be lower than current standards.<sup>39</sup>

At Ford, union support for a "survival plan" at Dagenham in the early 1990s was followed in 1995 by a special agreement to secure a Mazda contract order, involving union acceptance of temporary labour, flexible shift patterns, and stricter control of absenteeism – beyond the commitment to avoid industrial disputes. At Halewood a new "Charter" signed in the wake of the 1997 decision to build Jaguar models called for total co-operation of the workforce in the revisions of work standards and the achievement of productivity and quality standards. At Dagenham a "Modern Operating Agreement" from 1999 guaranteed a further quantum leap in co-operation with regard to working time flexibility, labour mobility, and other matters.<sup>40</sup>

As a result, productivity levels in Ford UK and Vauxhall plants increased enormously throughout the 1990s, repeatedly earning workforces and unions the public praise of senior company officials.<sup>41</sup> On the part of management, the reinforced collaboration also included a strengthening of participatory elements in labour

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<sup>38</sup> Cf. Darlington, *The Dynamics of Workplace Unionism*, pp. 256ff.; *Handelsblatt*, 16 April 1996.

<sup>39</sup> CAITS, Trade union responses to new managerial initiatives: The new V 6 engine plant agreement, Ellesmere Port, Vauxhall Motors, March 1990, in: Archive TGWU Liverpool; Minutes of meeting of the Vauxhall JNC, 27 August 1992, 18 September 1996, 15 July 1997, 8 April 1998, in: Archive Vauxhall Motors Ltd. HRM department, file JNC Minutes, Vols. 6/7.

<sup>40</sup> Cf. Tolliday, *The Decline of Ford in Britain*, pp. 102ff.; *Financial Times*, 22 April 1999; "Proposal to produce Mazda Vehicles within Dagenham Operations: Employee Relations Strategy", 4 November 1994, in: Archive AEEU Dagenham.

<sup>41</sup> Cf. for instance Tolliday, *The Decline of Ford in Britain*, p. 103.

strategies, both on the shopfloor and in the dealings with unions at national level. At Ford, this was best expressed in the initiative for a new industrial training scheme to be run jointly by unions and management. A further small but significant sign of the new spirit of co-operation was the decision to discontinue the practice of drawing up detailed protocols of the meetings of the Ford national negotiating committee. At Vauxhall, management equally took the unions into greater confidence, involving their negotiators more closely in discussions of corporate strategy.<sup>42</sup>

## *II. 1988-1990: Reorientations of trade union strategies*

### *1. Abandoning the national market approach*

From the early 1980s British trade unions at Ford and Vauxhall had focussed their employment security campaigns on a strategy based on the appeal of the national market to the two companies. The overriding objective had been to pressure them to source their profitable UK sales from British production. Assisted by the public uproar about high levels of tied imports the mobilisation of consumers, local communities and the broader public, at Vauxhall crucially supported by the threat of industrial action, had yielded some, albeit modest success. Even the Thatcher government had temporarily been forced to put pressure on Ford and Vauxhall to increase local production.

By the late 1980s, however, the unions silently abandoned this strategy as new circumstances appeared to question its underlying rationale. Most importantly, the step-by-step implementation of the "Single European Market" undermined the exclusive focus on the domestic market. In general terms, the reinforcement of European market integration accelerated the trend towards business internationalisation. Even former "national champions" such as *Volkswagen*, *Fiat* or *Renault* engaged in mergers and international alliances.<sup>43</sup> Rover, the former British Leyland car division, continued its alliance with Honda before being taken over by BMW. The US-owned multinational motor firms took advantage of the new political framework to further pursue their plans

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<sup>42</sup> Interviews with John Hougham, former employee relations manager, Ford Dagenham, Bruce Warman, former director of personnel, Vauxhall Motors Luton.

<sup>43</sup> Cf. Freyssenet/Lung, *Between Globalization and Regionalization*, op. cit; for Renault: Loubet, Citroen, Peugeot, Renault, pp. 147f.; for FIAT: Giuseppe Volpato, "Fiat Auto and Magneti Marelli: Toward Globalisation", in: *Actes du GERPISA 22/1998*.

for international rationalisation. Low-volume production locations catering for domestic markets alone were replaced by truly pan-European sourcing arrangements – which were even embedded in the new schemes of globalisation. At Ford, for instance, corporate responses to the Single Market were instrumental in the decision to terminate *Sierra* production at Dagenham in 1989, single-sourcing the car and its successor *Mondeo* in Genk (Belgium). The move was part of an overall strategy to increase and rationalise European production capacities in anticipation of the Single Market.<sup>44</sup> At the same time, it reflected the new global strategy of “world cars” initiated with the *Mondeo* – providing for the manufacture of the vehicle at only one location both in North America and Western Europe.<sup>45</sup>

Against this background the conclusion drawn by a large majority within the TUC in 1988/9 was clear: “The growing internationalisation of investment is a fact of life in Western economies and the pace is likely to increase with the completion of the Single European Market.”<sup>46</sup>

As a matter of fact, this conclusion had been preceded by a period of intense internal struggle. The “Single European Market” project had been debated in the TUC Economic Committee since late 1985, and on several occasions thereafter. But by then left-oriented unions such as TASS and TGWU had still refused to accept the “inevitability” of further European market integration, requesting the TUC to launch a major lobby against the entire project, while at the same time hoping that a future Labour government would resist what was seen as the result of a campaign by international capital. The TGWU considered that “[...] TUC reaction should not be predicated by the assumption that the UK would or should remain in the EEC at all.” Even “new realist” unions such as the AEU worried about the effects of the Single Market project, for instance with regard to the removal of the possibility of using public procurement as a means to promote national firms.<sup>47</sup>

After the ratification of the Single European Act by the British Parliament in 1986 the TUC majority acquiesced into the development, expressed for instance in the organisation of a conference on European industrial policy in 1987. But criticism by some Economic Committee members persisted, with the insistence that the new

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<sup>44</sup> Cf. *Financial Times*, 17 January 1989.

<sup>45</sup> Tolliday, *The Decline of Ford in Britain*, p. 101; *Financial Times*, 17 January 1989.

<sup>46</sup> TUC, Economic Committee, 8 June 1988, “International Investment and the UK economy. Memorandum by the Trades Union Congress”, in: MRC, MSS.292D. 565/1, Box 1100.

<sup>47</sup> TUC, Economic Committee, 14 May 1986, “European Issues”, in: *Ibid.*, Box 1098.

European framework ought not to restrict the right of a future Labour government to support British industry.<sup>48</sup> The overwhelming election defeat of Labour in June 1987, however, removed this option from union agendas for the next five years; indeed, the Labour Party itself now took a major "European turn".<sup>49</sup> By early 1988 there was virtual consensus in the TUC [...] that it would not be possible to prevent the completion of the internal market". Connected to this, all major TUC affiliates agreed that, for good or for bad, multinational companies would mark the future even more than the recent past.<sup>50</sup>

This general development was reinforced by the more specific conditions at industry level. The car industry was among those sectors in which the Single Market was expected to result in major liberalisation effects – through technical harmonisation, the limitation of national state aids to domestic producers, and, perhaps most crucially, the boost to competition arising from the arrival of Japanese transplants in Europe.<sup>51</sup>

Taken together these features strongly militated against a continued trade union strategy focused upon the defence of the national market, all the more since it turned out that the British market with its high price and profit margins and the immediate presence of Nissan, and later Toyota, would be particularly affected. Stronger competition from European producers and the Japanese newcomers squeezed retail prices and unit profits. In connection to this, "British" loyalties of consumers, particularly in the fleet sector, eroded rapidly. Ford, and later also Vauxhall, were losing market shares in the UK – in the case of Ford this loss and the effect of recession led to a dramatic sales setback from 600 000 units in 1989 to 350 000 in 1992.<sup>52</sup> More generally, it was a widely held view in British union circles that the Single European Market was likely to create stronger economic growth in the centre of Europe than in Britain, thus making it even less appealing to focus future employment strategies exclusively on the national market.<sup>53</sup>

While discouraging the continuation of an inward-looking approach the new European political economy framework appeared to open up an alternative path to growth and employment security in the British motor industry. As a matter of fact, the arrival of Nissan, later followed by Toyota and Honda, not only caused turbulences on

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<sup>48</sup> TUC, Economic Committee, 11 February 1987, in: *Ibid.*, Box 1099.

<sup>49</sup> Cf. Minkin, *The Contentious Alliance*, pp. 470ff.

<sup>50</sup> TUC, Economic Committee, 9 March 1988, 8 June 1988, in: MRC, MSS.292D. 565/1, Box 1100.

<sup>51</sup> Sadler, *Beyond '1992'*, pp. 231ff.

<sup>52</sup> As a consequence, the annual profit figures of Ford UK rapidly declined despite considerable productivity improvements— cf. Tolliday, *The decline of Ford in Britain*, pp. 82f.

<sup>53</sup> Wendon, *British trade union responses*, p. 246.

the domestic market but also offered prospects for a new model of export-led expansion. The Japanese firms deliberately built up their UK production to supply the entire EU market, since the late 1980s further encouraged by a falling pound exchange rate. It was now widely believed in British trade union circles that the exports of Japanese transplants would trigger a turnaround of the UK motor industry from a net importer to a net exporter.<sup>54</sup> How positive this development was seen became visible at the 1991 TUC Congress when MSF submitted a motion criticising Japanese investors for some of their labour relations practices. In the debate the leaders of AEU and TGWU, and even TUC General Secretary Willis were anxious to express their reservations and to praise firms like Nissan and Toyota for their investment, export and employment performances.<sup>55</sup>

Against this background the unions abandoned their national market approach of the 1980s both at Ford and Vauxhall. In the case of Vauxhall, union strategies in the 1980s had had some success because the company had started out with extremely low annual production volumes in the early years of the decade. The campaign to supply the British market from UK plants helped to double output levels until 1989 but lost its force thereafter. British *Astra* and *Cavalier* sales were now fully met by the Luton and Ellesmere Port plants. Indeed, by 1991 Vauxhall production levels for the first time exceeded aggregate sales of the company in the UK thanks to sizeable shipments of cars to European markets.<sup>56</sup> If output growth was to continue increased exports appeared to be of crucial importance.

In the context of General Motors' overall European strategy such further growth was necessary from a British trade union point of view because the Luton and Ellesmere Port plants were both still considerably smaller than GM factories on the continent. In contrast to Nissan where British factories had no counterparts in mainland Europe Vauxhall faced the internal competition by the German, Belgian and Spanish plants. Given that national market access considerations were losing their force in a further integrated European market any future downturn was, therefore, likely to make one of the Vauxhall plants vulnerable to closure as their outputs could easily be absorbed by the larger continental facilities. This threat was exacerbated by GM's investment

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<sup>54</sup> Cf. Loewendahl, *Bargaining with Multinationals*, pp. 171f.; Whisler, *The British Motor Industry*, pp. 389f.; Interview with Steve Broadhead, former trade union chairman of Vauxhall Joint Negotiating Committee.

<sup>55</sup> Trades Union Congress, *Report of 123th Annual Congress, 2-6 September 1991*, pp. 486-490.

<sup>56</sup> Whisler, *The British Motor Industry*, p. 381.

projects in Eastern Europe that increased the potential of the corporation to switch production. Vauxhall management warned openly in 1989 that expansion programs of all European motor companies made a major market downturn in the mid-1990s likely. Resulting over-capacities would lead to plant closures with small plants being most vulnerable.<sup>57</sup>

In this situation the view was widespread among Vauxhall trade union representatives that employment security was in danger unless further investment in new products and higher production capacity was forthcoming. The Ellesmere Port plant, located at the margin of the Single European market, was perceived to be most vulnerable.<sup>58</sup> As such new investments would inevitably involve exports on a large scale it made little sense to campaign for them with import restriction arguments, for instance local content rules, or even with threats of industrial action against imports. Such manoeuvres were now even seen as counterproductive as they could trigger similar reactions in other countries, thus endangering future exports.<sup>59</sup>

Consequently, British unions at Vauxhall did not attempt to renew the 1985 sourcing agreement in the late 1980s despite some further talk about its implementation in November 1988.<sup>60</sup> With the onset of recession in the British car industry in 1990 the unions were clearly not interested in rehearsing local content arguments but were pleased with the fact that output levels in Vauxhall factories continued to increase as a result of European export orders, which Opel was unable to meet following the car boom in Eastern Germany: Between 1989 and 1992 Vauxhall car sales in Britain fell by about one third, however at the same time production output rose by almost 50 percent.<sup>61</sup>

Moreover, the years 1989/1990 witnessed long but successful negotiations about the re-introduction of engine production at Vauxhall. General Motors decided to allocate the manufacturing of a replacement engine series for Opel's top-of the range cars *Senator* and *Omega* to Ellesmere Port. While the Opel works council chairman Heller voiced his anger about the transfer of 500 jobs from Germany to the UK, and an

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<sup>57</sup> Vauxhall Motors Limited: Response to the 1989 Wages and conditions claim, 31 August 1989, in: Archive TGWU Liverpool office.

<sup>58</sup> CAITS, Trade union responses to new managerial initiatives: The new V 6 engine plant agreement, Ellesmere Port, Vauxhall Motors, March 1990, in: Archive TGWU Liverpool.

<sup>59</sup> Interview with Steve Broadhead, former trade union chairman of Vauxhall Joint Negotiating Committee.

<sup>60</sup> Review of strategy for probably meeting with trade union national officials to discuss S car agreement, undated [November 1988], in: Archive Vauxhall Motors, HRM, Box 19, file S car agreement.

<sup>61</sup> Whisler, *The British Motor Industry*, p. 381.

alleged neglect for "quality made in Germany"<sup>62</sup> the decision was a relief for the British unions who since the early 1980s had fought for the re-launch of component manufacturing in the UK. Since the bulk of the engines were to be exported arguments about local content played virtually no role in the negotiations during which the unions made considerable concessions in terms of working practices. Apart from the modest employment gains the main achievement for them was the fact that the new engine plant would make the whole Ellesmere Port operation less vulnerable to closure during a future market downturn.<sup>63</sup>

Under different circumstances trade union policy at Ford equally took a turn towards abandoning national market and import restriction arguments, most clearly expressed in the reactions to the removal of the *Sierra* from Dagenham in 1989. The unions protested vociferously against the move, warning that it could constitute the beginning of the total run-down of Dagenham. Management justified the transfer with enduring quality problems in Dagenham. Turning the site into a one-model plant producing *Fiestas* alone would reduce build complexity, and increase productivity and quality. However, Ford also used the shift to warn the workforce of a total closure of the Dagenham body and assembly operations. A company document asserted that "[...] this plant can no longer expect to survive simply because of its historical importance"<sup>64</sup>

The transfer meant that from 1990 onwards about 25 to 30 percent of Ford's British sales would automatically be imported as plants in the UK lacked the necessary production capacities. At the same time, however, this reduction was compensated by the rapid increase of *Fiesta* exports from Dagenham. Overall production capacity in Dagenham was to remain at previous levels, and actual employment losses associated with the *Sierra* transfer were relatively low. The export "renaissance" of Ford UK was further strengthened by the 1988 decision to expand engine production at Bridgend in Wales.<sup>65</sup>

In these circumstances, accentuated by the parallel announcement of Toyota to build up its European production centre in the UK<sup>66</sup>, the ensuing campaign of British unions to reverse the transfer of *Sierra* production from Dagenham to Genk was

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<sup>62</sup> Main-Spitze, 21 April 1990.

<sup>63</sup> CAITS, Trade union responses to new managerial initiatives: The new V 6 engine plant agreement, Ellesmere Port, Vauxhall Motors, March 1990, in: Archive TGWU Liverpool.

<sup>64</sup> Cited after: Tolliday, Ford of Britain, p. 102.

<sup>65</sup> Id., The Decline of Ford in Britain, p. 110; id., Ford of Britain: Statistical Appendix, pp. 120, 128/29, 140.

<sup>66</sup> Cf. Financial Times, 27 January 1989.

remarkably free from the familiar “national market” rhetoric. Although the decision implied a further increase of tied imports the unions did not re-employ the local content arguments of the mid-1980s. Instead, the campaign focused upon the longer-term prospects for Dagenham: Reduced to a single model the plant was seen to be much more vulnerable to total closure during a future downturn, all the more since *Fiestas* were also manufactured at Cologne and Valencia. Profit margins from *Fiesta* assembly were lower than in the case of the *Sierra*, which could put future investment at risk. If there were references to the attractiveness of the British market these were framed in a European context: Ford NJNC representatives did not advance the traditional request that Ford UK should supply British sales from British production but emphasised that the United Kingdom absorbed almost half of European *Sierra* sales.<sup>67</sup>

The unions knew about the company plans to source the *Sierra* replacement model *Mondeo* from a single European location, and their strategic aim was to bring the new “world car” to Dagenham.<sup>68</sup> Given the Single European Market framework and the global implications of the *Mondeo* challenging the project itself appeared to be unrealistic. At the same time, single-sourcing from Dagenham would have brought additional production volumes targeted to a large extent at export markets in continental Europe. This meant that a campaign with strong emphasis on home market arguments could have proved counterproductive. It was no longer priority to supply all British sales by British production but to secure future survival in Ford’s European network through favourable sourcing decisions that guaranteed high production volumes and some “immunity” from “internal” competition by other Ford plants; the *Sierra/Mondeo* was the ideal product from this point of view.

Yet, all efforts to reverse the company decision proved unsuccessful. There were differences within and between unions of how to proceed, notably with regard to the question of industrial action. While shop stewards in the Dagenham assembly plant urged a national strike “to save the *Sierra*”<sup>69</sup> opinions among NJNC officials were divided; public announcements featured cautious formula expressing that the campaign “could include industrial action”. Ensuing mass meetings in Ford plants were little encouraging for those who advocated strikes, and consequently this option was dropped. Initiatives to mobilise the local Dagenham community and to approach continental trade

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<sup>67</sup> Cf. Financial Times, 18 January 1989, 20 January 1989, 27 January 1989; Minutes of a meeting of the Ford NJNC (TU side), 19 January 1989, in: Archive AEEU Dagenham, file NJNC Minutes.

<sup>68</sup> Minutes of the meeting of the Ford NJNC, 26 January 1989, in: Ibid.

<sup>69</sup> Under Pressure, PTA shop stewards bulleting, undated [February 1989], in: Ibid.

unions equally failed. What remained was a strengthened commitment to collaboration with management in raising productivity and quality. After meeting senior Ford of Europe managers leading NJNC officials such as Adams (TGWU) acknowledged company figures and urged union members to make any effort to achieve volume and quality targets. Thus, abandoning a pressure strategy based on home market access went hand in hand with a further push towards union-management co-operation – in continuation of the trend since the mid-1980s.<sup>70</sup>

## 2. Questioned means of interest representation

The *Sierra* episode highlights that in the late 1980s British trade unions at Ford and Vauxhall did not merely face the challenge of reorienting the focus of their employment security campaign. They were equally confronted with the open question of how a strategy based on a general lobby for expansion in the British subsidiaries rather than on import aspects alone could be put into practice. The import campaigns of the early and mid-1980s had proved to have a great potential to mobilise consumers, public opinion, and even the government mostly through the invocation of “Britishness” and British interests. In the case of Vauxhall company employees had been successfully mobilised, enjoying the support of other union membership groups in docks and shipping companies.

But the reorientation of union approaches following the creation of the “Single European Market” and the accompanying changes of company strategies rendered a continuation of this form of campaigning impossible. With a large proportion of sales now going into exports continued domestic campaigns to “buy British” could easily backfire. Public campaigns emphasising “home” market aspects had been capable of appealing to national sentiment, and prejudices towards foreigners but such features were impossible to mobilise under the new conditions of the late 1980s. This did not mean that public campaigning could not be continued, but the *Sierra* case demonstrated that in the new framework of political economy it would be much more difficult to achieve results.

As to industrial action, the most important instrument of the 1980s, at least in the case of Vauxhall, there were broader inhibiting trends. Generally, strikes had much

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<sup>70</sup> Financial Times, 20 January 1989, 27 January 1989, Dagenham Post 1 February 1989; Interview with Ron Todd, former General Secretary of the TGWU.

decreased in the hostile economic and political climate of the early and mid-1980s. Using the strike weapon against employment cuts, at Ford and Vauxhall as in many other companies, had been difficult in situations where employers undermined mobilisation by generous severance payments and further closure threats, backed by a government determined to break the power of trade unions.

In the late 1980s several developments tipped the balance further against trade union reliance on industrial action. The arrival of Japanese firms in the automotive industry brought strong pressure to conclude "no-strike"-agreements. With the emergence of "new realism" within the TUC a number of unions such as the AEU readily signed such agreements. Nissan's 1985 single-union deal with the AEU stipulated a system of compulsory arbitration, ruling out strike action almost altogether.<sup>71</sup> Unsurprisingly, the agreement induced other companies to follow suit, and in 1987 Vauxhall, backed by the threat to close its commercial vehicle plant, pushed through a similar deal for a new van plant to be run co-operatively by GM and the Japanese company Isuzu. It provided for a single company council for collective bargaining, a clause committing the unions to "uninterrupted supply of product" and a pattern of arbitration that would be binding on the bargaining parties. Vauxhall management made it clear that in the future the new agreement should be extended to its existing plants.<sup>72</sup> Two years later the first opportunity to do so arose during the engine plant negotiations at Ellesmere Port. Although the unions were able to secure some changes in the set-up of the company council and the arbitration procedure the agreement on the whole made industrial action an option that was increasingly difficult to pursue.<sup>73</sup>

At Ford, a company move in 1987/8 to establish a component plant for electronic equipment in Scotland had been coupled to similar requirements, in addition to the payment of considerably lower wages. The agreement had been signed as a single-union deal by the AEU, but subsequently the company, facing threats from the TGWU to boycott its implementation through strikes in other Ford locations, had withdrawn from the entire investment project. Far from improving the unions' strategic options, resistance had not only resulted in the loss of the investment but also in a major row about the affair in the national press. Ron Todd, General Secretary of the TGWU, was

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<sup>71</sup> Cf. Bassett, *Strike Free*, pp. 148ff.

<sup>72</sup> *The Times*, 17 August 1987.

<sup>73</sup> CAITS, *Trade union responses to new managerial initiatives: The new V 6 engine plant agreement, Ellesmere Port, Vauxhall Motors, March 1990*, in: *Archive TGWU Liverpool*.

often denounced as being responsible for the loss of much-needed jobs in Scotland. Still at the 1988 TUC Congress the affair caused bitter mutual attacks.<sup>74</sup>

At the same time, the anti-union legislation of successive Thatcher governments now severely restricted industrial action at the workplace. Most importantly with regard to international trading and investment campaigns the 1990 Employment Act completely outlawed so-called "secondary" industrial action, that is disputes in support of a trade union striking in another company. Incidentally, the Ford Dundee episode was cited by the government as a flagrant case of how the threat of secondary action had deterred a multinational company from investing in Britain.<sup>75</sup> The consequence of this law was that similar actions, as during the Vauxhall *Corsa* campaign with the threatened handling ban by dockers and seamen, were simply ruled out unless the unions concerned were prepared to run the risk of major financial liabilities.

Still more fundamentally, advocacy of industrial action was challenged by the lack of shopfloor mobilisation. To begin with, industrial strength of workplace unionism had been built up through the 1960s and 1970s with a clear focus on pay and working conditions; the new dominance of employment security aspects and the related questions of international sourcing brought issues to the agenda with which many activists were unfamiliar. In the case of the Vauxhall *Corsa* campaign there had been a clear, simple and emotionally appealing focus on imports and "Britishness" but more encompassing strategies concerned with corporate product and investment decisions required the elaboration of complicated microeconomic issues that were difficult to understand on the shopfloor. Already in 1986 a TGWU report emphasised that one of the most important strategic tasks was "[...] to develop a comprehensive awareness amongst our membership of the dramatic trends now in operation". In particular it was felt that the membership needed to be instructed about strategies to contest management decisions with regard to products, markets and investments – issues that seemed to be remote from their everyday working experience.<sup>76</sup> Regarding the 1989 *Sierra* the majority of Dagenham employees had shown little interest in contesting a particular

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<sup>74</sup> The Guardian, 26 March 1988, The Independent, 2 April 1988; Trades Union Congress, Report of 120<sup>th</sup> Annual Trades Union Congress, 5-9 September 1988, pp. 440f.

<sup>75</sup> Cf. Davies/Freedland, Labour Legislation and Public Policy, pp. 510f.

<sup>76</sup> TGWU, Report of annual conference of vehicle building and automotive group, 4 July 1986, in: Archive AEEU Dagenham.

aspect of model policy; union activists were forced to admit that “[...] we failed to get the message across sufficiently”.<sup>77</sup>

Moreover, constant closure threats had created an atmosphere of apathy and fear militating against strike action in general. Complaints about this situation were a recurring theme in pamphlets and congress proceedings of left-oriented trade unions. At Vauxhall the reorganisation of commercial vehicle operations had been challenged by TGWU convenors who, however, had not been able to mobilise resistance “[...] because of the low level of morale”<sup>78</sup>. In the debates about no-strike deals unions sticking to the defence of industrial action at times even proceeded counter to the majority of shopfloor opinion. In the case of the Vauxhall-Isuzu agreement in 1987, for instance, the TGWU refused to sign the agreement despite the fact that the two other unions AEU and EEPTU, and a narrow majority of workers, had declared their acceptance.<sup>79</sup> In the Ford Dundee episode TGWU General Secretary Todd was equally pushed into a very defensive posture.

To some extent, trade union officers and convenors, not least from the TGWU, had themselves contributed to a different attitude towards industrial action for a number of years as the reduction of sectional disputes had been one of the main aspects of their contribution to higher productivity at Ford and Vauxhall during the 1980s. Frequent instances of disciplining and even the crossing of picket lines of other unions had heightened divisions within the plants, which in turn weakened the capacity for collective action.<sup>80</sup> On the other hand, factors beyond the control of trade unions were probably more important. Recurring management warnings against plant closures in the face of strong competition in the British and European car markets generally restrained militancy as did the anti-union legislation of successive Conservative governments. Longer-term sociological changes equally fed into the transformation. The complaints of militants at the time of the Ford foundry closure in 1984 captured this point neatly: “[...] we should have taken industrial action but we did not. Why did we not? Because we no longer believe in fighting for each other anymore [...] The TV, video, the motor

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<sup>77</sup> Unsigned Notice, undated [1989], in: *ibid.*

<sup>78</sup> TGWU, Vehicle Building and Automotive Group, National Committee Report to the National Industrial Policy Conference, 3<sup>rd</sup> July 1987, in: *ibid.*

<sup>79</sup> TGWU statement General Motors/Isuzu Joint Venture Luton Van Plant, 21 July 1987, in: Archive TGWU Liverpool office, file, “GM-Isuzu”.

<sup>80</sup> For examples about Ford at Halewood see Darlington, *The Dynamics of Workplace Unionism*, pp. 254ff.

car and all the things have taken control of our brains".<sup>81</sup> The long erosion of working class cultures and their replacement by a more individualist outlook valuing the advantages of the new consumer society had made their impact felt. Already in the late 1960s sociological studies of Vauxhall workers had depicted them as individualist and "affluent", a thesis that was not fundamentally challenged by the subsequent decade of rising militancy. As Hobsbawm has argued, the latter had a large bias towards the instrumental exploitation of tight labour market conditions and the preoccupation with wage differentials between sectional groups of workers.<sup>82</sup> Under the difficult labour market conditions of the late 1980s affluence contributed to the decline of the potential for shopfloor mobilisation.

Whatever the precise interplay of causes reliance on industrial strength as a union strategy at Ford and Vauxhall was fundamentally questioned by the late 1980s. How deeply the traditional British trade union positions had been eroded can be grasped by the fact that union activists now even cited a short overtime ban at Ford Germany in 1988 as an example of how it was possible to exert influence over investment and employment security issues. This overtime ban, tacitly encouraged by the works council in Cologne, had resulted in an agreement that granted union representatives the right to review the company's international investment plans prior to corporate decision-making.<sup>83</sup> If a foreign union movement that had been despised in the 1960s and 1970s for its heavy reliance on legal rights and the state now came to be seen as a model worthy of imitation, this expressed a deep transformation of British trade union politics.

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<sup>81</sup> "Under pressure", Dagenham assembly plant shop stewards bulletin, April 1984, in: Archive AEEU Dagenham.

<sup>82</sup> Eric Hobsbawm, "The Forward March of Labour Halted?" [1978], in: Martin Jacques/Francis Mulhern (eds.), *The Forward March of Labour Halted*, Verso London 1981, pp. 1-19; for a critical assessment of Hobsbawm's view, particularly his neglect of the non-economic strike wave against Conservative reforms of industrial relations in the early 1970s see James E. Cronin, *Labour and Society in Britain 1918-1979*, Batsford Academic and Educational, London 1984, pp. 19ff. and McIlroy/Campbell, *The High Tide of Trade Unionism*, pp. 115f.

<sup>83</sup> *Under Pressure*, PTA shop stewards bulleting, undated [1989], in: Archive AEEU Dagenham.

### *III. 1990-1996: Reinforcing paths and opening new avenues*

#### *1. The reinforcement of national coalition with management*

The most important consequence of the strategic reorientation of British union policy at Ford and Vauxhall from the 1980s had already been discernible in the removal of the *Sierra* from Dagenham in early 1989. It reinforced the co-operation with British management in attempts to raise the productivity of manufacturing operations. Having lost the national market as an “ally”, and undermined in efforts to mobilise industrial action in support of international trading and investment campaigns, the unions were driven closer into a national labour-management coalition, signs of which had already been visible in the 1980s, in the case of Ford in a rudimentary form even since the creation of Ford of Europe in the late 1960s. During the first half of the 1990s it was mostly this dialectic pattern of *inter-nationalisation* that turned Ford and Vauxhall into models of “social partnership”.

The crucial factor driving the process was the omnipresent scenario of plant closure in case of a failure to secure future investments within Ford and GM’s production networks, shaken by over-capacity and heightened competition on European car markets. British plants, particularly in the case of Vauxhall, were threatened to become victims of further market downturns because their production volumes were low compared to the facilities in Germany, Belgium and Spain – thus making them an easy target for corporate strategies to reduce overall European capacities. Vauxhall management, as anxious as the unions to guarantee the survival of the Luton and Ellesmere Port plants, intermittently warned that expansion programs in the European motor industry made a future market downturn likely, which could endanger the existence of UK plants unless the company managed to raise their capacities to similar levels as those of the internal continental competitors.<sup>84</sup>

All the union-management agreements at Ford and Vauxhall in the first half of the 1990s were concluded against this background of international sourcing competition. In the case of the Dagenham “survival plan” in the early 1990s, for instance, the crucial factor was the competition with the Valencia and Cologne plants for *Fiesta* production,

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<sup>84</sup> Cf. for instance: Vauxhall Motors Limited: Response to the 1989 Wages and conditions claim, 31 August 1989, in: Archive TGWU Liverpool office; Minutes of a meeting of the Vauxhall JNC, 26 November 1991, 6 December 1993, in: Archive Vauxhall Motors Ltd. HRM department, file JNC Minutes, Vol. 6.

particularly with regard to the supply of the large European export markets in France and Italy. For Dagenham this became a matter of survival given that the removal of *Sierra* production had turned the site into a one-model plant whose capacity utilisation was endangered by European recession.<sup>85</sup> The agreement associated with the contract order to produce Mazda vehicles at Dagenham in 1995 had equally been achieved in a context of fierce competition against the German Saarlouis plant.<sup>86</sup> At Vauxhall, the union-management agreement accompanying the decision to build a new engine plant at Ellesmere Port was negotiated in view of hard competition from the German Kaiserslautern site.<sup>87</sup>

In a longer-term historical perspective all these agreements were concluded on the terms of management. Their basis was, without exception, what Ford and (later) GM management had requested since the 1960s and 1970s, namely that British plants needed to equalise production efficiency levels achieved in the continental subsidiaries. The majority among British Ford and Vauxhall unionists had endorsed this axiom since the early 1980s, although initially with great variances in degree. By the early 1990s union commitments to "European standards" in terms of productivity and quality became the almost ritual centrepiece of labour-management relations.

Indeed, the unions themselves now took over management rhetoric, arguing openly on many occasions that much increased British efficiency levels now made it economically favourable for the companies to invest in the UK. In 1992, the unions at Ford even ventured into a joint presentation with Dagenham management to Ford of Europe representatives emphasising the major gains in efficiency achieved in *Fiesta* assembly in comparison to Valencia and Cologne.<sup>88</sup> At Halewood the body and assembly plant contributed to a joint management-union video, lecturing the workforce about the need to mobilise forces in beating the competition of Ford plants on the continent: "We should all realise that we have to do the best we can in our work, our quality and our performance, as these things provide us with the most protection and help the company to sell more cars. We at Halewood are all in the same boat. We all need to pull together."<sup>89</sup> Diverging opinions were criticised and ridiculed. National

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<sup>85</sup> Cf. Tolliday, *The Decline of Ford in Britain*, p. 103; *Kölnner Stadt-Anzeiger*, 16 July 1993.

<sup>86</sup> *Saarbrücker Zeitung*, 1 December 1993.

<sup>87</sup> CAITS, *Trade union responses to new managerial initiatives: The new V 6 engine plant agreement, Ellesmere Port, Vauxhall Motors, March 1990*, in: *Archive TGWU Liverpool*.

<sup>88</sup> *Ford of Britain, Dagenham Operations: Joint Trade Union-Management Presentation to Albert Caspers, 2 December 1992*, in: *Archive AEEU Dagenham*.

<sup>89</sup> *Darlington, The Dynamics of Workplace Unionism*, p. 227.

union officials and plant convenors took determined action against wildcat strikes such as those of Halewood craftsmen in 1990 arguing that production disruptions could lead to the withdrawal of investment at British plants.<sup>90</sup>

Given that this development was paralleled by similar efficiency negotiations in other European Ford and GM locations the interdependence of national bargaining processes in the various subsidiaries increased. Agreements often contained deliberate competitive “underbidding” in terms of working practices and conditions – accepted or even promoted by labour representatives. In the case of General Motors the prototype of this form of interdependence was related to shift patterns and machine running times. Initiated in the late 1980s with the introduction of three-shift working in assembly operations at Saragossa (Spain) and the establishment of a new shift pattern allowing for greatly increased machine running times at Antwerp in Belgium, similar schemes had subsequently been introduced into union-management negotiations in all GM locations in Western Europe – always against the background of inter-plant competition for additional investments and production volumes that might become available through reformed shift systems. After the three major *Opel* plants in Germany had concluded similar agreements for selected areas Vauxhall unions had little choice than to follow suit in the early 1990s.<sup>91</sup> Other items of European concession bargaining, both at Ford and GM, included the reduction of absenteeism, the introduction of teamwork and, emanating in 1994/5 from Germany, aspects of working time flexibility.<sup>92</sup>

Apart from these direct international “spill-overs” competitive underbidding based on labour aspects focussed on peculiar aspects of working practices. In the UK much emphasis was placed on traditional “British” concerns such as the further reduction of disputes and the abolition of labour mobility restrictions and of demarcation lines between skilled trades. The 1990 engine plant agreement at Vauxhall, for instance, introduced a new pattern of dispute arbitration that in practice ruled out strikes over employee grievances.<sup>93</sup> Finally, the new competitive interdependence also included some moderation of union wage demands although this component was relatively weak

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<sup>90</sup> Ibid. p. 257/258.

<sup>91</sup> Frankfurter Rundschau, 18 April 1988; Minutes of a meeting of the Vauxhall JNC, 12 December 1991, 18 June 1992, in: Archive Vauxhall Motors Ltd. HRM department, file JNC Minutes, Vol. 6.

<sup>92</sup> Kölner Stadt-Anzeiger, 10 May 1995, Kölnische Rundschau, 23 November 1995.

<sup>93</sup> CAITS, Trade union responses to new managerial initiatives: The new V 6 engine plant agreement, Ellesmere Port, Vauxhall Motors, March 1990, in: Archive TGWU Liverpool.

in the UK if compared to Germany where both at Ford and *Opel* considerable wage concessions were made by the works councils.<sup>94</sup>

These considerations should not lead to the conclusion that British unions became management stooges by the early 1990s. While it was true that the unions in both companies made enormous concessions with regard to working practices and conditions to safeguard employment security interests, on most occasions they nonetheless refused to accept “jobs at any price”. The negotiations about the engine plant at Vauxhall demonstrated that some, if modest potential for bargaining existed, which could be exploited by determined negotiators who were well aware of the details of international corporate decision-making processes – thus being able to develop “[...] a realistic assessment [...] to determine which parts of the proposed changes are inevitable [...] and which parts reflect opportunism by the company”.<sup>95</sup>

More generally, the partnership approach of unions at Ford and Vauxhall reflected the broader pattern emerging nationally in TUC debates<sup>96</sup>: in exchange for concessions in terms of working practices company commitments were sought not only for employment security but also for the improvement of vocational training, early retirement schemes, and employee consultation. Here, international comparison, especially with Germany, underpinned rather than weakened the union’s case. Already in 1988 a TUC paper on inward investment had argued that investment growth was strongest in countries with high levels of regulation and social protection. Germany was cited as a model.<sup>97</sup> Along these lines unions at Ford lobbied for similar protection against redundancy as in agreements concluded in Germany, and for the imitation of Ford of Germany’s generous early retirement programs.<sup>98</sup>

The proceedings of the Vauxhall negotiating committee in the early 1990s illustrate how union negotiators bargained against the suggestion that low labour costs and deregulation were the best guarantees for attracting investment to the UK. Union representatives time and again pointed to *Opel* where labour costs – despite some works council concessions – were higher than in the UK but offset by large plant volumes and very modern equipment – a pattern that did not appear to prevent GM from placing

<sup>94</sup> Cf. for Ford Germany: Frankfurter Allgemeine Zeitung, 2 March 1994.

<sup>95</sup> CAITS, Trade union responses to new managerial initiatives: The new V 6 engine plant agreement, Ellesmere Port, Vauxhall Motors, March 1990, p. 17, in: Archive TGWU Liverpool.

<sup>96</sup> Cf. Waddington, Trade Union Organization, pp. 235ff.

<sup>97</sup> TUC, Economic Committee, 8 June 1988, “International Investment and the UK economy. Memorandum by the Trades Union Congress”, in: MRC, MSS.292D. 565/1, Box 1100.

<sup>98</sup> Letter W. Young, Chairman Dagenham Panel, to Jack Adams, Chairman Ford NJNC, 18 February 1993; Ford NJNC Notice, 12 March 1993, in: Archive AEEU Dagenham.

investments at Rüsselsheim or Bochum. Indeed, Vauxhall unionists were alarmed in 1994 about an investment security agreement concluded by Opel management and works council, giving commitments for future investments to the major German locations and thus potentially affecting employment security at Vauxhall.<sup>99</sup>

Despite demonstrating an awareness of the short-term advantages of low labour costs for sourcing decisions, the unions consistently argued for a longer-term strategy to follow the “German path” of high labour costs, investments and productivity – including increased attention for vocational training and employee consultation. The issue of working time reduction provided the most important platform: The demand for the shortening of working hours was underpinned with constant references to the German model.<sup>100</sup> When the company eventually made a concession to reduce weekly working time from 39 to 38 hours in 1995 union reactions demonstrated, rivalling their German counterparts at Opel, how such benefits could be integrated into an overall pattern of labour-management collaboration. Accomodating management fears that working time reduction could lead to the loss of production volumes and capacity the unions made active efforts to avoid this scenario. Plant convenors concurred with management that a potential loss of 3000 vehicles per year due to working time reduction would be damaging as it would further reinforce the status of Vauxhall plants as those with the lowest production volumes within GM Europe. They therefore designed schemes in order to compensate for the shortfall by the alteration of shift patterns, and the regular use of overtime work – again confirming the crucial importance of internationalisation for the emergence of “social partnership”.<sup>101</sup>

## 2. British unions and the creation of European Works Councils at Ford and General Motors

The departure from a strategy to secure future employment primarily through campaigns against tied imports and the increasing difficulties to mobilise Ford and Vauxhall workers were two powerful incentives for British unions not only to deepen the “national coalition” with management but also to step up their activities in the fields

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<sup>99</sup> Minutes of a meeting of the Vauxhall JNC, 6 December 1993, in: Archive Vauxhall Motors Ltd. HRM department, file JNC Minutes, Vol. 6.

<sup>100</sup> Cf. Minutes of a meeting of the Vauxhall JNC, 15 July 1993, 6 October 1993, 25 February 1994, in: Ibid.

<sup>101</sup> TGWU works notice, 8 May 1996, in: Archive TGWU Liverpool, file “disputes/shift guarantee”.

of international trade union co-operation and international labour-management consultation.

The turn of TUC policy towards stronger advocacy of legal trade union rights - backed by the new European reference framework - had little effect at Ford and Vauxhall as far as basic questions such as minimum pay or statutory trade union recognition were concerned. However, the quest for stronger information and consultation rights in line with European "best practice" indeed led to very concrete initiatives, related to the lobby for European Community legislation tackling these matters with regard to multinational firms.

Discussions about a European legal framework of employee representation in multinational firms had started as early as the 1960s but they had never yielded concrete results. The last major attempt dated from the early 1980s when a directive on employee information and consultation rights in multinational companies had been blocked by determined employer resistance.<sup>102</sup> It was only from the late 1980s that prospects for such legislation at European level took concrete shape with discussions about a directive to establish European works councils in all companies with operations in several EEC/EU countries. These works councils were designed as consultation bodies, in which European group management would meet a joint body of trade union representatives from all European manufacturing locations.<sup>103</sup>

British unions took up this opportunity. The TUC campaigned in London and Brussels for the passage of the directive, and for its application in the UK, which was endangered by the Conservative government's "opt-out" from the new EU Social Protocol.<sup>104</sup> At the same time, many unions, on the Left as on the Right, launched initiatives for pilot arrangements with individual companies that would set precedents for future European legislation. Notably the AEU and the new white-collar union MSF actively promoted such ideas. For Ford and General Motors AEU president Jordan launched an initiative in the autumn of 1988, suggesting the initiation of a regular consultation scheme between the European headquarters of both companies and all national trade unions concerned. The proposal followed a similar agreement the European Metalworkers Federation (EMF) had concluded with the French firm

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<sup>102</sup> See J. Robinson, *Multinationals and Political Control*, Aldershot 1983.

<sup>103</sup> See Lecher, *European Works Councils*, op. cit.; Ian Fitzgerald/John Sterling (eds.), *European Works Councils: pessimism of the intellect optimism of the will?*, Routledge, London 2004.

<sup>104</sup> Cf. Trades Union Congress, *Report of the 125<sup>th</sup> Annual Congress*, 6-10 September 1993, pp. 143f., 237ff.

Thompson-Brandt; items to be covered in the meetings would include investments, product plans and other aspects of long-term business development.<sup>105</sup>

A European directive on information and consultation was valuable for British unions at Ford and Vauxhall because it would enhance their knowledge about international corporate structures and processes, and thus their bargaining power with management. In fact, the trend to strengthen trade union information and research capacities had been visible at least since the creation of Ford of Europe in 1967. As for consultation, regular cross-border union-management meetings at international level had been discussed for some time at Ford in the early 1970s but implementation had failed not only due to the outright opposition of the company but also because of the reluctance by many national trade unions, notably the German *IG Metall*.

In the national context British unions had lobbied for improved consultation for a considerable time but significantly this had always focused on the integration of consultation into normal collective bargaining instead of the creation of separate structures – apart from the exceptional case of the minority headed by Jack Jones that had campaigned for trade union representation in company boards in the late 1970s. This preoccupation with the maintenance of the traditional British “single-channel” employee representation had also limited British union interest for earlier legislative schemes at EEC level. The draft European information and consultation directive of the early 1980s, for instance, was hardly known despite the fact that it was approved by the 1984 TUC Congress.<sup>106</sup> This disinterest was not least motivated by the traditional fear of “importing” works councils, and thus dual-channel representation, through the “backdoor” of the EEC. In the early 1990s, following the new TUC “single-channel plus” approach, such concerns did not anymore prevent British unions from supporting European initiatives.<sup>107</sup>

At Ford and Vauxhall, circumstances of the early 1990s made an improvement of international expertise and, crucially, opportunities for consultation with European management representatives an urgent task – not least because the changes in the political economy framework had deprived them of their former virtual “ally”, the

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<sup>105</sup> *Financial Times*, 10 October 1988.

<sup>106</sup> Teague, “The British TUC and the European Community”, in: *Millennium* 18/1989, p. 42. Asked about the significance of the directive during the GLC Ford Inquiry in 1985 Dagenham trade union representatives did not appear to be aware of its existence – Greater London Council, Ford Public Inquiry, 1 February 1985.

<sup>107</sup> Cf. for instance: Trades Union Congress, Report of the 126<sup>th</sup> Annual Congress, 5-9 September 1994, pp. 217f.; for union fears in the early 1980s see inter-departmental correspondence D. Foden to D. Lea, 30 January 1984, in: MRC, MSS. 292 D. 340.9/565, Box 1159.

national market. Both at Ford and Vauxhall the unions had managed to arrange regular informal meetings with representatives of European company management since the 1980s but, especially at Vauxhall, they were eager to add a European dimension to this exercise.<sup>108</sup> This was all the more attractive as it also held out the prospect for a new impetus to international trade union co-operation – a feature promoted notably by left-oriented unions like MSF wishing to counter the liberalisation effects of the Single European Market.<sup>109</sup>

Significantly, these British initiatives coincided with a similar re-assessment of the situation by the Ford and *Opel* works councils in Germany, and the leadership of *IG Metall* – in the mid-1970s one of the main opponents of cross-border union-management meetings. With their counterparts from the UK the German Ford and Opel works councils shared the anxiety about corporate globalisation plans that threatened to undermine the position of European operations within the companies – a feature which had been discernible as early as the early 1980s. Moreover, *IG Metall* and particularly the *Opel* works council had become extremely concerned about the wave of working time and shift agreements in other European GM locations putting the future of German plants at risk. Management pressure upon local *Opel* works councils had resulted in similar agreements at Rüsselsheim, Bochum and Kaiserslautern sites, to be applied in the case of new investment projects. These incidents had led to major conflicts between the works councils of different *Opel* plants, and had caused uproar in the *IG Metall* leadership because of their implications for national collective bargaining standards.<sup>110</sup>

At Ford the situation looked less critical but here, too, the company had made attempts to introduce three-shift working in its Spanish and British plants in 1988/9.<sup>111</sup> In this situation the *IG Metall* leadership with its new chairman Steinkühler was determined to gain better control over such developments through the establishment of European-wide consultation bodies in multinational firms. It was hoped that such schemes would also help to lessen mutual suspicions between national union and works council representatives. Steinkühler emphasised that German unions, in contrast to earlier periods, were now to some extent dependent on the support of other European labour representatives in companies such as *Opel* and Ford. Independently from the

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<sup>108</sup> Minutes of the meeting of the Vauxhall JNC, 13 November 1992, in: Archive Vauxhall Motors Ltd. HRM department, file JNC Minutes, Vol. 6, 28 February 1991-8 December 1994.

<sup>109</sup> Cf. Wendon, *British trade union responses to European integration*, pp. 252/253.

<sup>110</sup> Cf. for instance: *Frankfurter Rundschau*, 18 April 1988.

<sup>111</sup> *Die Welt*, 22 August 1989.

British unions, therefore, *IG Metall* started to campaign for Euro-consultation agreements to set precedents for future EEC/EU legislation.<sup>112</sup>

These initiatives resulted in a series of international trade union meetings for Ford and GM under the auspices of the IMF and later the European Metalworkers Federation (EMF) to discuss modalities for a joint approach to European managements. In May 1991 Ford trade union representatives from all European production locations gave an official mandate to the EMF to seek a voluntary agreement with Ford of Europe for the establishment of an international consultation structure. In February 1992, a similar declaration was adopted by a conference of European GM trade union delegates in Rüsselsheim. Many representatives urged the company to follow the example of *Volkswagen* in setting up a voluntary consultation. Several unionists claimed that such an innovation could also be an advantage for General Motors Europe in the competition with Japanese firms.<sup>113</sup> This concern for “European interests” in the process of globalisation was also a feature of subsequent gatherings. Leading *Opel* works councillors spoke about the necessity for a new “European thinking” when GM was investing large sums in other parts of the world. A British AEEU representative warned that GM’s new plants in Asia would constitute a threat for long-term employment prospects in Europe, urging joint attempts to secure a maximum of production and jobs on the old continent.<sup>114</sup>

That the creation of European works councils in both companies would have to be postponed until after the relevant EU directive was eventually adopted in 1994 was mainly the result of management resistance. Senior Ford and GM figures made it plain that they would not engage in any European-level consultation exercise unless they were forced to do so by EU legislation. It was claimed that existing local and national arrangements were satisfactory, and that European schemes would only add unnecessary bureaucracy.<sup>115</sup> Probably more to the point were the public remarks by a senior *Opel* manager in early 1993 who argued that benchmarking and investment

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<sup>112</sup> Niederschrift über die Sitzung des Vorstands der IG Metall, 19 April 1988, in: Archive IG Metall, Frankfurt/M., file “Vorstand Januar-April 1988”.

<sup>113</sup> Markus Gluch, *Bildung eines europäischen Ford-Betriebsrates*, unpublished diploma thesis, Verwaltungs- und Wirtschaftsakademie Köln 1997, pp. 29f.; Rüsselsheimer Echo, 22 February 1992; Protokoll der 1. Europa-Konferenz der Arbeitnehmervorteiler von GM, 20/21 February 1992, in: Archive Betriebsrat Adam Opel AG Rüsselsheim, file „1. Europakonferenz der GM-Arbeitnehmer“.

<sup>114</sup> „General Motors. Autoproduktion und Zulieferung – Neue Strukturen in der Automobilindustrie“. Protokoll der Veranstaltung in Kooperation von EMB, IG Metall und GBR Opel, Bochum 21-23 November 1994, in: Ibid., file „Europäischer Konzernbetriebsrat I“.

<sup>115</sup> Rüsselsheimer Echo, 22 February 1992.

competition between European locations could – if given in “small doses” – be used to accelerate efficiency improvements of the whole European group.<sup>116</sup> In the case of Vauxhall the local British management also warned that given the different company sizes *Opel* representatives would dominate a European GM works council, which could have adverse consequences for Vauxhall operations and jobs.<sup>117</sup>

Apart from management resistance there were also, particularly at Ford, intense internal trade union struggles about the composition of the prospective European works councils. All the major British unions, AEEU, TGWU and MSF, insisted that the employee side of the works council should mainly comprise full-time trade union officers who were not Ford employees. The *IG Metall* leadership, as keen as British unions to keep its dominant influence in international matters, was sympathetic to this request but it was fiercely opposed by the German Ford works council. The long history of conflicts between Ford and GM workplace representatives and full-time officers with regard to international contacts, in both countries going back to the early 1960s, still impeded progress. Accompanying personal rivalries and suspicions between German and British delegates exacerbated the situation.<sup>118</sup>

On the British side the conflict also reflected the still widespread anxiety about the implications of European works councils for the traditional forms of employee representation. At national level there was consensus among the TUC unions that Euro-consultation schemes were needed to help British representatives in their dealings with multinational firms. At the same time, the view prevailed that this should not result in the creation of forms of employee representation, which could hamper trade union organization.<sup>119</sup> The contempt of continental works council systems often displayed in the 1970s subsided in the face of the difficult domestic situation and the TUC’s “European turn” in the late 1980s but opinions remained divided about the desirability of “importing” a similar system into the UK. Only a minority openly advocated such a shift. TUC Congresses in the early 1990s also witnessed delegates declaring that a works council system would not be appropriate for British conditions.<sup>120</sup> They feared

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<sup>116</sup> *Süddeutsche Zeitung*, 17 February 1993.

<sup>117</sup> Minutes of the meeting of the Vauxhall JNC, 13 November 1992, in: Archive Vauxhall Motors Ltd. HRM department, file JNC Minutes, Vol. 6.

<sup>118</sup> *The Guardian*, 19 May 1992; Interview with Denis Gregory, Trade Union Research Unit, Ruskin College Oxford.

<sup>119</sup> Mark Hall, “Behind the European Works Councils Directive: The European Commission’s Legislative Strategy”, in: *British Journal of Industrial Relations*, 30/1992, pp. 547-566, here: p. 561.

<sup>120</sup> Cf. for instance: Trades Union Congress, Report of the 123rd Annual Congress, 2-6 September 1991, pp. 260ff.

that employee representatives elected independently from trade unions through direct ballots could weaken workplace unionism. "Representation at work", a TUC compromise document from 1995, envisaged the possibility of a second channel of interest representation not formally related to trade union membership but insisted on an implementation that gave trade unions – as far as possible – a monopoly in the nomination of delegates for works council type consultation bodies.<sup>121</sup> Thus, if European works councils were established as a second channel of representation next to normal collective bargaining procedures it was important for British unions that they would control as much as possible the election of UK delegates.

These positions also prevailed among the Ford and Vauxhall trade unions. There was renewed interest in labour relations on the continent, particularly with regard to Germany, and assessments lost the dismissive rhetoric of the 1970s when German industrial relations law had often been equated with the legislation of the Conservative Heath government. A TGWU Ford delegate stressed in the early 1990s that the German system could not be compared with the "[...] repressive legislation which has involved the erosion of trade unions in the UK" because it gave employees representatives not only statutory duties but also extensive collective rights. Nevertheless he pointed out that "[...] to British eyes the German system is a dramatic contrast to our own".<sup>122</sup> TGWU and AEEU representatives alike stressed the danger of "company unionism" or even de-unionisation that could arise if the creation of European works councils initiated a process in which the trade union monopoly of interest representation in the UK could be challenged by a second group of delegates directly elected by employees in the plants.<sup>123</sup>

At Vauxhall, the problem of the second channel had been directly experienced already in the late 1980s when the company, following Nissan's lead, had attempted to replace traditional collective bargaining structures by a new company council for the joint venture with Isuzu at Luton. According to the company plans employee representatives in the council - along the Nissan model - should not be nominated by the unions but determined by direct plant elections. The unions did not oppose the creation of a company council in principle; they pointed out that they welcomed the closer

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<sup>121</sup> Richard Hyman, "The Future of Employee Representation", in: *British Journal of Industrial Relations* 35/1997, pp. 309-336, here: p. 315.

<sup>122</sup> TGWU, Ford European Works Council and the management for change, seminar 26 September – 1 October 1993, Speech by Steve Hart, TGWU, in: Archive AEU Dagenham.

<sup>123</sup> *The Guardian*, 19 May 1992.

involvement of employee representatives into business matters envisaged by the council structure.<sup>124</sup> But they successfully insisted that at least half of the employee delegates should be nominated by the Vauxhall trade unions, and that full time trade union officers would also be brought into the procedure. This position was unanimously adopted including even the AEU, which had perhaps become somewhat disenchanted with its experience at Nissan where union recruitment had remained very low.<sup>125</sup> During the 1989/1990 Ellesmere Port negotiations for the new engine plant joint union efforts even yielded the result that on the employee side the company council would consist only of trade union delegates.<sup>126</sup>

In these circumstances it was little surprising that British unions were wary of indirectly encouraging company visions of non-union staff associations through the introduction of European works councils. This was all the more important since the precise arrangements for the nomination of employee delegates were subject of considerable political discussion at national and European level in the early 1990s.<sup>127</sup> It was only with the adoption of the directive by the Council of Ministers in 1994 that the way for the establishment of European Works Councils at Ford and GM was eventually cleared. With its provision to leave the modalities of employee delegate nominations to respective national laws and customs<sup>128</sup> British unions were reassured about the problem of representation, and, at the same time, both companies now faced the prospect of legal obligation even though – given the UK's opt-out from EU social policy – it would have been possible for Ford and GM not to include the British subsidiaries in the new European consultation scheme. Union lobbying was instrumental in convincing the companies that they should follow the example of many other British firms to join the new framework. By 1996 European works councils had been created both at Ford and General Motors.<sup>129</sup>

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<sup>124</sup> Joint Trade Union Statement to Sir Pat Lowry, 25 June 1987, in: Archive TGWU Liverpool office, file "GM-Isuzu".

<sup>125</sup> Daily Telegraph, 6 May 1987; The Times, 17 August 1987.

<sup>126</sup> CAITS, Trade union responses to new managerial initiatives: The new V 6 engine plant agreement, Ellesmere Port, Vauxhall Motors, March 1990, in: Archive TGWU Liverpool.

<sup>127</sup> Hall, Behind the European Works Councils Directive, p. 553.

<sup>128</sup> Cf. Roger Blainpain, European Works Councils: information and consultation of employees in multinational enterprises in Europe, Peeters, Leuven 1994.

<sup>129</sup> Interview with Bruce Warman, former director of personnel, Vauxhall Motors Luton; Kölner Stadt-Anzeiger, 31 October 1996.

#### *IV. 1996-1999: Struggling against plant closures*

##### *1. European bargaining domino and a new type of investment agreements*

The problem of employment security, in the centre of British trade union preoccupations at Ford and Vauxhall since the early 1980s, became still more important in the second half of the 1990s. While during this period the European car market generally recovered from the 1991-3 crisis Ford and GM were unable to benefit from renewed growth as they constantly lost market share. The result was that despite massive capacity expansions by both companies their actual sales volumes stagnated or even declined. In 1999, Ford of Europe had an overall installed capacity of 2,25 million cars but only 1,7 million sales. The situation at General Motors looked similarly bad.<sup>130</sup>

The European management in both companies now made determined moves to reduce capacity through the closure of entire production locations. The threat of shutdown had been an almost constant feature of trade union thinking throughout the 1980s and 1990s but until 1996 actual closure had been confined to single instances such as the Ford foundry in 1984. During the 1992/3 recession GM and Ford had contemplated drastic measures to reduce European capacity but had eventually decided to "share the pain" through employment cuts across its European locations.<sup>131</sup>

By 1996/7, however, the prospect of plant closures appeared to be imminent. Ford undertook a review of its European operations and had begun to hint publicly at the closure of one of its assembly plants since December 1996.<sup>132</sup> Speculation soon concentrated on Halewood. In the summer of 1996 a crisis over the planned transfer of parts of *Fiesta* production from Cologne to Valencia had ended with the confirmation of Cologne and Dagenham as the sole European *Fiesta* suppliers. Consequently the Valencia plant, best in Ford's internal performance league, continued to concentrate on *Escort* production. The German Saarlouis plant had already been guaranteed *Escort* production beyond 1999 in an agreement with the works council in 1994. At the same

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<sup>130</sup> Tolliday, *The Decline of Ford in Britain*, p. 105; Holden, *Vauxhall and the Luton Economy*, chapter 10.

<sup>131</sup> *Financial Times*, 17 December 1992.

<sup>132</sup> *Financial Times*, 13 January 1997, *Köln Express*, 13 December 1996.

time, the *Escort* was due for model change in 1999, and it was known that Ford wanted to reduce production locations from three to two.<sup>133</sup>

In mid January 1997 Ford announced that Halewood would not share in the assembly of the *Escort*-successor *Focus*, which would be concentrated at Saarlouis and Valencia. The plant would be reduced to single shift production immediately, making about 1300 workers redundant. Ford wanted to continue *Escort* production until 2000, after which point the company promised the introduction of a new “multi-activity vehicle” provided performance levels were satisfactory and an investment grant from the British government would become available.<sup>134</sup>

British unions reacted swiftly, calling for a strike ballot of Ford’s entire UK workforce. The TGWU regarded the decision as the most serious dispute with the company over the last decades. If it was not reversed or the future of Halewood secured in a different way a major industrial dispute would be unavoidable. The unions also launched a massive public campaign against Ford, which resulted in broad media coverage and a two-hour debate in the House of Commons.<sup>135</sup>

Union strategies displayed certain similarities to the Vauxhall *Corsa* campaign of the early and mid-1980s when attempts had been made to alter international sourcing decisions by the mobilisation of public opinion. At the same time, however, the general shift of outlook since the late 1980s was confirmed: The campaign did not focus on tied imports and the question of home market supply apart from occasional remarks about Ford’s “obligation” to produce cars in the UK. The threat of industrial action was not specifically targeted upon imports, and there were no calls for protectionism. Instead, a notion of “European fairness” was emphasised: Halewood workers, it was argued, had been treated worse than their German and Spanish colleagues in Valencia and Saarlouis because despite similar workforce commitment and performance levels they had been excluded from future *Escort* production. There was widespread suspicion that Ford had singled out Halewood because compared to continental countries it was easier and cheaper to make employees redundant in the UK. Strategically, the union aim was to achieve similar product and investment guarantees as given to locations in Germany.<sup>136</sup>

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<sup>133</sup> Financial Times, 16 January 1997, Kölner Stadt-Anzeiger, 26 June 1996, 27 June 1996, 3 October 1996.

<sup>134</sup> Financial Times, 17 January 1997, 20 January 1997.

<sup>135</sup> Cf. Parliamentary Debates, Sixth Series, vol. 289, cols. 920ff.

<sup>136</sup> Financial Times, 24 January 1997, Daily Telegraph, 28 January 1997.

Union pressure was instrumental in bringing about further negotiations about the future of Halewood and Ford UK production locations more generally. In February 1997 these resulted in an agreement that reduced the number of redundancies from 1300 to 980 and guaranteed that the Halewood plant would not be closed or its workforce further cut down. For the time after 2000 an additional commitment was given to allocate a second model to Halewood if the proposed multi-activity vehicle should not achieve the expected European sales volume. Moreover, the agreement also made reference to the future of other Ford UK locations: Dagenham was confirmed as a “long-term strategic source” for the *Fiesta* model, and there were also guarantees for investments in the Dagenham and Bridgend engine plants, and in the Dunton research and product development centre.<sup>137</sup> As far as Halewood was concerned the position was further consolidated in October 1997. A new management-union agreement stipulated that instead of the European multi-activity vehicle the plant would produce the small model of Ford’s recently acquired luxury brand Jaguar, retaining 2900 jobs in the body and assembly plants with a good long-term future. The unions accepted a thorough review of work practices that would allow another leap forward in terms of efficiency, embodied in the “Halewood Charter” of 1998.<sup>138</sup>

The new British trade union strategy of requesting concrete and long-term product and investment commitments in order to safeguard employment at Ford UK was continued and formalised during the contract negotiations in late 1997. The claim submitted by the unions elaborated the underlying motive: “[...] Events earlier this year plainly demonstrated the company-wide concern about this issue and it led our members to want a tangible new approach to job security from the company. In short, we both need and deserve real job security based on investment and expansion of output throughout the product range in all plants.”<sup>139</sup> For the first time in the post-war period trade unions at Ford demanded company assurances about future investments as part of regular wage negotiations. Job security had featured importantly in agreements already during the 1980s and early 1990s but it had always been confined to the immediate question of redundancies. Now, the “events” of 1997 had brought the unions to attempt employment security indirectly through a list of sourcing commitments.

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<sup>137</sup> The Independent, 8 February 1997; Ford of Britain, Employment Security and Investment Statement, 19 February 1997; TGWU South East and East Anglia, Vehicle Building and Automotive Trade Group Committee Minutes, 10 March 1997, in: Archive AEEU Dagenham.

<sup>138</sup> Cf. Tolliday, *The Decline of Ford in Britain*, p. 107.

<sup>139</sup> Ford NJNC (TU side), Ford Hourly Paid Pay and Conditions Claim 1997, 4 September 1997, in: Archive AEEU Dagenham office.

Apart from the Halewood episode the term "events" clearly referred to the conclusion of another investment security agreement at Ford Germany in spring 1997 whereby the company gave detailed and long-lasting product assurances for all its German assembly and component locations in exchange for considerable works council concessions in terms of wages and working time flexibility.<sup>140</sup> The union claim argued that compared to Germany headcount reductions in the UK had been higher throughout the 1980s and 1990s; British workers appeared to be the "scapegoats of Europe" in terms of job losses. The new German agreement was seen as the continuation of this trend: "[...] We watched with interest the way in which the company agreed to safeguard jobs in Germany by providing investments and volume commitments up to the year 2010. Moreover such guarantees make jobs here in Britain more vulnerable during any future downturn. We are looking to agree this sort of underpinning here in the UK in order to equalise priority for sourcing volume."<sup>141</sup>

Hence, the Halewood experience and union-management agreements in Germany led British unions towards new labour market strategies. The influence of the German agreement was not simply that of providing a model of dealing with employment problems in multinational firms that could be copied in Britain. As the unions recognised its effect could be much more direct in that guarantees given to other European production locations could make British plants the first victims of market downturns, all the more since facilities in the UK were smaller in size than those on the continent. As a matter of fact, the German agreement made explicit reference to the distribution of *Fiesta* volumes between European locations, thus clearly involving the future of Dagenham.<sup>142</sup> Moreover, events at Halewood had demonstrated how important the question of relative plant size was for allocation decisions in times of overall crisis. On the one hand, higher volumes reduced fixed costs per unit produced, giving larger plants an important advantage in internal efficiency benchmarking processes. On the other hand, plants with low output levels were more vulnerable because their production volumes could easily be absorbed by the other, larger factories while the latter's

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<sup>140</sup> Kölner Stadt-Anzeiger 23 April 1997, 24 April 1997.

<sup>141</sup> Ford NJNC (TU side), Ford Hourly Paid Pay and Conditions Claim 1997, 4 September 1997, in: Archive AEEU Dagenham office.

<sup>142</sup> Betriebsvereinbarung zwischen dem Vorstand und dem Gesamtbetriebsrat der Ford-Werke-Aktiengesellschaft über die Sicherung von Investitionen innerhalb der Ford-Werke-Aktiengesellschaft, 22 April 1997. I would like to thank Mr. Röder, HRM department, Fordwerke AG, for access to this material.

substitution would require massive additional investment. Had Halewood been bigger than Saarlouis in 1997 the *Escort* plant closure may well have hit the German site.<sup>143</sup>

Unsurprisingly, therefore, the union pay claim argued that instead of further cost cutting through headcount reduction Ford should expand output in order to improve the overall cost balance: "A commitment to increase volumes, maintain and underpin existing products and introduce new products is the only true way that we can meet the twin objectives of cost competitiveness and employment security."<sup>144</sup> Triggered by the fear of plant closures British trade unions - as their counterparts in continental countries - became active promoters of the creation of extra capacity in the European motor industry, which, in the longer-term, further exacerbated market competition and cost pressures. If the gamble on the market proved unsuccessful the spiral of "investment and employment security" agreements in Britain, Germany, Spain and Belgium was likely to bring back closure threats with even greater force.

For the moment, however, British unions were relatively successful in securing company commitment to future investments at Ford UK. Following the German example an agreement signed in November 1997 provided them with a list of product and investment guarantees for every single Ford location in the UK. The Jaguar-Halewood solution was incorporated into the agreement, and Dagenham's "strategic role" as *Fiesta* supplier was transformed into a concrete capacity guarantee of 272 000 vehicles per year for the successor model to be built after 2002 - far beyond present production schedules and matching the levels of *Fiesta* capacity agreed in Cologne. Dagenham would become the "lead plant" for the new generation of *Fiestas*.<sup>145</sup>

But trade union satisfaction about the "amicable agreement"<sup>146</sup> with company was not to last for long as developments in early 1998 started a fresh round of investment competition between European Ford locations. Following the decision to build up production of a small Jaguar at Halewood Ford decided to terminate the manufacture of its previous large model *Scorpio* two years ahead of schedule, creating surplus labour in the Cologne plant. In this situation the Works council successfully insisted upon the implementation of a company assurance given in 1994 according to which Ford would seek to replace *Scorpio* capacity by alternative products. A new agreement in March

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<sup>143</sup> Tolliday, *The Decline of Ford in Britain*, p. 106.

<sup>144</sup> Ford NJNC (TU side), *Ford Hourly Paid Pay and Conditions Claim 1997*, 4 September 1997, in: Archive AEEU Dagenham.

<sup>145</sup> Ford of Britain, *Employment Security and Investment Statement*, November 1997, in: *Ibid*.

<sup>146</sup> TGWU South East and East Anglia, *Vehicle Building and Automotive Trade Group Committee Minutes*, 10 March 1997, in: *Ibid*.

1998 stipulated that Cologne, apart from the *Fiesta*, would be allocated a *Fiesta*-based derivative for which it would be the sole European supplier. The agreement contained ambiguities with regard to the resulting overall plant capacity at Cologne and to the implications for *Fiesta* production in Dagenham both in the short run and after the launch of the successor model in 2002; for instance, a “re-balancing” between *Fiesta* locations was envisaged in the case of unexpected production shortfalls for the new vehicle.<sup>147</sup>

In Dagenham this development came as a bombshell. Within a week the local trade unions had discovered the agreement, and a series of crisis meetings in the Dagenham assembly plant ensued. As in 1997, the German pattern had a twofold effect: On the one hand it was seen as a direct threat to employment security at Dagenham. There was much unrest about the fact that negotiations in Cologne had taken place without the knowledge of British trade unions even though the Dagenham site would be directly affected. “European fairness” in terms of sourcing decisions was invoked.<sup>148</sup> Despite management attempts of appeasement the unions insisted that the German agreement would increase capacity in Cologne at the expense of Dagenham. The formula of “re-balancing” increased the likelihood that Dagenham would lose parts of its *Fiesta* production in case of a market downturn, and the plant’s vulnerability to closure would equally increase by the allocation of a second model to Cologne, which protected jobs there, while Dagenham would have to rely on *Fiesta* sales alone after the year 2000. As the assembly plant shop stewards committee put it: “Dagenham will become the European buffer plant – with lowest capacity and volume [...] There is the real danger that any downturn of European *Fiesta* demand will be realised here.”<sup>149</sup>

If the German agreement was a threat to employment security in the UK it provided, on the other hand, a model the trade unions wished to emulate. The Dagenham assembly plant convenor Riley emphasised that “Germany had done well out of its security agreements” pointing to the relative stability of employment levels in the German plants as opposed to continued reductions in Britain. Consequently, the objective was to achieve “a formal written agreement” as concluded in Cologne: This should not be confined to an assurance that Dagenham employment would not be

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<sup>147</sup> Zusatzvereinbarung zur Betriebsvereinbarung vom 25. Februar 1994 zwischen dem Vorstand und dem Gesamtbetriebsrat der Ford-Werke-Aktiengesellschaft über die Sicherung von Investitionen innerhalb der Ford-Werke Aktiengesellschaft, in: Archive Betriebsrat Produktentwicklung, Fordwerke AG.

<sup>148</sup> Special JWC/MSF meeting to discuss supplement to the security agreement issued in German on 6 March 1998, [March 1998], in: Archive AEEU Dagenham.

<sup>149</sup> “Under Pressure”, PTA shop stewards committee leaflet, March 1998, in: Ibid.

negatively affected by the German agreement but rather was to include concrete investment commitments: Plant capacity should be increased to match the levels agreed for Cologne to equalise costs and sourcing chances. Moreover, as in Germany, a second model should be introduced protecting Dagenham from downturns in *Fiesta* sales. The assembly plant representatives declared their willingness to improve the prospects for such investments by the support of local measures to increase efficiency.<sup>150</sup>

Upon these requests long and detailed negotiations with Ford's European management ensued, which in the spring of 1999 eventually resulted in a new agreement that satisfied most of the trade union demands. The capacity of the Dagenham body and assembly plants was increased to standards achieved in Cologne. Additionally, a second model was allocated to the site, and Dagenham was also confirmed as the "lead plant" for the *Fiesta* successor to be built from 2002 onwards. The unions agreed to measures to improve quality and flexibility of operations, e.g. through adaptable shift patterns or the use of temporary employees. They were also willing to play an active role in reducing the level of absenteeism. Union officials celebrated the agreement as "historic turning point for Dagenham" that ended the speculation surrounding the plant's future: "[...]A pro-active strategic campaign by Ford trade unions has led to true equality in production across Ford UK and German operations."<sup>151</sup> However, these expectations for a bright future would soon turn out to be an illusion.

Developments at Vauxhall in the period between 1996 and 1999 were almost identical to those at Ford. In terms of European sales General Motors was unable to benefit from the general market recovery in these years due to its declining market share. Ruthless competition triggered another round of drastic cost cutting measures. Initially it appeared that employment reductions would be spread across European locations but by early 1998 GM's European top management was determined to close the Vauxhall assembly plant at Luton.<sup>152</sup>

The site in the north of London was singled out for shutdown for several reasons. It was the oldest GM plant in Europe with a cumbersome lay-out. Compared to the Opel factories on the Continent it was also a small plant whose output could be absorbed

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<sup>150</sup> Joint JWC Stage 5.1 meeting to discuss supplement to the security agreement issued in Germany on 6 March, 1998, 17 March 1998, in: Ibid.

<sup>151</sup> Press Release TGWU South East and East Anglia, 21 April 1999, in: Ibid.

<sup>152</sup> Special Meeting of the Vauxhall JNC, 19 March 1998, in: Archive Vauxhall Motors Ltd. HRM department, file JNC Minutes, Vol. 7.

without massive investments in new capacity. Against this background an analysis of a trade union-related research institute had warned already in the late 1980s that Luton's future position within GM's European network was "very vulnerable".<sup>153</sup> While production volumes at Luton had risen in the early 1990s the plant had not matched capacity levels of the sites in Belgium, Germany and Spain. Local management had tried hard to argue for the installation of a second model that would raise overall capacity and protect the plant against closure; Vauxhall trade unions had supported these efforts by agreeing to wide-ranging measures of working time flexibility in the summer of 1997. But GM's European management had not approved the project, not least because of the renewed rise of the pound that made exports from Britain to the continent increasingly expensive.<sup>154</sup>

Moreover, the *Vectra* model assembled at Luton sold very badly, and there were strategic company plans to reduce the number of *Vectra* sites from three to two with the introduction of a successor model in 2001/2. At the same time, in exchange for the acceptance of job and wage cuts, one of the other two *Vectra* plants in Rüsselsheim had been given guarantees for future production of the vehicle. The agreement was concluded with the *Opel* works council in Germany stipulating massive investments for a greenfield site at Rüsselsheim to produce the new *Vectra* – although with lower overall capacities. The Bochum plant equally received guarantees for future *Astra* production that in the longer-term could constitute a threat for Ellesmere Port.<sup>155</sup>

British trade union disquiet about this type of investment security agreements at *Opel* had already been discernible at the time of the first contract in Germany in November 1993. The new agreements in 1998 entailed the prospect of plant closure at Luton and therefore caused a storm of protests. Union reactions were similar to those at Ford: Concern about the impact of union-management deals in other European sites was coupled with the request to achieve similar agreements for the UK. Just one day after the German agreement had become public union representatives in the Vauxhall JNC bitterly complained that they had been misled about secret negotiations in other countries that were entered into at the expense of plants in Britain.<sup>156</sup> Capacity

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<sup>153</sup> CAITS, *The Motor Industry in Luton/South Bedfordshire. General Motors operations and trade union strategies*, January 1988, in: Archive TGWU Liverpool office.

<sup>154</sup> Minutes of a meeting of the Vauxhall JNC, 18 February 1997, 22 January 1998, in: Archive Vauxhall Motors Ltd. HRM department, file JNC Minutes, Vol. 7.

<sup>155</sup> *Financial Times*, 17 November 1997, 21 January 1998.

<sup>156</sup> Minutes of a meeting of the Vauxhall JNC, 22 January 1998, in: Archive Vauxhall Motors Ltd. HRM department, file JNC Minutes, Vol. 7.

guarantees for Rüsselsheim, Bochum and Antwerp meant that the survival of Luton and Ellesmere Port was threatened. Workers in the UK had been let down and treated unfairly in comparisons with their continental colleagues. Given that negotiations in Germany had been carried on for some 10 months the unions also suspected that the agreement with British unions for more flexible working hours and shift systems in July 1997 had only been used as an additional pressure for negotiations on the continent.

In their view the only way forward was for the company to emulate foreign practices and provide similar product and investment guarantees. For Luton the unions requested the equalisation of plant capacity with Rüsselsheim through a commitment to future *Vectra* production there and the allocation of a second model. For Ellesmere Port guarantees were sought not only for the present cycle of *Astra* production but also for its successor to be built in the new millennium. To achieve these guarantees the union representatives signalled readiness to accommodate further company requirements to improve the flexibility and efficiency of operations.<sup>157</sup>

What followed were hectic negotiations of the Vauxhall joint negotiation committee and approaches to the national and local government to obtain investment grants or other financial help. The Blair administration indeed decided to support Vauxhall with a grant for the Ellesmere Port plant, and at Luton the local town council offered the purchase of land with favourable conditions. At the same time, the trade unions made wide-ranging concessions in terms of wages, working time flexibility and part-time employment. They also agreed that future pay increases would be partly dependent on sterling exchange rates.<sup>158</sup>

These measures were instrumental in altering the intentions of GM's European management: In April 1998 commitments were given with regard to future investments in the two British plants. Closure plans for Luton were abandoned, and it was guaranteed that the plant would build the *Vectra* successor model although with lower installed capacity than Rüsselsheim and without the additional protection of a second model. Ellesmere Port received the required assurances for assembly of the next generation *Astra*. These investment commitments were incorporated into a new 3-year collective bargaining agreement, which was subsequently endorsed by an overwhelming

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<sup>157</sup> Minutes of a special meeting of the Vauxhall JNC, 19 March 1998, Minutes of a special meeting of the Vauxhall JNC, 25-26 March 1998, in: *Ibid.*

<sup>158</sup> Minutes of a meeting of the Vauxhall JNC, 1 April 1998, 8 April 1998, in: *Ibid.*

majority of workers in both plants.<sup>159</sup> As in the case of Ford it appeared as if the threat of plant closure had been dispelled by a new type of agreement that guaranteed future employment security. Indeed, in contrast to the German and Belgian plants, this security appeared to have been achieved without major payroll cuts. But - as at Ford - hopes would soon prove to be deceptive.

## 2. Co-management: The consolidation of a national labour-management coalition

The investment and employment security agreements concluded at Ford UK and Vauxhall in the period between 1997 and 1999 constituted a new feature of British trade union policy in both companies, clearly inspired by similar arrangements in other European countries that provided a model to emulate as much as they posed a direct threat to the future of plants in the UK. At the same time, however, they consolidated and reinforced longer-term continuities in union strategies. Most fundamentally, facing a continued over-capacity crisis in the European automobile industry, the agreements radicalised the shift of union policy priorities towards employment security. In Ford's and GM's international labour markets the latter aspect had played a certain role for trade union positions already in the 1960s and 1970s, but had usually been subordinated to concern over wages and working conditions. From the early 1980s onwards this pattern had increasingly been reversed. While British unions negotiated to limit concessions on the part of the workforces, the agreements accepted in the late 1990s bespoke the extent to which employment security had come to dominate union agendas at the expense of other considerations.

Moreover, they reinforced another long-term trend, namely the concern for what usually had been regarded as management prerogatives, and the corresponding desire to exert influence over international corporate decision-making. Since the early days of Ford of Europe in the late 1960s British unions had mobilised research and lobbying efforts related to international aspects of investment allocation, product policy and export marketing. With the subsequent standardisation of Ford (and later) GM models and the centralisation of European decision-making the importance of these aspects had further increased. While union campaigns to influence international sourcing decisions had remained ad-hoc adventures during the 1960s and 1970s they became more

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<sup>159</sup> Financial Times, 22 April 1998, 24 April 1998.

systematic thereafter, expressed for instance by the Vauxhall *Corsa* campaign. The agreements concluded in the late 1990s pushed this development an important step further: they made aspects of international product and investment policy part of collective bargaining processes in the UK. Company sourcing commitments featured as part of wages and conditions contracts.

There can be no doubt that these agreements came about as direct spill-over effects from arrangements made in other Ford and GM locations, particularly in Germany.<sup>160</sup> Labour representatives abroad, contrary to UK practice, had been given written and detailed guarantees for future investments, which were even likely to affect employment security in Britain – from a UK trade union point of view this constituted a compelling case for similar commitments to be made for Halewood, Dagenham, Luton and Ellesmere Port. Whether or not local British management agreed with this reasoning they had little choice other than to accept the basic union request for “equal treatment”. In the Ford Halewood case, a national strike ballot was averted only by a comprehensive management document listing investment commitments for all major Ford locations in Britain. In the case of Vauxhall, local management representatives could not but acknowledge the impact of German and Belgian agreements although they tended to emphasize the cost-cutting aspects of the deals rather than the product guarantees given. Vauxhall’s Managing Director Reilly admitted that the agreements abroad taken together with unfavourable changes in the pound exchange rate were the primary reasons for the closure threat at Luton.<sup>161</sup>

More generally, management in both companies faced the prospect of increasing trade union resistance to any further efficiency negotiations unless they were accompanied by clear and long-term job security guarantees. In the circumstances of the late 1990s further cost savings were, however, seen as essential; Vauxhall senior managers told the JNC that this was necessary as over-capacity caused all European locations “[...] to do everything they could to protect their plants.”<sup>162</sup> Warnings against the danger of competition by other European Ford and GM subsidiaries had proved to be one of the most successful elements of management strategy to persuade British unions of the need to improve quality and productivity levels in the UK since the 1980s. But now this strategy could not continue to work in its previous form because unions

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<sup>160</sup> Hancké, *European Works Councils and European Restructuring*, p. 41.

<sup>161</sup> Minutes of a special meeting of the Vauxhall JNC, 19 March 1998, 25-26 March, in: Archive Vauxhall Motors Ltd. HRM department, file JNC Minutes, Vol. 7.

<sup>162</sup> Minutes of a special meeting of the Vauxhall JNC, 22 January 1998, in: *Ibid.*

would no longer engage in such talks on the sole basis of management promises for new products or investments, as had been the case with the 1997 Vauxhall agreement on working time flexibility. The 1998 and 1999 negotiations demonstrated that unions would not seriously start considering company efficiency proposals unless they were satisfied with future product commitments. At Vauxhall, for instance, negotiations about wage concessions were delayed until the company - after initial resistance - came forward with an assurance about the production of the *Astra* successor model at Ellesmere Port.<sup>163</sup>

Thus, events between 1997 and 1999 put the partnership approach between management and trade unions, developed in both companies since the mid-1980s, to a severe test. But as managements accepted the union case for a new type of investment agreement the test ended with the reinforcement of co-operative attitudes: The TGWU hailed the “amicable agreement” reached with Ford over the future of the Halewood plant, and in the case of Vauxhall the JNC trade union representatives emphasised that both sides had proven their willingness to save the Luton plant. The unions explicitly acknowledged the efforts undertaken by Vauxhall’s Managing director to secure government help and also the symbolic gesture of senior management of accepting salary cuts as part of the rescue plan.<sup>164</sup>

At Dagenham the body and assembly plant union representatives decided to approach the meeting with European top management on a joint basis with the UK plant directors: “[...] Local management joined forces with the [...] works committees in putting forward the case for Dagenham – we together constructed an extremely strong business case.”<sup>165</sup> This confirmed the development towards a pattern of “co-management”, which had already become visible in the early 1990s. The “strong business case” involved detailed union commitments of how to raise plant volume immediately through an increase of line speeds. The labour representatives went even further than local management in making their claims upon pure economic grounds. They argued that a capping of Dagenham capacities would be “regardless of any business logic” and requested that future *Fiesta* volume increases be allocated on the basis of “objective criteria” such as quality and costs.<sup>166</sup> Similar arguments had already

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<sup>163</sup> Minutes of a special meeting of the Vauxhall JNC, 1 April 1998, in: *Ibid.*

<sup>164</sup> *Ibid.*; TGWU South East and East Anglia, Vehicle Building and Automotive Trade Group Committee Minutes, 10 March 1997, in: Archive AEEU Dagenham; *Financial Times*, 16 April 1998.

<sup>165</sup> Under Pressure, PTA Shop stewards bulletin, April 1998, in: Archive AEEU Dagenham.

<sup>166</sup> *Ibid.*

been voiced at the time of the Halewood crisis in early 1997 when resistance against the initial company cutback plans had partly been justified by the claim that *Escort* production on Merseyside was cheaper than at Saarlouis.

At Vauxhall, the union case for higher capacity and volumes was presented with comparative figures of throughput in the different European locations, which handicapped the British plants because of their lower size. The practice of “co-management”, “catching up” with the pattern developed in Germany already previously,<sup>167</sup> had become a firmly anchored element of British union policy at Ford and Vauxhall. Further prominent instances at Ford were the active union involvement into the business case for a new engine investment project at Bridgend<sup>168</sup> and the struggle over the re-location of the Ford of Europe headquarters in the context of the decision of where to base the European works council of the company. Here, labour representatives both in Britain and in Germany strongly lobbied together with national managements for their respective countries.<sup>169</sup>

International business integration became an ever more powerful vehicle in fostering the collaboration between national managements and trade unions. How much this thinking in terms of a national interest coalition dominated trade union strategies can be grasped in the enthusiastic TGWU comment on the 1999 Dagenham agreement, which was described as a “win-win-situation” demonstrating that “[...] a partnership between strong trade unions and a positive corporate direction is the best protector of jobs, productivity and quality.”<sup>170</sup>

### 3. The campaign for a European “level playing field”

Since the TUC’s “European turn” in the late 1980s a general discourse had developed within the British trade union movement according to which the UK lagged badly behind continental countries in terms of labour market legislation. Increasingly distancing itself from the past approach of relying primarily on voluntarist means of interest representation the majority within the TUC had embraced legal regulation as an important instrument of labour market protection in a hostile economic and political

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<sup>167</sup> Zagelmeyer, *Brothers in Arms*, op. cit.

<sup>168</sup> Letter Ford NJNC (TU side) to R. Hill, Director of Personnel Ford Motor Company, 7 September 1998, in: Archive AEEU Dagenham.

<sup>169</sup> The conflict ended with a decision in favour of Cologne – cf. Gluch, *Bildung eines europäischen Ford-Betriebsrates*, p. 34.

<sup>170</sup> Press Release TGWU South East and East Anglia, 21 April 1999, in: Archive AEEU Dagenham.

climate. The claim for the need to "catch up with best European practice" had become a new priority in trade union agendas and had also served to rally the labour movement against successive Conservative governments. At Ford and Vauxhall, some of the most crucial aspects of the national discussions, e.g. about a national minimum wage or statutory trade union recognition, had been of little relevance. But the "legal turn" of union thinking had become manifest in the two companies with the promotion of European works councils as vehicles to improve the information and consultation rights of UK employees in line with "European standards" - even though British unions pushed hard for an implementation that respected as much as possible a monopoly of trade unions as representatives of workers in the new consultation bodies.

In the debates about the relationship between labour market regulation and investment patterns the unions had emphasised that low wage costs and permissive labour laws did not improve the attractiveness of Britain for foreign investors such as Ford and Vauxhall - as claimed by employers and the Conservative governments. In line with national TUC policy it was argued that the higher standards enjoyed, for instance, by German employees, did not prevent companies from investing there. Both at GM and Ford the unions could rightly point to massive investments in Germany, and while at *Opel* this went hand in hand with considerable job cutbacks employment stability at Ford had been higher in Germany than in the UK. At Vauxhall there had even been small signs of union anxiety about the possibility that investment security agreements in Germany might affect future employment in British plants.

This latter point was pushed to the forefront in the wake of the closure negotiations in 1997 and 1998. From the point of view of British unions closure threats at Ford and Vauxhall were directly linked to investment and employment guarantees given by the companies to labour representatives in Germany and Belgium; their secure situation stood in contrast to Britain, where lax labour laws provided multinational firms with a perfect setting to dispose of European over-capacities. As the 1997 Ford NJNC wage claim put it: "[...] Workers in Britain have far less social protection than our counterparts in Europe - as a consequence it is far cheaper and easier for the company to make redundancies here than anywhere else in Europe."<sup>171</sup>

For the first time this argument appeared at the time of the Halewood crisis in January 1997. Massively lobbied by representatives from all major motor industry

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<sup>171</sup> Ford NJNC (TU side), Ford Hourly Paid Pay and Conditions Claim 1997, 4 September 1997, in: *Ibid.*

unions a number of Labour MPs from Merseyside constituencies emphasised in a Commons debate that the Halewood episode made mockery of the government view that non-adherence to EU Social policy contributed to job creation in Britain. UK workers had been singled out for redundancy because employers faced fewer legal and financial obligations than in Germany where labour agreements were legally binding and redundancy payments higher. Consultation requirements with works councils equally helped to protect jobs of German employees.<sup>172</sup>

While these claims have to be seen in perspective of the immediate crisis at Halewood and also against the background of Labour's campaign for the general elections in May 1997 the issue of legal protection was to remain on trade union agendas. Following the negotiations about investment security agreements at Vauxhall and Ford Dagenham in the spring of 1998 the annual TGWU motor industry conference adopted a resolution urging the union's sponsored members of parliament to press for changes in employment legislation: "[...] we call for similar employment rights to those of our German colleagues in respect of dismissals in order to ensure a level playing field and prevent the UK from being seen as the soft target. The need for such legislation is clearly demonstrated by recent events at both Ford and General Motors."<sup>173</sup>

The new quest for legal regulation in line with "best European practice" remained, however, on a rather general level. Moreover, claims were partly unfounded: It was true that statutory redundancy payments in Britain were substantially lower than in Germany but Ford and Vauxhall could hardly be said to follow this pattern. In 1997 Ford, as in the case of the Dagenham foundry in 1984, offered very generous early retirement and separation packages for Halewood employees that matched the levels it paid in its continental subsidiaries. The company also went far beyond the legal requirements in terms of notification prior to collective redundancies.<sup>174</sup>

With respect to the more general legal aspects of consultation and collective bargaining the union positions had more substance but remained vague as to whether and how the perceived bias should be remedied. It was one thing to point to the superior consultation rights of German works councils and the fact that collective bargaining agreements were legally binding there. It was another to propose concrete measures of

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<sup>172</sup> Cf. Parliamentary Debates, Sixth Series, vol. 289, cols. 920ff, see also Financial Times, 17 January 1997.

<sup>173</sup> TGWU, Vehicle Building and Automotive National Trade Group, National Industrial Policy Conference, 14-15 July 1998, in: Archive AEEU Dagenham.

<sup>174</sup> House of Commons, Trade and industry Committee, Minutes of Evidence, 24 October 2000, in: <http://www.publications.parliament.uk/pa/cmselect/cmtrdind/128/0052401>, 7 June 2005.

reform. In the absence of such proposals the formula of the "European level playing field" remained little more than a suggestive metaphor. There was, for instance, no reference to the parallel debates about the new EU information and consultation directive, submitted by the European Commission in 1997. The 1998 and 1999 TUC Congresses both welcomed the proposed directive in general terms and criticised the Blair government for blocking its approval. However, during the discussions no mention was made of concrete company cases.<sup>175</sup>

It is also clear that the new focus on legal protection was not meant as an instrument to radically challenge employers. The law was not perceived of as providing an alternative to "partnership" with management; the rough language at times used to justify the case for more legal protection could not mask the continuing pattern of co-operation. Indeed, the 1998 TUC Congress explicitly pointed to Vauxhall as an example for good partnership of trade unions with a multinational company.<sup>176</sup> Nevertheless, pledges for the strengthening of employment legislation were a significant new feature of British trade union policy at Ford and Vauxhall between 1997 and 1999, and they were clearly inspired by the comparison with labour relations notably in Germany. While opinions about the merits and defaults of the German works councils system remained to some extent divided Ford and Vauxhall well represented a broader national trend of rapprochement: Rather than belittling practices of German trade unions as had so often been the case in the 1970s, the latter were now perceived much more positively, and for a large current within the unions even provided a new model of how to use legal protection as an instrument to secure future employment.

#### 4. The European works councils

The existence of European works councils at Ford and General Motors since 1996 did nothing to mitigate the competitive dynamics of the investment security agreements concluded in all major Ford and GM locations between 1997 and 1999. Indeed, as Hancké has argued, the council structure often further contributed to the competitive

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<sup>175</sup> Trades Union Congress, Report of the 130th Annual Congress, 14-17 September 1998; Trades Union Congress, Report of the 131th Annual Congress, 13-16 September 1999.

<sup>176</sup> Trades Union Congress, Report of the 130th Annual Congress, 14-17 September 1998.

spiral as it was used by labour representatives to obtain information about the situation in plants abroad that informed their approaches to the “survival pacts” at home.<sup>177</sup>

Recurrent complaints by European works council delegates about this situation testify to the problem as much as they indicate the widespread uneasiness felt. That the companies were playing off workers and unions against each other became the most frequently used description of events. A Belgian GM delegate, voicing disappointment about the first two years of European works council experience, called for radical change: “Action lies in our hands. Either we remain suspicious towards one another, even fight each other secretly or we show [...] that we are able to find each other in true solidarity, even in difficult circumstances.”<sup>178</sup> British delegates were particularly critical pointing to the “knock-on” effects of investment agreements in Germany and Belgium on plants in the UK and the inactivity of the EWC’s in this regard. A Ford Halewood convenor complained in 1997 that the European works council “had not stood its acid-proof”. British Vauxhall delegates emphasised the need to ensure that in the future national agreements would not anymore be entered into at the expense of other European locations.<sup>179</sup>

On the one hand these positions rightly reflected the fact that UK unions had been on the receiving end in the European bargaining domino between 1997 and 1999. As argued by Hancké the origin of the new investment and employment security negotiation type can clearly be traced to the German *IG Metall* where the concept of *Standortsicherung* – literally implying that it could negatively affect other locations – had been elevated to a national strategy since the early 1990s.<sup>180</sup> Indeed, in the case of Ford, the first of such security agreements – even though on a minor scale – went back as far as 1985.<sup>181</sup> It is also noteworthy that union-management agreements concluded in the late 1990s in companies without a significant German manufacturing location, e.g. *Fiat* or *Renault*, appear to have been much less concerned with investment matters than those at Ford and GM.<sup>182</sup>

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<sup>177</sup> Hancké, *European Works Councils and Industrial Restructuring*, p. 54.

<sup>178</sup> European Employee Forum Belgium Oct/Nov 1998 – report by MSF, TGWU and AEEU, in: Archive TGWU Liverpool, File “European Employee Forum”.

<sup>179</sup> European Employee Forum Antwerp, 6-7 May 1998 – report by AEEU, TGWU and MSF, in: *Ibid.*; Protokoll über die interne Sitzung des Europäischen Ford-Betriebsrats vom 20. Mai 1997, in: Archive IG Metall Cologne.

<sup>180</sup> Hancké, *European Works Councils and Industrial Restructuring*, p. 41.

<sup>181</sup> Fordwerke AG, Vereinbarung zwischen dem Vorstand und dem Gesamtbetriebsrat der Ford-Werke Aktiengesellschaft über einen Restrukturierungsplan für den Zeitraum 1986 bis 1990, 10 October 1985. I would like to thank Mr. Röder, HRM department, Fordwerke AG, for access to this material.

<sup>182</sup> Zagelmeyer, *Brothers in Arms*, op. cit.

On the other hand, the wave of investment agreements of the late 1990s continued a longer-term trend of investment competition, of which British unions had themselves been part. The engine plant negotiations at Vauxhall in 1990 or the Ford-Mazda project in 1994/5 had all involved considerable labour concessions – always in view of winning the “race” against potential other European locations. The new agreements radicalised this trend in terms of their comprehensiveness, their often very long-term time horizons, and their formality through written documents – in continental countries, as correctly claimed by British unions, including a direct legal effect. The secret character of the often month-long talks was particularly significant. That this radicalisation coincided with the launch of European works councils in both companies clearly constituted a low point in efforts for cross-border trade union co-operation.

At the same time, however, the crisis provided those who wished to promote such co-operation in the future with a valuable experience. Particularly at General Motors it generated a certain determination to avoid a repetition of events. Moreover, the agreements themselves could be seen as a model for exercising trade union influence over European corporate sourcing decisions – if they would cover *all* European locations instead of being confined to German, Belgian or British plants respectively.

That prospects for achieving a measure of international co-operation did not appear to be completely remote after the experiences of 1997-99 was also the result of the continued trade union emphasis on common “European interests” in the process of corporate globalisation at Ford and GM. The proceedings of the GM European works council during these years are full of references to the dangers this process was liable to bring for employment security in European company locations. Repeatedly fears were expressed that the Corporation’s increasing investments outside Europe could eventually result in the import of vehicles from other continents with negative effects on employment. The chairman of the GM council praised the “production location Europe”, warning that accelerated investments in Asia, partly financed from European profits, would come at the expense of necessary investments into new products and facilities on the old continent.<sup>183</sup> Events in 2000 would demonstrate that against the background of these positions a continued competitive dynamics was not incompatible with the achievement of a degree of cross-border trade union co-operation.

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<sup>183</sup> Rede Rudolf Müller Europäisches GM Arbeitnehmerforum 15/16. Januar 1997, in: Archive Works council Adam Opel AG Rüsselsheim, file „Europäisches GM Arbeitnehmer-Forum.

## V. 2000-2001: Facing Closures

### 1. The end of Luton and Dagenham passenger car assembly

The year 2000 witnessed the transformation of British trade union policy at Ford and Vauxhall into a mature new pattern of inter-nationalisation - triggered mainly by company decisions to massively reduce volume car production in the United Kingdom. Both firms had continued to loose market share in Europe in 1999/2000, and, taken together with the effects of harsh competition, this resulted in record commercial losses. As a result, pressure for further cost cutting rapidly increased. Ford and GM's European managements were determined to take further radical steps to reduce overall capacity, and the focus of these measures clearly fell upon the British plants. In the case of Ford, the centrepiece of a "European restructuring" program, apart from cutbacks in Belgium and the closure of small facilities in Eastern Europe, was the termination of passenger car assembly at Dagenham. In February 2000 the oldest site of Ford in Britain had already been put onto one-shift working and was no longer the "lead plant" for the *Fiesta* successor model, as foreseen in the 1999 investment security agreement. Three months later the decision was taken to end *Fiesta* assembly altogether by 2002, concentrating the next generation of the vehicle at Cologne where capacity was increased, with Valencia as a supplementary second source. At Dagenham more than 3000 employees would be made redundant of whom only up to 500 were to be transferred to the engine plant, which received further investments to expand diesel manufacturing as compensation. Ford also promised further expansion of engine production at Bridgend.<sup>184</sup>

In the case of Vauxhall, a European business review in December 2000 culminated in the decision to close down *Vectra* assembly at Luton. It was anticipated that the successor of the vehicle would mainly be built on the new greenfield site in Rüsselsheim with a second multi-car plant topping up *Vectra* output. The company held out the prospect that Ellesmere Port could become this second "flex plant" tooling up for the new *Vectra* besides its *Astra* facilities. At Luton about 2200 jobs would be lost.<sup>185</sup>

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<sup>184</sup> Tolliday, *The Decline of Ford in Britain*, p. 108; *Financial Times*, 13 May 2000; *Kölner Stadt-Anzeiger*, 26 September 2000.

<sup>185</sup> *Financial Times*, 13 December 2000.

Notwithstanding company affirmations to the contrary many contemporary commentators regarded these decisions as a clear break of the previous agreements concluded with trade unions in 1998 and 1999; certainly this view was unanimously shared among the major trade unions themselves. AEEU, TGWU and MSF were united in their condemnations of Ford and Vauxhall "betraying British workers" by reneging upon previously struck agreements. Anger and frustration ran high as shown in public statements such as that of Terry Pye from the white-collar union MSF in relation to Ford: "[...] We are greatly disappointed by the position that the company has adopted. If we had adopted a similar approach to the agreements that we reached of significance we would have been branded as all sorts of spies under the bed."<sup>186</sup> The unions pointed to the considerable sacrifices accepted by workers as part of the 1998 and 1999 agreements and bitterly complained about the UK being singled out to bear the brunt of European restructuring. In the words of Tony Woodley, TGWU, commenting on the Vauxhall decision: "[...] they have losses in Europe, they want to balance the books in the short-term [...]so let us cut our cloth to suit today and let us maximise our investments and maximise all the plants' capacities in the future in Europe. A British solution to a European problem."<sup>187</sup>

These allegations appeared to be well founded. In the case of Ford the agreement with the unions guaranteeing the assembly of *Fiesta* beyond 2002 had been concluded hardly a year prior to the closure decision. At Vauxhall, assurances dated from spring 1998 but they had been publicly reiterated by senior company management still in October 2000.<sup>188</sup> Management representatives pointed to clauses in the agreements stipulating that "exceptionally adverse changes in the economic environment" could force a reconsideration of corporate plans but the European car market in 1999/2000 did not witness a major recession; the erosion of Ford and GM's profitability in Europe had certainly been a longer-term trend.<sup>189</sup>

Moreover, if cutbacks were implemented it was questionable why plants in the UK were hit much harder than the subsidiaries in Belgium, Germany and Spain. Both companies mentioned cutback measures also on the continent but most of those had

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<sup>186</sup> House of Commons, Trade and industry Committee, Minutes of Evidence, 24 October 2000, in: <http://www.publications.parliament.uk/pa/cmselect/cmtrdind/128/0052401>, 7 June 2005.

<sup>187</sup> House of Commons, Trade and industry Committee, Minutes of Evidence, 11 January 2001, in: *ibid.*

<sup>188</sup> *Ibid.*

<sup>189</sup> For Ford see Bordenave, *Ford of Europe*, pp. 265f.

already been implemented as part of the 1998 investment security agreements.<sup>190</sup> Ford's "compensatory" investments into the expansion of engine production were welcomed but given that engine manufacture was less labour-intensive than assembly work it would only marginally offset the impending job losses. At Vauxhall, partial compensation through the extension of Ellesmere Port facilities had not yet been approved. At any rate, Vauxhall had broken the 1998 agreement in that it had failed to consult with trade union representatives prior to the decision to close Luton *Vectra* assembly: The trade union members of the Joint Negotiating Committee received the news through local radio stations.<sup>191</sup>

If it was the case that company policy in 2000 challenged trade union interests at Ford and Vauxhall to an unprecedented degree, the extent to which subsequent attempts to reverse or at least mitigate these decisions reinforced earlier trends of union policy was all the more significant, thus proving the robust character of changes that had occurred since the late 1980s. To begin with, the events in 2000 did not entail a revival of old campaigns based on national market considerations, e.g. in the form of import controls or local content regulations. Union protests did stress the value of the British market for Ford's and Vauxhall's sales performance but such arguments were all placed into a European context, thus acknowledging the principle of pan-European sourcing and its benefits for UK operations through intra-company exports. Ford was reminded in general terms that Britain was its best-selling market in Europe, which placed an obligation on the company to continue vehicle assembly. Yet, import arguments did not resurface. There can be little doubt that apart from the specific benefits British Ford plants were drawing from component exports to the continent this attitude also displayed an awareness of the more general trends in the European motor industry that tended towards the fragmentation of national markets and an ever stronger consumer preference for imports. Union statements also explicitly acknowledged substantial British benefits arising from this new pattern of demand.<sup>192</sup>

Similarly, although initial union reactions categorically requested the intervention of the government<sup>193</sup> there was no return to the interventionist ideas that had been

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<sup>190</sup> Minutes of a special meeting of the Vauxhall JNC, 19 March 1998, in: Archive Vauxhall Motors Ltd. HRM department, file JNC Minutes, Vol. 7.

<sup>191</sup> Minutes of a meeting of the Vauxhall JNC, 12 December 2000, in: Ibid.

<sup>192</sup> House of Commons, Trade and Industry Committee, Minutes of Evidence, 24 October 2000, in: <http://www.publications.parliament.uk/pa/cmselect/cmtrdind/128/0052401...>, 7 June 2005.

<sup>193</sup> Minutes of a special meeting of the Vauxhall JNC, 12 December 2000, in: Archive Vauxhall Motors Ltd. HRM department, file JNC Minutes, Vol. 7; Leaflet AEEU [2000], in: Archive AEEU Dagenham.

advanced until the mid-1980s. In attempts to reverse the negative sourcing decisions talks with government ministers and even with Prime Minister Blair did take place but it soon turned out that their focus shifted away from the immediate issues in question towards reflections on the role the government could play in mitigating the consequences for workers and regions affected, and in preventing similar incidents in the future. There was no trade union pressure for more direct government control over multinational companies. Irrespective of union attitudes the Blair cabinet displayed little inclination to pursue such a course: Ministers deplored the "very bad news" of the decisions and, in the case of Vauxhall, criticised the company for its failure to consult labour representatives. But policy efforts concentrated on developing plans for the re-training of workers and the regeneration of the Dagenham and Luton areas.<sup>194</sup> A major debate between the government and trade unions only broke out with regard to the implications of the Ford and Vauxhall incidents for the future of employment legislation in Britain. This aspect is addressed in more detail below.

Despite massive accusations of "betrayal" and "breach of trust" it was also evident that the events in 2000 would not fundamentally alter trade union approaches to partnership with British management. This was perhaps best illustrated by the fact that in both companies the unions declared their willingness to participate in the administration of re-training and regional development programs to assist workers and local communities affected by the closure decisions. Referring to the launch of the "Luton Vauxhall partnership" scheme set in motion in December 2000 Tony Woodley, TGWU, left no doubt about the priorities of the unions: "[...] You would have to be insane not to accept that in really difficult circumstances like these any task forces, any partnerships, which can lead to re-training for jobs would be welcome [...] we have no choice, we have to try and work with this company now to try and minimise their losses which are clearly there in Europe, although not in Britain."<sup>195</sup>

That the partnership pattern was not fundamentally weakened despite the companies renegeing upon previous investment security agreements was not least the result of the continued impulse Ford and GM's international business environment gave to thinking in national terms. The spirit of union-management pacts to strategically secure and improve the position of national subsidiaries *vis-à-vis* other European

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<sup>194</sup> Financial Times, 13 May 2000; Cf. Parliamentary Debates, Sixth Series, vol. 352, cols. 336/7, vol. 359, cols. 641ff.

<sup>195</sup> House of Commons, Trade and Industry Committee, Minutes of Evidence, 11 January 2001, in: <http://www.publications.parliament.uk/pa/cmselect/cmtrdind/128/0052401>, 7 June 2005.

production locations had not been lost. Union representatives continued to advance cost comparisons as if they were part of a management team – calculations served mainly to contest the economic “justification” of job cuts in Britain as opposed to other countries: According to this view Ford and GM were acting against their own commercial interests by cutting down operations in Britain rather than in other European locations. At Ford the unions argued time and again that during the years prior to closure Dagenham had always been the “most productive plant in Europe” with costs that were substantially lower than in Germany. At Vauxhall it was similarly maintained that Luton had been a more profitable operation than comparable plants on the continent.<sup>196</sup>

Union representatives also emphasised their acknowledgement of efforts by British managements to defend the interests of plants in the UK - in their view closure decisions had been taken “elsewhere”. In continuation of trade union thinking since the late 1960s Ford of Europe was seen to be run in the sole interest of German plants, resulting in the shut-down of Dagenham rather than Cologne.<sup>197</sup> At Vauxhall this perception was even more pronounced. Here, management was able to credibly convey the impression that it had fought for Luton until the end but that “circumstances had beaten everybody”. Company representatives voiced their comprehension for the frustration of workers and unions, accepting that trust had been severely damaged.<sup>198</sup> Union officers made it clear that they regarded the Luton decision as imposed by “hawks” either on the European company board or in Detroit, acknowledging that Vauxhall management had seriously attempted to save the plant. As at Ford it was also recognised that British management was pushing hard for “compensatory” investments to be channelled into UK production locations.<sup>199</sup>

Unsurprisingly, and to the dismay of left minorities within the plants, these positions also shaped trade union attitudes towards the option of industrial action. Woodley from the TGWU frankly commented on the situation at Ford: “There is nobody, not least of all me as chief negotiator, who wants to end up with strikes. We have turned this industry around in a very helpful and constructive way over the last

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<sup>196</sup> Joint Hourly and Staff Union Dagenham campaign group, Open letter to all our members [2000], in: Archive AEEU Dagenham; Minutes of a special meeting of the Vauxhall JNC, 12 December 2000, in: Archive Vauxhall Motors Ltd. HRM department, file JNC Minutes, Vol. 7.

<sup>197</sup> House of Commons, Trade and industry Committee, Minutes of Evidence, 24 October 2000, in: <http://www.publications.parliament.uk/pa/cmselect/cmtrdind/128/0052401>, 7 June 2005.

<sup>198</sup> Minutes of a meeting of the Vauxhall JNC, 8 February 2001, in: Archive Vauxhall Motors Ltd. HRM department, file JNC Minutes, Vol. 7.

<sup>199</sup> House of Commons, Trade and industry Committee, Minutes of Evidence, 11 January 2001, in: <http://www.publications.parliament.uk/pa/cmselect/cmtrdind/128/0052401>, 7 June 2005.

decade. I would not wish to put any of that partnership [...] in jeopardy in spite of the company clearly reneging on an agreement.<sup>200</sup> Left critics were quick to point out that the leaders of AEEU, TGWU and MSF carefully avoided an escalation of conflict, being prepared to settle for a “second best” solution with compensatory investments and better guarantees for the future rather than risking total confrontation with uncertain consequences; indeed, union leaders like Woodley themselves confirmed that they were thinking within these parameters.<sup>201</sup>

At the same time, even radical activists could not but acknowledge that a number of other factors strongly militated against large-scale industrial action. As on previous occasions the companies coupled their redundancy plans with very generous early retirement and separation packages, which particularly attracted older workers approaching pension age. This seriously undermined the capacity of mobilisation.<sup>202</sup> Moreover, particularly at Ford, there was the legacy of plant sectionalism and infighting. At Dagenham these were fuelled by Ford’s investment announcement for the engine plant that led many workers there to believe that the assembly closure would not affect them personally. In the end, a clear majority voted against industrial action in a ballot at Dagenham in November 2000; more than half of eligible employees did not even turn out for the ballot.<sup>203</sup>

At Vauxhall, the mobilisation potential was higher although particularly at Ellesmere Port signs of hesitation were impossible to overlook.<sup>204</sup> A majority of TGWU members at Luton and Ellesmere Port voted for strike action while AEEU and MSF ballots resulted in the support for small-scale industrial action. In January 2001 there was even a “European day of action” that witnessed thousands of GM workers at all major European locations interrupting work for short demonstrations and protests. These actions resulted in the acceptance of GM’s European management to negotiate a

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<sup>200</sup> House of Commons, Trade and Industry Committee, Minutes of Evidence, 24 October 2000, in: *Ibid.*

<sup>201</sup> *Ibid.*; Leaflet “Ford Dagenham on the Edge”, 16 November 2000, in: <http://www.labournet.net/ukunion/0011/ford2.html>, 6 June 2005; The Walrus, Three men in a boat, February 2001, in: <http://pubs.socialistreviewindex.org.uk/sr249/walrus.htm>, 6 June 2005; “Ford likely to close Dagenham plant in London”, 5 May 2000, in: <http://www.wsws.org/articles/2000/may2000/ford-m05.shtml>, 7 June 2005.

<sup>202</sup> Under Pressure, June 2000, in: Archive AEEU Dagenham.

<sup>203</sup> „Dagenham: Officials threw the fight away“, 8 December 2001, in: <http://www.labournet.net/ukunion/0011/ford1.html>, 9 June 2005.

<sup>204</sup> “Ellesmere Port on Half Strike”, 25 January 2001, in: <http://www.labournet.net/ukunion/0101/gm2.html>, 9 June 2005.

framework agreement with the company's European works council.<sup>205</sup> Yet, the talks soon proved that British unions would not find the necessary support for their request to keep the Luton plant open by all means; delegates from other countries, anxious to avoid the effects of European over-capacity upon their own plants, backed British demands for the mitigation of job losses at Luton and the allocation of the *Vectra* flex plant to Ellesmere Port but were unwilling to challenge the closure decision itself.<sup>206</sup>

As the positive allocation decision for Ellesmere Port also eroded the domestic mobilisation potential the position of trade unionists arguing for further militant action was weakened. Most union representatives were anxious not to imperil partnership with management and the investment commitments received, and by March 2001 the Vauxhall campaign was wound down. Union leaders like Woodley (TGWU) sensed that further unilateral strike action would not improve the vulnerable position of British plants within GM's - and equally Ford's European business networks that had been at the heart of closure decisions: British subsidiaries had missed out on the expansion of capacities in the 1960s and 1970s and now, at a time of stagnating demand, found themselves at a competitive disadvantage because their facilities were of inferior size and asset value, and could be disposed of with relative ease. Woodley also hinted at the possibility of further plant closures in the future.<sup>207</sup> In this situation, and in the light of the unreliability of past company investment assurances, it appeared to be of particular importance to obtain better security for those UK operations that would remain after the run-down of the Luton and Dagenham assembly plants. It was this desire that brought British trade unions to step up their campaign on employment law - and the internationalisation of their policies to a climax.

## 2. Abandoning voluntarism: The quest for legal employment protection

The attachment of British trade unions to the principle of voluntarism in industrial relations, having already eroded with regard to legal *support* mechanisms since the late 1960s, had also been seriously undermined since the late 1980s in relation to the more restrictive aspects of trade union and strike law. Increasingly distancing themselves

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<sup>205</sup> "How a European Works Council learned to negotiate", in: *Mitbestimmung* 9/2002, pp. 50-54, here: pp. 52f.

<sup>206</sup> *Ibid.*

<sup>207</sup> House of Commons, Trade and Industry Committee, Minutes of Evidence, 24 October 2000, 11 January 2001, in: <http://www.publications.parliament.uk/pa/cmselect/cmtrdind/128/0052401>, 7 June 2005.

from past strategies of relying primarily on collective industrial strength to advance trade union labour market interests, a majority of TUC unions had also come to accept the continued existence of legislation restricting trade union and strike immunities.

The declining willingness and ability of British unions to use industrial action to further their labour market interests had induced them to re-assess their views of alternative instruments, which in the past – not least through comparisons with trade union practices in Germany and other European countries – had often been rejected as “second-best” or even dangerous. The most important result of this re-assessment had been a further shift of attitudes towards the law; campaigns for legal protection “in line with best European standards” now became a cornerstone of British union policy. The most visible expression of this shift at Ford and Vauxhall had been the active, if not unqualified support for EU legislation to establish European Works Councils in multinational firms. The experience of the investment agreement “domino” in both companies between 1997 and 1999 had further strengthened the belief that in European comparison British workers were at a disadvantage in their search for employment security because of the lack of legal protection as enjoyed by employees in most continental countries. Yet, not least due to the eventually successful conclusion of investment agreements also in the UK, the unions had been slow to come up with proposals of how to give concrete meaning to their metaphor of the “European level playing field”. Here, the plant closures of the year 2000 brought decisive change: They not only reinforced the belief that British workers and unions were “the poor relations of Europe” in terms of legal employment protection but also pushed the unions to take concrete action.

Given the circumstances of events with investment agreements existing in all European locations it was hardly surprising that the cutbacks in the UK nurtured trade union notions according to which Britain was singled out because it was “cheaper and easier to sack people here rather than on the continent”.<sup>208</sup> As far as the financial side was concerned this suggestive formula was difficult to maintain. As a parliamentary inquiry report acknowledged Ford had paid severance packages that were even higher than those of some continental subsidiaries. Vauxhall equally offered fairly generous

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<sup>208</sup> Financial Times, 13 May 2000, 13 December 2000.

early retirement and separation schemes although it remained unclear whether their volume matched similar programs in Germany.<sup>209</sup>

As a matter of fact the more substantial trade union protests concentrated on the legal aspects of closures. The joint shop stewards committee of the Dagenham body and assembly plants commented: “[...] British labour law is in a poor state – Ford have broken two national agreements. The breaking of these agreements would be illegal in other European countries and Ford would not be allowed to get away with such actions.” More concretely, it was argued: “[...] agreements made in Cologne are legally binding – that is the main reason why Cologne got the new Fiesta.”<sup>210</sup> National union officers echoed these points. According to Woodley (TGWU) and Pye (MSF) Ford and Vauxhall would not have been legally allowed to do in Germany what they did in the UK because workers and trade unions had the right to be consulted at an early stage of corporate plans instead of being confronted with a *fait accompli* as had happened in the case of the Vauxhall Luton closure. Both representatives also stressed the fact that in contrast to British practice the agreements struck in Germany or Belgium had been legally binding. In the words of Woodley: “[...] when we reach an agreement on investment, on new product and on jobs, they do not have to be honoured, all they have got to do is say ‘we have got a problem somewhere and as a consequence we have got to reduce capacity’ [...]”. In the case of Ford, Woodley elaborated, almost identical agreements had existed at Dagenham and Cologne but the choice of the site for closure fell automatically on Britain because labour law protection in Germany made it impossible, if not illegal, to proceed in this way.<sup>211</sup>

The consequences drawn were far-reaching in that they completed the shift of British unions away from their traditional attachment to voluntarism. Events in 2000 confirmed the extent to which unions had reduced their commitment to industrial muscle as an important instrument of trade union strategy. Now, induced by the models as much as the competitive threat coming from the European continent, they were also prepared to abandon the principle of single-channel representation in a large sense, and their preference for collective bargaining agreements that had no legal effects.

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<sup>209</sup> House of Commons, Trade and Industry Committee, Vehicle Manufacturing in the UK, 8 February 2001, paragraph 89, in: <http://www.publications.parliament.uk/pa/cm200001/cmselect/cmtrdind/128/12811.htm>, 4 June 2005.

<sup>210</sup> Leaflet, Ford Dagenham PTA-body plant joint trade union shop stewards committee, [2000], in: Archive AEEU Dagenham.

<sup>211</sup> House of Commons, Trade and industry Committee, Minutes of Evidence, 24 October 2000, 11 January 2001, in: <http://www.publications.parliament.uk/pa/cmselect/cmtrdind/128/0052401>, 7 June 2005.

The - although not unqualified - acceptance of statutory forms of workplace representation outside established collective bargaining structures had been visible for the first time in the support given to the creation of European works councils. But this support had been confined to European-level mechanisms. The failure of effective consultation notably in the case of Vauxhall radicalised attitudes; it was now seen as absolutely essential that - in addition to the European level - *national* information and consultation arrangements in Britain would equalise those provided to works councils under German law - even if that led to the introduction of a dual-channel system of employee representation on a universal base in the UK. Woodley from the TGWU summarised the underlying logic as follows: "Timing is of the essence. Many of these decisions as to whether a plant closes or stays open, whether a plant receives a model or does not, is the difference in a conversation. It is as brutal and sometimes as simple as that. Therefore the more time in which we can talk and propose alternatives, looking at the problem to try and give assistance [...] the more helpful it would be."<sup>212</sup>

The break with the voluntarist tradition was even more radical with regard to the legal effects of collective bargaining. Throughout the 20<sup>th</sup> century British unions had rejected employer and government attempts to make labour agreements legally enforceable in the courts. In 1969 it had been at Ford itself that a company move to test the legal validity of a collective contract had met with hostile protests by the trade unions. Now, attitudes had been completely reversed. Pye from the MSF described the main lesson taught by the plant closures in 2000 as follows: "Not place so much faith in agreements of honour rather than legalistic agreements [...] certainly any agreement that I would see with companies that approach similar situations in this way would have to be more leaning towards actually legally binding agreements rather than just on trust only".<sup>213</sup> The impact of the international environment at Ford and Vauxhall had been turned upside down: Legal enforceability of agreements in courts, in 1969 rejected as "alien intrusions" into the traditions of British industrial relations and trade unionism, now became the explicit objective of British union strategies - informed and inspired by practices abroad.

This international impact can be grasped even more clearly by considering that the concrete instruments through which British unions pursued their new quest for legal

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<sup>212</sup> Ibid.

<sup>213</sup> House of Commons, Trade and Industry Committee, Minutes of Evidence, 24 October 2000, in: <http://www.publications.parliament.uk/pa/cmselect/cmtrdind/128/0052401>, 7 June 2005.

protection were provided by European Union law. As far as consultation was concerned attention was focussed upon the new EU information and consultation directive, adopted by the European Commission in 1997. TGWU, AEEU and MSF representatives repeatedly emphasised that they regarded the directive as the most important piece of legislation to “level up” consultation arrangements in the British subsidiaries of Ford and General Motors to standards enjoyed in Germany or Belgium.<sup>214</sup>

Unlike the European Works Council directive, which stipulated (relatively modest) information and consultation mechanisms on a pan-European basis the new legislation was concerned with consultation requirements for companies at *national* level; for trade unions at Ford and Vauxhall this meant that next to EWC meetings they would dispose of an additional statutory instrument of domestic consultation. The directive required firms to inform and consult employee representatives on a continuous basis about their economic situation and future corporate plans, particularly if they were likely to affect employment security. Consultation had to be timely, allowing for an extensive dialogue with labour representatives “with a view to reaching agreement on decisions”. Moreover, consultation had to take place on the appropriate level of management – according to the TUC this included representatives of international management if necessary. In case of failure to comply with these requirements consultation rights could be legally enforced.<sup>215</sup>

While the Commission pushed hard for the implementation of the directive legislation had been effectively blocked by a minority of countries in the Council of Ministers for Social Affairs throughout the years 1998, 1999 and 2000. The TUC had supported the directive at its Congresses since 1998 and had been highly critical of the British government being part of the blocking coalition.<sup>216</sup> Significantly, the TUC stepped up the campaign in 2000 and 2001, and it did so with explicit references to recent company events – among them Vauxhall figuring prominently. John Monks, General Secretary of the TUC, publicly alluded to the closure of Luton as one of the cases that most strongly underlined the necessity for Britain to support the EU directive on national information and consultation.<sup>217</sup> This strong TUC lobbying, which included

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<sup>214</sup> Ibid.

<sup>215</sup> TUC, EU Directive on Information and Consultation, 2002, in: <http://www.tuc.org.uk/law/tuc-5229-fd.cfm>, 4 June 2005.

<sup>216</sup> Waddington, Trade Union Organization, pp. 234/235.

<sup>217</sup> European Industrial Relations Observatory on-line, “Unions debate priorities for a second term of Labour government”, March 2001, in: <http://www.eiro.eurofound.eu.int/2001/03/feature/uk0103121f.html>, 4 June 2005.

a joint statement with union centres from the other “blocking countries” Ireland, Germany and Spain, contributed a great deal to the eventual passage of the directive in the summer of 2001. British unions at Ford and Vauxhall had moved an important step forward in their campaign for a “European level playing field”.

### 3. European Works councils as negotiating bodies

A similar European “detour” was taken to advance the newly-discovered concern for legally binding agreements on investment and employment security. Perhaps anticipating resistance from employers and also from within the British labour movement at large Ford and Vauxhall union representatives displayed a clear preference for pursuing this aim through the recently established European works councils.<sup>218</sup> To this end they lobbied for – and later benefited from – the transformation of EWCs in both companies from purely consultative to negotiating bodies. This principle had been accepted by the firms since early 2000: The first agreement between Ford of Europe and the company’s European works council came into being in January 2000. It gave long-term employment and wage guarantees for workers in all of Ford’s smaller European component plants (in the UK for instance at Enfield, Belfast or Basildon) that had been outsourced into the new company Visteon. General Motors followed suit some six months later with a similar agreement pertaining to powertrain operations to be transferred into a joint venture with *Fiat*.<sup>219</sup> In the case of Ford, a further agreement followed in 2001 when the company entered into a joint venture with the German company *Getrag*, which in the future was to take charge of Ford’s entire manual transmission production, including the plant at Halewood. At General Motors, as already mentioned above, 2001 witnessed a second European framework agreement in the wake of the Luton closure, containing the guarantee for Ellesmere Port to become a *Vectra* plant. In October of the same year the EWC at GM negotiated yet another agreement related to a new European restructuring program.<sup>220</sup>

Although not foreseen by EU law these agreements turned the European works councils at Ford and General Motors from consultation into negotiation bodies.

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<sup>218</sup> House of Commons, Trade and industry Committee, Minutes of Evidence, 24 October 2000, in: <http://www.publications.parliament.uk/pa/cmselect/cmtrdind/128/0052401>, 7 June 2005.

<sup>219</sup> Thomas Klebe/Siegfried Roth, „Die Gewerkschaften auf dem Weg zu einer internationalen Strategie?“, in: *Arbeitsrecht im Betrieb* 12/2000, pp. 749-757, here: pp. 752f.

<sup>220</sup> Cf. How a European Works Council learned to negotiate, p. 54.

Moreover, they included explicit clauses to the effect that both sides had the right to take legal action in respect of the provisions stipulated, to be enforced at the respective legal domiciles in Belgium (seat of the GM EWC) and Germany (seat of Ford EWC). British unions had actively sought and supported this development. Using European works councils as negotiating vehicles allowed them, in the words of Woodley (TGWU), “[...] to be treated fairly and even handedly” by achieving a similar degree of legal job protection as in other European countries. Citing the example of the Ford-Getrag joint venture agreement, he elaborated on the perceived advantages as follows: “They are going to maintain the same wages and terms and conditions as they would have if they had stayed in Ford’s but there is an agreement for investment and intake of new product [...] it is a legally binding agreement because it was struck in Germany under the guidance of the European Works Council. That is the difference. That is why that transmission plant [Halewood, T.F.] will have a future.”<sup>221</sup>

One should not exaggerate the importance of these remarks; as demonstrated above the responsible British union representatives knew that better consultation and legal protection for investment agreements alone could not guarantee future employment security at Ford and Vauxhall. Much depended on the relative economic position of British plants within the European business networks – for instance in terms of size or product cycles. There had been clear awareness of the fact that Luton and Dagenham assembly operations had been vulnerable to closure not least because they had been single-model plants and had failed to build up higher production volumes in the past. That legal protection was not regarded as a cure-all can also be seen in the hesitation to place legal enforceability of collective agreements on the agenda of domestic trade union and industrial relations policy: None of the subsequent TUC Congresses featured a debate on this issue.

Yet, there can be no doubt that the experiences during the last years of the 20<sup>th</sup> century drove British unions at Ford and Vauxhall decisively away from their past disdain for legal instruments as part of trade union strategies. The imperative to avoid a repetition of the events of the year 2000 implied the active search for legal protection through European means. To cite again Woodley commenting on the situation at Ford: “Our reasons for sticking in there at the moment are as much our concerns for other plants. There is no doubt in our mind that the four Visteon plants [...] will find it more

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<sup>221</sup> House of Commons, Trade and industry Committee, Minutes of Evidence, 24 October 2000, in: <http://www.publications.parliament.uk/pa/cmselect/cmtrdind/128/0052401>, 7 June 2005.

difficult to compete without Dagenham building cars [...] That is why we need further safeguards and legal protections, if we can get them, through the European Works Council for the rest of the Ford plants in Britain."<sup>222</sup> Having despised the "legal conditioning" of many continental trade unions in the 1960s and 1970s British unions had now come to embrace European law as an important source of effective interest representation.

European framework agreements at Ford and GM in 2000 and 2001 represented yet another major transformation: For the first time in post-war history labour representatives from all European subsidiaries joined forces to conclude truly international agreements with the companies' European managements. In the late 1960s and early 1970s this option had been hotly debated but had eventually failed due to resistance by the company and many national trade union federations; among the latter German unions in particular had been anxious about the prospect of international negotiation structures encouraging separatist tendencies at home. It had taken almost another three decades until continued internationalisation of the companies ushered in a new era: European works councils negotiated on behalf of workforces throughout the continent about employment and investment patterns, and the safeguarding of wages and conditions. In the case of General Motors this was accompanied by European-wide industrial action. In January 2001 short strikes took place in all major production sites -- a new phenomenon that was repeated on other occasions.<sup>223</sup>

These developments demonstrated that obstacles to international collective action so often discussed in the past were ultimately irrelevant if the most important actors - facing unprecedented challenges of international interdependence - were determined to move ahead: The German *IG Metall* appeared to be less anxious about the potential dangers of European agreements for national collective bargaining structures although legal barriers against the option of European company bargaining were still seen as desirable.<sup>224</sup> British unions had their particular interests in strengthening their consultation rights through EWCs and achieving legal safeguards for future employment security in the UK.

More generally, as hinted at above, the experience of the competitive underbidding inherent in the national investment security agreements of the late 1990s

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<sup>222</sup> Ibid.

<sup>223</sup> How a European works Council learned to negotiate, p. 52.

<sup>224</sup> Kiebe/Roth, Die Gewerkschaften auf dem Weg zu einer internationalen Strategie, p. 757.

appears to have had a sobering effect, particularly in the case of General Motors. Here, a new determination emerged among the main union and works council representatives not to renew restructuring negotiations at national level without a prior framework agreement covering the whole of GM's European operations. For instance, the so-called "Olympia" scheme, concluded by the GM EWC in autumn 2001, stipulated that any capacity reduction planned by GM in Europe had to be implemented without the closure of an entire site, with employment cuts operated only through the means of early retirement and voluntary separation programs. These were developments that would have had no chance of realisation back in the 1990s, and there can be little doubt that they also strengthened management's disposition to accept the European works council as an international negotiating partner.<sup>225</sup>

Caution is necessary, however, in interpreting these changes. To begin with, European agreements never provided more than broad "safety nets", leaving the majority of the detailed restructuring measures to be carried out at local or national level. In many instances, sites were affected to very different degrees – in the case of the "Vectra" agreement in March 2001 the EWC agreement ratified the Luton closure while a number of other European plants remained virtually unaffected. Agreements also partly came about as a result of an unstable coincidence of local and national interests. In the case of "Olympia", for instance, similar closure threats hanging over the plants at Bochum, Antwerp and Saragossa induced German, Spanish and Belgian unions equally to seek a European solution.<sup>226</sup> More generally, as British contemporaries emphasised, European agreements were mainly concerned with "sharing losses", that is the reduction of capacities and jobs, rather than the much more difficult task of "sharing gains". The allocation of new investment was only rarely part of European framework agreements, leaving ample room for the continued practice of competitive bidding in labour-related matters.<sup>227</sup> This was confirmed by the criticism of left-oriented trade union minorities in both companies, which in 2000 still heavily criticised the logic of investment competition prevailing in national union policy.<sup>228</sup>

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<sup>225</sup> How a European works council learned to negotiate, p. 51f.

<sup>226</sup> "Impact of Opel restructuring plans in Spain", <http://www.eiro.eurofound.eu.int/2001/09/feature/es0109205f.html>, 14 June 2005.

<sup>227</sup> Interviews with Anthony Woodley, General Secretary TGWU, John Jack, Convenor Vauxhall Luton plant.

<sup>228</sup> Cf. for instance International Committee of the Fourth International, "Ford likely to close Dagenham plant in London", in: <http://www.wsws.org/articles/2000/may2000/ford-m05.shtml>, 7 June 2005.

Nevertheless, the breakthrough to pan-European agreements at Ford and Vauxhall did represent a major transformation of trade union policy not only in the UK. Moreover, evidence suggests that the new pattern was not to remain an ephemeral phenomenon as it clearly reflected broader corporate changes in both companies, most importantly the trend towards globalisation. The integration of European subsidiaries into the global Ford and GM networks had, since the early 1980s, brought trade union representatives to embrace notions of "Europeanness", and this attitude had constantly accompanied the evolution of European works councils during the 1990s.

The agreements concluded in 2000 and 2001 could build upon these positions because a number of them were directly concerned with global restructuring plans, for instance the GM alliance with *Fiat*, or the outsourcing of Ford component operations into Visteon. As these developments affected many different plants across the continent at the same time European works councils became the effective voice of European employees *vis-à-vis* Ford and GM headquarters in Detroit.<sup>229</sup> The consistent trend for the defence of "European interests", as in previous years, also found expression in fears about imports from Ford and GM locations outside Europe, and in corresponding demands for the marketing of European products on other continents.<sup>230</sup>

Moreover, corporate globalisation also brought European representatives into closer contact with trade unions from other continents, notably with the American UAW. This bore a resemblance to the time in the 1960s when the US automobile trade union had played an influential role for debates within the German and British labour movements. At the turn of the new millennium, however, the Europeans openly dismissed UAW views and strategies. Leading representatives of the GM European works council regarded the UAW as having different interests in the process of globalisation and also a different "culture" of industrial relations, which – in contrast to the "European pattern" of co-management – confined trade union activity to the regulation of wages and working conditions.<sup>231</sup> Globalisation thus considerably contributed to the strengthening of European works councils at Ford and Vauxhall – reinforcing the "European turn" of British trade unions at the beginning of the 21<sup>st</sup> century.

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<sup>229</sup> How a European works Council learned to negotiate, p. 51.

<sup>230</sup> See for instance *Europäischer Rahmenvertrag zwischen dem Management und dem Europäischen Arbeitnehmerforum von General Motors*, 1 October 2001, paragraph „neue Geschäftsmöglichkeiten“, in: <http://www.labournet.de/branchen/auto/gm-opel/olympia-eu4.html>, 12 June 2005.

<sup>231</sup> „Wir müssen uns stärker internationalisieren, Ein Interview mit Klaus Franz“, in: *Mitbestimmung* 9/2002, p. 55; cf. for a similar views in the case of Ford: *Rheinische Post*, 29 March 2000.

## Conclusions

By the end of the 20<sup>th</sup> century British trade union policy at Ford and Vauxhall had developed into a new form of inter-nationalism that stood in stark contrast to previous decades. Gone were the days when the unions had campaigned for the protection of the national economy and against “alien” legal intrusions into British industrial relations and trade union traditions. By the year 2000 they had embraced international economic integration. They advocated legal protection of employment security inspired by continental practice, and worked together with other national unions in European works councils. National interests and allegiances were no longer seen in opposition to international labour market integration. On the contrary, the process of integration itself was actively supported as a framework of national policy.

As a matter of fact, ideas to protect the British car market – and respectively the British subsidiaries of Ford and General Motors – had been slowly abandoned since the early 1980s. Even before this time such notions had neither unequivocally been upheld by the unions nor determinedly lobbied for with the government. Nonetheless, the safeguarding of production and employment by means of national segregation in a broader sense had been the prevailing principle of British union policy for about two decades – from campaigns for the independence of national car model ranges in the late 1960s over the advocacy for EEC withdrawal in the mid-1970s to the local content and consumer campaigns of the early and mid-1980s.

That this pattern was reversed during the 1990s was mainly the result of changes in the framework of the European political economy. The creation of the European Single Market gave a new push towards market liberalisation, which companies like Ford and General Motors used to accelerate their pan-European sourcing policy, which was now also embedded into emerging globalisation schemes. This made international business integration appear a *fait accompli*, not to be challenged by isolated action at the national level. Moreover, local content campaigns appeared not only as a politically lost cause but also counterproductive in an economic sense. As imports were rapidly taking an ever greater share of the British car market, due to market liberalisation and changes in consumer behaviour – continued lobbying for “British sales from British production” would have increasingly turned into a recipe for unemployment. At the same time, the

recovery of British car exports, through the arrival of the Japanese firms Nissan, Toyota and Honda but also through large-scale exports by Ford UK and Vauxhall, provided an alternative path that unions came to support consistently - even in the face of plant closures in 2000.

British union attitudes towards the international dimension of industrial relations law had equally undergone a sea change. To be sure already the campaign against Ford's attempts to introduce "alien" legal features into the "exceptional" British tradition of voluntarism in the late 1960s and early 1970s had been somewhat contradictory as the unions simultaneously started to lobby for more legal *support* of collective bargaining, for instance in the field of information disclosure and consultation. But they had, in their overwhelming majority, always been wary that such support schemes would not translate into the creation of statutory forms of employee representation, e.g. along the model of German works councils, and had consistently opposed the legal enforceability of collective bargaining contracts - in the case of Ford in 1969 this was done explicitly in defence of British voluntarism.

That these attitudes changed fundamentally during the 1990s was not simply the result of what at TUC Congresses had at times sounded like a simple reflex to the restrictive strike and trade union legislation by successive Conservative governments, almost a "necessary" response to the burial of voluntarism by Margaret Thatcher.<sup>1</sup> At Ford and Vauxhall it mirrored broader changes in the pattern of trade unions' policy triggered not least by international labour market integration. The transformation of the European motor industry from a massive job creator in the 1950s, 1960s and still in the 1970s to a sector oscillating between stagnation and jobless growth in the 1980s and 1990s radically shifted trade union priorities from wages and working conditions to employment security. Yet, pay and "job control" had been precisely the issues upon which the strength of British workplace unionism had been built throughout the 1960s and 1970s. The new dominance of employment security aspects and the related questions of international sourcing brought issues to the agenda with which many activists were unfamiliar. More importantly, there was now a constant fear of further cutbacks and plant closures, restraining militant aspirations and driving trade unions towards a policy of actively discouraging industrial disputes as part of the perceived necessity to "catch up" with productivity levels achieved in continental Ford and GM

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<sup>1</sup> See for instance TUC, Report of the 123th Annual Congress, 2-6 September 1991, pp. 281f.

subsidiaries. Union-management agreements to secure the sourcing of products to British plants in a context of European inter-plant competition always included provisions to contain industrial conflict, at times to the point of being virtual no-strike-deals.

In the early and mid-1980s these developments, at least at Vauxhall, were still compatible with a militant job security campaign against tied imports and for more investments in Britain. The campaign had a clear, simple and emotionally appealing focus on "Britishness" which mobilised workers. At the same time, massive sales by Ford and Vauxhall in the UK, continued loyalty of consumers to "Buy British" and national public debates about the local content question limited the potential of Ford and GM to withdraw from their British production bases. In the 1990s, however, the situation looked different. The explosion of car imports and Ford's and GM's falling British market shares rendered strategies based on the exploitation of "home" market vulnerabilities futile. At the same time large European overcapacities in both companies made plant closure threats a pressing issue, and British sites, which in most cases had inferior capacities and production volumes than those in Germany, Belgium and Spain, were liable to be an "easy target" for corporate strategies of European "rightsizing".

Against this background British trade unions sought out for new policy instruments. Initially, reinforced by the "European turn" of general TUC policy, the shift of attitudes towards industrial relations law was most importantly illustrated in the active support of European works councils – new bodies of union-management consultation at international level. This implied, if only on a modest scale, the break with the traditional principle of single-channel representation - to be sacrificed in view of enhanced potential for action in Ford and GM's international labour markets. "Europe" served both as a model of inspiration and, through the supranational character of the EU, as an important source of law-making. In the latter part of the 1990s the transformation of trade union policy was accelerated as investment security agreements in continental Ford and GM subsidiaries directly threatened future employment in the UK. Besides the conclusion of similar contracts British unions also reacted with a campaign for a European "level playing field" in terms of legal protection of employment, further reinforced by events in 2000 when British agreements were reneged upon to close car assembly at Luton and Dagenham. Now British unions campaigned for *national* statutory union-management consultation bodies, completely abandoning the traditional principle of single-channel representation, and even for the

legal enforceability of agreements as in Germany or Belgium. The latter point pushed union transformation to the extreme: Legal enforceability of agreements in courts, in 1969 at Ford itself rejected as "alien intrusion" to the traditions of British industrial relations and trade unionism, now became an explicit union aim - again inspired by international developments. Moreover, "Europe" continued to furnish policy models and law-making capacities: The lobby for better consultation rights concentrated on the EU information and consultation directive adopted in 2001 while the quest for legally binding investment agreements was at least partly realised through a series of innovative contracts concluded at international level by the Ford and GM European works councils.

The latter development also represented a quantum leap in terms of international trade union co-operation. For the first time in post-war history, and forty-seven years after the decision of the International Metalworkers Federation to set up international company councils for Ford and General Motors, trade union representatives from all European Ford and GM plants came together to negotiate truly international agreements with the companies' European managements - a feature not even foreseen in European law, which limited works councils to information and consultation purposes.

For decades attempts for international union co-operation had failed not only because of "objective" obstacles such as different legal systems but also because they were perceived - by British (and also German) unions themselves - to be incompatible with national interests and organisational structures. In the 1960s there were the fears that international negotiation structures would encourage separatist tendencies within national organisations. In the 1970s prospects of international collective bargaining aroused anxiety about its potential weakening of national solidarity through the widening of income differentials within national societies. British delegates were reluctant to agree to far-reaching collaboration schemes with works council representatives who were at times not even members of a trade union. In the 1980s international co-operation was perceived to be incompatible with accelerated competition for investment between Ford and GM plants in Europe.

By the beginning of the 21<sup>st</sup> century some of these problems had subsided, whilst others, particularly investment competition, remained, if not aggravated. Events in 2000/2001 demonstrated, however, that obstacles to international collective action were ultimately irrelevant if the perceived challenges of international interdependence were such that the most important national organisations were determined to go ahead. The

experience of an unprecedented degree of investment competition, expressed in the national security agreements in the late 1990s, was itself one of the major factors underlying new ideas for cross-border co-operation. If such competition could not be neutralised altogether it could be mitigated to a certain extent by European arrangements. Moreover, such arrangements were designed to strengthen European employment interests within the new global strategies of Ford and GM. European Works Councils became a vehicle to defend West European trade union positions in global reorganisation schemes.

Notwithstanding all these far-reaching changes the overall pattern of *internationalisation* characterising British trade union policy at Ford and Vauxhall since the early 1960s was re-created during the 1990s in yet another configuration. The mutations of the final years of the century did not dilute the fundamental feature of British unions being *national* interest organisations. The co-operation in European works councils was a crucial shift but the agreements concluded were far less comprehensive than the investment security deals negotiated at the national level. Indeed, all the agreements were designed as frameworks that would be complemented by national bargaining usually involving some of the most important aspects such as the precise reductions of production capacities - thus leaving ample space for competitive underbidding.<sup>2</sup>

As far as international entanglements of industrial relations systems were concerned British unions' campaign for a "European level playing field" is not to be equated with a desire to follow some "best practice" model from abroad. If they – hesitantly and not without internal dissent – came to accept the principle of dual-channel employee representation they pushed hard for an implementation of EU directives in the UK that gave recognised trade unions a representation monopoly. This "British way" was to be achieved through the complete control of employee election procedures for the works councils – an approach often described as "single channel plus". It is also noteworthy that the "European turn" of the 1990s did not entail any renewed attempts to imitate the German co-determination system – hotly debated in the late 1970s. Appropriations of foreign practices remained selective and shaped by the needs of national policy.

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<sup>2</sup> See for instance Europäische Rahmenvertrag zwischen dem Management und dem Europäischen Arbeitnehmerforum von General Motors, 1 October 2001, paragraph „Kapazitätsanpassung“ in: <http://www.labournet.de/branchen/auto/gm-opel/olympia-eu4.html>, 12 June 2005.

That internationalisation in the 1990s continued to be instrumental in *reinforcing* national thinking and allegiances was most clearly expressed in a pattern of national labour-management coalition. The first signs of this coalition had already occurred during the 1980s, at Ford UK exemplified by discourses of common national interests to be defended against plants in Belgium, Germany and Spain, and by repeated instances of union-management collaboration in influencing crucial European investment decisions in the UK's favour. On labour's side the coalition was based on the commitment to support initiatives for higher manufacturing efficiency. Over the course of the 1990s collaboration in the name of the "national interest" accelerated not least because it now "substituted" other forms of national control that were no longer available, particularly the reliance on the segregation of the British car market as a virtual "ally" of trade unions.

At the same time, investment competition between Ford and GM plants in Western Europe further increased. The joint desire to secure favourable sourcing arrangements for British plants in competition with "the Germans", or "the Belgians" became the *leitmotiv* of union-management relations during the 1990s. Unions, without becoming management stooges, radicalised their support for productivity drives while British management fought for expansion of UK sites within the European structures of Ford and GM. In line with national trends strike incidence fell to very low levels. The stability of the "national coalition" was never seriously jeopardised – not even in the event of the plant closures of the year 2000. Leading union representatives were afraid of further closures in case of militant resistance, and British Ford and Vauxhall management was given credit for efforts to save the sites at Luton and Dagenham. Throughout the 1990s British unions displayed the characteristics of "co-management" as described by scholars of contemporary German industrial relations – even though at a minor scale compared to German works councils. They did not confine their co-operative attitude to permissive collaboration but they themselves dealt actively with microeconomic aspects, often going to the point of joint union-management "business case" presentations to senior European Ford and GM executives. Union representatives argued that company decisions should be taken purely on the basis of "objective criteria" such as quality and costs.

In the longer-term perspective these features show an enormous contrast to the 1960s and 1970s when such comparisons had consistently been contested by British unions. Indeed, discursive struggles about the legitimacy and implications of cross-

border productivity, investment and wage comparisons had added an international dimension to labour-management conflicts during this period rather than being a source of co-operation. At times, the European productivity “micrometer” had itself greatly fuelled labour conflicts. Rudimentary forms of “national coalition” thinking, visible for instance in the wake of the Ford of Europe creation in 1967, had remained without much significance. It was only with the onset of the employment crisis since the early 1980s that such positions acquired a crucial importance for British trade union policy.

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All these considerations testify to the continued salience of national structures and experiences in British trade union policies in Ford’s and GM’s international labour markets at the end of the 20<sup>th</sup> century. Yet, looking broadly at the evidence assembled in this study it appears that in relation to such a strategic use of internationalisation for national purposes the alteration of national strategies and policies themselves by international labour market developments gained ever more importance over the four decades between 1960 and 2001, particularly from the mid-1980s onwards. This point is best illustrated by the changing significance of political cleavages. In the early 1960s Ford’s modest beginnings of international labour market integration were supported by a right-wing majority of union leaderships in the expectation of a boost to growth and exports but also in pursuit of a political role as guardians of the “post-war compromise” against attacks from left currents within the British union movement. The left-oriented trade union fraction at Ford actively resisted internationalisation, which was seen as running counter wage and job control aspirations. This attitude was still widespread in the late 1970s, dominating over voices of “moderates” who advocated in vain an attitude of restraint. During the 1978 national Ford strike the vulnerability of the company’s cross-border production network was, not for the first time, deliberately exploited to press the case for higher wages.

From the mid-1980s, by contrast, political infighting over international labour market integration drastically diminished, both at the national and local level. The continued differences between “new realism” and left-oriented unions at national level did not have a major impact on positions towards internationalisation at Ford and Vauxhall – if one disregards the major row between AEU and TGWU over the Ford investment project at Dundee in 1987/88, a conflict that was subsequently bitterly

regretted by both sides.<sup>3</sup> On the core question of labour-management collaboration, based on the exchange of job security for concessions in terms of wages and reforms of work practices, there was, after Dundee, virtual unanimity. Continued commitment to militancy became the position of a small minority – active, but increasingly isolated.

Here, British trade union policy reflected a much broader trend. With the acceleration of international economic integration through market liberalisation in the 1980s the room for political manoeuvre at national level rapidly diminished in all West European countries – for governments as much as for interest groups such as trade unions.<sup>4</sup> Against the background of pan-European sourcing embedded in a new pattern of business globalisation, faced with a stagnant European car market and credible plant closure threats, British unions at Ford and Vauxhall, acting nationally, had little alternative to concession bargaining if they wanted to safeguard employment, or at least mitigate job cuts. Union policy became driven by the enormously increased “exit” options of international capital.

However, these changes in the international political economy framework did not come out of the blue. They had been preceded by a period in which Ford and (later) General Motors had already been driving towards international labour market integration, albeit at a more moderate speed. If British trade union policy in the 1990s was driven by unleashed liberalisation this was, to some extent, also due to their prior failure to develop either an alternative vision of international economic relations or, more realistically, to design a longer-term strategy for trade union policy in multinational car firms, which might have safeguarded more room for political manoeuvre under the new conditions of accelerated competition from the mid-1980s.

In the national context the lack of a longer-term view found one crucial expression in the relative absence of trade union concerns about the expansion of production capacity in the UK until this question, in the early 1980s, became associated with short-term employment effects. At Ford, the distribution of production and investments had been the object of union protests since the late 1960s, but these protests quickly subsided when it turned out that immediate job security was not threatened – regardless of longer-term consequences. During the 1990s, the low plant sizes of British sites in comparison to factories in Spain, Germany and Belgium, the result of the lack of

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<sup>3</sup> See TUC, Report of 120th Annual Trades Union Congress, 5-9 September 1988, pp. 440f.

<sup>4</sup> Ambrosius, Institutioneller Wettbewerb im europäischen Integrationsprozess, pp. 573/574.

expansion during the 1960s and 1970s, then became a serious handicap, creating additional pressures on union negotiators to make "survival" concessions.

Similar contradictions characterised British union attitudes towards the option of government control over multinational firms like Ford and Vauxhall. Rhetorically, such a strategy had been advocated on many occasions since the late 1960s, and from the mid-1970s it was even adopted as official TUC policy. But apart from the left-oriented white-collar union DATA/TASS union leaders had throughout the 1960s and 1970s remained hesitant to pursue such a policy in practice, most clearly expressed in their lack of support for Tony Benn's industrial policy agenda in 1974/5.

In the international arena the strategy to build up a countervailing power to internationally mobile capital through increased cross-border trade union co-operation had been a constant element of British union discourse since the late 1960s but actual efforts to achieve such co-operation were very limited until the late 1980s. Companies in the process of accelerating their internationalisation strategies found European trade union representatives suspicious of each other and jealously guarding their national interests. It took another decade until Ford and GM European works councils achieved some still very modest measures to mitigate inter-plant competition for resources.

Clearly, blame for some of these failures fell only partly on British unions. In the case of government control chances for success were low in any event given the persistent reluctance of successive Cabinets – including the 1974-9 Labour government – to implement such measures. Prospects for international trade unionism had been inhibited mostly by opposition from the German *IG Metall*.

However, a comparison with the German metalworkers union shows that British unions did lack a comprehensive *national* strategy to deal with international economic integration. Various scholars have demonstrated that "*Sachzwang Weltmarkt*", that is the indispensability of large-scale industrial exports to sustain economic growth, had become one of the crucial pillars of German trade union policy since the 1950s – not least in the car industry. Commitment to this principle was based on close labour-management collaboration with works councils supporting productivity drives and national union leaderships refraining from wage militancy to allow for high investment rates. After the economic crisis of 1974/5 works councils increasingly played the role of

“co-managers”, suggesting their own product and production innovation programs to help gaining a competitive edge in international markets.<sup>5</sup>

Regardless of its ideological implications this was a clear strategy, while in Britain TUC headquarter staff routinely complained about a lack of coherence and tensions between and within the motor industry unions.<sup>6</sup> At Ford and Vauxhall union policy towards internationalisation was, in Flanders’ diction, purely “reactionary” until the late 1970s.

This was not due to a lack of imagination about potential future consequences of international labour market integration. On the contrary, trade union scenarios of future employment prospects at Ford UK in the early 1970s already often dramatized the impact of international integration – even though this also, or perhaps mainly, served to attract public attention. That British unions were nevertheless so slow in developing a longer-term strategy appears to be due to two main reasons.

Firstly, post-war trade union organisation and policy at Ford and Vauxhall, as in the other British car firms, had been built up focusing on wages and job control strategies – with sectionalism and short-term thinking as side-effects. This pattern had been reinforced by the decentralisation shift of large national unions like the TGWU in the late 1960s. It stood in stark contrast to the situation in Germany where – despite efforts by left-wing currents within *IG Metall* – the creation of a shop stewards-based trade union system failed because of the dominance of works councils backed by the union leadership.<sup>7</sup> Works council representatives, through their involvement into corporate decision-making in supervisory boards, became familiar with aspects of international business integration at an early stage and much more systematically than British plant convenors. This was complemented by a web of formal and informal contacts between works councils and *IG Metall* leadership.<sup>8</sup>

In Britain, conversely, the short-term policy horizon of plant-based trade unionism was not compensated by any overarching structure to deal with the longer-term implications of internationalisation in a co-ordinated way. The work of the TUC on multinational firms since the late 1960s, valuable in gathering useful information,

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<sup>5</sup> See for instance Joachim Esser, *Gewerkschaften in der Krise. Anpassung der deutschen Gewerkschaften an neue Weltmarktbedingungen*, Suhrkamp, Frankfurt/M., 1982, pp. 257-269; Klitzke et. al., *Vom Klassenkampf zum Co-Management*, op. cit.

<sup>6</sup> Inter-departmental memo David Lea to Len Murray, 20 May 1981, in: MRC, MSS.292 D, Box 1710.

<sup>7</sup> Cf. Reinhard Krusche/Dagmar Pfeiffer, *Betriebliche Gewerkschaftsorgane und Interessenvertretung. Zur Betriebsräte- und Vertrauensleutepolitik der IG Metall*, Die Arbeitswelt Berlin, 1975.

<sup>8</sup> For the car industry see Wolfgang Streeck, *Industrial relations in West Germany. A case study of the car industry*, London 1984.

was of little relevance for practical union policy in individual companies. As for the car industry, the major unions AEU and TGWU jealously guarded their terrain, keeping out TUC or CSEU involvement as far as possible. The national debate in 1961-3 was a brief exception to this trend, and was without lasting impact until the 1980s. The motor industry unions did step up their research capacities with regard to international developments since the 1960s, both through their own efforts and through the assistance of institutions such as the trade union research unit at Ruskin College. But this could hardly compare to the large resources at the disposal of German works council chairmen. The TGWU had a car industry trade group since 1970 but the conferences it organised were forums of exchange rather than of strategy-building. International aspects played a marginal role until the late 1970s as attention was focussed on the fate of the "national champion" British Leyland.<sup>9</sup>

Against this background it was hardly surprising that the reactions of Ford and Vauxhall shopfloor organisations to internationalisation in the 1960s and 1970s concentrated not on long-term employment security – despite occasional scares about the impact of internationalisation on future jobs – but on the potential impact of international business integration on wage and "job control" campaigns in the immediate future. The main element was a purely defensive exercise of international investment and wage comparisons to bring discredit on management's cross-border productivity benchmarking, which threatened to undermine the legitimacy of union aspirations in the eyes of public opinion, and of Ford and Vauxhall workers themselves.

The different historical legacies of British and German trade union policies were revealed in the 1990s when they "encountered" each other due to increasing interdependence of collective bargaining processes at Ford and GM. British unions found themselves on the receiving end of a "domino" of investment agreements decisively shaped by long-term strategic approaches of German works council co-managers who pursued their new national strategy of legally-backed *Standortsicherung*.

The second element of explanation for British unions' lack of a long-term strategy towards internationalisation relates to the vision, cherished by a majority within the TUC since 1969/70, that the preferable solution to problems arising from international

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<sup>9</sup> Cf. Marsden et. al., *The Car Industry*, pp. 169f.

economic integration was to achieve a degree of British isolation from this integration process itself. Reflected in campaigns for import controls, against British Common Market membership, and, still in the 1980s, in a strategic focus on the "home" market this vision went far beyond a simple concern with job losses that might result from further internationalisation. More important was the fear, acutely felt after the Left shift in the two largest unions AEU/AEF and TGWU in the late 1960s, that employers could use deepened international integration to increase pressure on unions to exercise wage restraint and limit shopfloor militancy. Multinational firms were regarded as forerunners in this process.

As demonstrated in *chapter 3* this scenario did have considerable substance in the case of Ford. With the creation of Ford of Europe in 1967 the company slowly but deliberately started to shift activities from Britain to the continent, coupled with a sophisticated system of European productivity benchmarking to put pressure on unions and workforces. With its move to the labour courts in 1969 the company even spearheaded employers' efforts to place trade unions under stricter control of the law along the models practiced in Germany and the USA. Here, employer reform pressure even stretched to attempts to remould the capacities of British union's interest representation patterns in the light of foreign experience. This internationally-inspired break with the "post-war compromise" based on collective *laissez-faire* caused particular protest – even though British unions' commitment to voluntarism itself started to become more qualified. Ford's policy was seen as a paradigmatic example of how business internationalisation strategies would induce pressure to adapt to a pattern of "weak" trade unionism perceived to be prevailing in EEC countries.

Thus, the self-perception of British trade unions within the international labour movement fed into their attitude towards economic internationalisation. As the pioneer of world trade unionism with a comparatively high degree of organisation in post-war European average British unions expected, if anything, that union movements such as the German would "catch up" with UK standards rather than the other way around. It was not by chance that debates about European economic integration in the 1970s were accompanied by a wave of nostalgia for British trade union links with Commonwealth countries. In 1974 Harry Urwin, Assistant General Secretary of the TGWU praised Commonwealth trade unionists as "[...] all speaking the common language English, all talking trade unionism in the way that we talk about it [...] The British TUC has a lot to be proud about. It makes me feel pretty proud when I go among those people and hear

them talk about the way the TUC has sent representatives to show them how to set up trade unions".<sup>10</sup> Obviously, such attitudes did not increase the inclination to intensify international trade union co-operation in Western Europe.

British union campaigns for temporary isolation from international economic integration had long had an air of "impossibilism", and therefore always remained ambiguous. Successive governments, whether Labour or Tory, displayed no intention to follow such a course. In 1975, the only moment that isolation appeared a real possibility, the referendum about EEC membership ended with a clear defeat for the promoters of withdrawal, and the government decided against import controls in the motor industry. At Ford and Vauxhall union representatives themselves realised that non-membership in the EEC might negatively affect the role of British subsidiaries within the European networks of the companies. In the early 1970s it could still be argued that non-entry could help Ford UK, for instance, to stabilise its position vis-à-vis Ford Germany in EFTA markets. However, after the complete abolition of tariffs between EEC and EFTA in 1977 this argument lost its force. In fact, Ford union wage claims in the 1970s repeatedly called for a company sales offensive in the Common Market – a demand hardly reconcilable with the parallel TUC campaign for EEC withdrawal.

Regardless of these ambiguities the isolationist outlook provided a mental framework strong enough to prevent British unions from developing a longer-term strategy to deal with international economic integration. The results included apparently absurd contradictions such as the fact that German wages and conditions became a routine feature of union wage claims at Ford and Vauxhall while, at the same time, German unions were scorned for their lack of wage militancy. The perception of economic crisis, expressed in the acknowledgement of British backsliding in the international earnings league, co-existed uneasily with continued pride about the achievements of British trade unionism and an attitude of condescension towards the industrial relations models in economically successful countries like Germany.<sup>11</sup> In terms of policy the result was the neglect of a strategic approach to the international economy. The situation at Ford and Vauxhall mirrored British trade union positions

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<sup>10</sup> TUC, Report of 106th Annual Trades Union Congress, 2-6 September 1974, pp. 480/481.

<sup>11</sup> See for the broader societal context of this attitude in the 1970s the essays by Karl Heinz Bohrer, *Ein bisschen Lust am Untergang. Englische Ansichten*, Carl Hanser Verlag, München Wien 1979.

towards the European Community: It was not until the late 1980s that a "European strategy" emerged.

Again, this pattern contrasted with union policy in Germany, characterised throughout the post-war period by a consistent support for the Common Market and a liberal international economy framework more generally.<sup>12</sup> Particularly at Ford Germany the works council at times harshly criticised concrete features of European business integration<sup>13</sup> but there was never a serious suggestion to isolate Germany from the international economic context.

This difference was not only the result of a different outlook, shaped by diverging historical experiences and trade union structures. It has also to be seen against the background of the different challenges posed: While in Britain internationalisation appeared to endanger fundamental principles of trade unionism, German union policy at Ford and Opel was never faced with serious investment boycott threats during the 1960s and 1970s. Co-determination, the "flagship" of German post-war trade unionism, was never questioned to a degree comparable to the industrial relations reforms in the UK – despite some occasional uneasiness in German union circles about the reluctant implementation of *Mitbestimmung* in multinational firms.<sup>14</sup> The co-operative stance of unions and works councils at *Fordwerke* and *Opel* contributed to the economic success of the companies, and international sourcing decisions favoured the German sites throughout the 1960s and 1970s. As a "winner" of international labour market integration German unions had no reason to object to it in principle.

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Does an international perspective on union politics at Ford and Vauxhall suggest broader implications about the post-war development of the British labour movement? Two elements can be put forward to conclude this study. The first relates to the crucial transformation period between the mid-1960s and the mid-1970s that saw the end of

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<sup>12</sup> Cf. Streeck, *Zwischen Gewerkschaften und Nationalstaat*, p. 2.

<sup>13</sup> Cf. for instance: „Resolution der Vertrauenskörperleitung Ford der IG Metall“, 16.12.1980, in: archive IG Metall Cologne, file „BR Ford ab Dez. 79“.

<sup>14</sup> Bomers, *Multinational Corporations and Industrial Relations*, pp. 137f.; that German unions started to worry about international influences that might endanger co-determination was not the result of employer pressure but of continued attempts by the European Commission to introduce a harmonised system of European company law – see Thomas Fetzer, "Trade Unions as Promoters of a European Social Citizenship? The Case of the German DGB", in: Magnusson/Strath, *A European Social Citizenship*, pp. 295-311.

the “post-war compromise” with a mutually reinforcing spiral of leftwards drifting unions and employers seeking to curb the power of organised labour – culminating in government attempts to bring the unions under stricter control of the law. The numerous accounts of these events have concentrated on the political dynamics of the process and the visions of social order underlying the conflicting views. They differed in their assessments of the responsibility falling on the different actors, the degree of coherence in government and employer agendas, and the cohesiveness of trade union resistance to this assault on their traditions.<sup>15</sup>

The analysis of union policy at Ford in *chapter 3* revealed the importance, so far not systematically analysed, of international comparison for this breakdown of compromise, inspiring reform schemes of employers and governments as much as fuelling trade union opposition. The unions drew on the doctrine of “British exceptionalism” for support, elaborated by eminent labour lawyers and industrial relations scholars in response to their experiences with the rise of fascism in Germany. Union opposition was, however, less motivated by such concerns for the stability of pluralist democracy as by their fear to become “conditioned” by the law in their labour market policies as the trade unions in Germany and the United States. Ford became a major battlefield in this conflict not least because of the company’s repeated attempts to mould British unionism according to more “responsible” foreign trade union patterns. But union opposition, based on a notion of superiority of the British trade union model in international comparison, was directed not only at company plans but also at the implications for national reform debates. The defeat of Ford’s strategy to enforce a collective agreement in the court in 1969 was of crucial importance for the fight against the Labour government’s industrial relations reform agenda “In Place of Strife” and, more broadly, against any reform modelled along the legal restrictions in operation in many foreign countries.

The second implication of the Ford and Vauxhall cases for broader aspects of British post-war trade unionism relates to the more recent past. There has been a vivid debate among scholars whether the transformation of British unions in the 1980s and 1990s was mainly a reaction to hostile policies pursued by successive Conservative

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<sup>15</sup> Cf. Crouch, *Class Conflict and the Industrial Relations Crisis*, op. cit.; Panitch, *Social Democracy and Labour Militancy*, op. cit.; Fox, *History and Heritage*, pp. 375ff.; Phelps Brown, *The Origins of Trade Union Power*, chapters X and XI; Taylor, *The Heath government and industrial relations*, op. cit.; Middlemas, *Threats to the Postwar settlement*, pp. 237ff., pp. 316ff.; Thorpe, *The Labour Party and the Trade Unions*, pp. 138ff.

governments since 1979, or rather to changes in the economic environment. With regard to Tory policy there was controversy whether its impact lay primarily in the direct effects of anti-trade union legislation, or rather in the indirect effects it had in backing employer determination and undermining trade union confidence.<sup>16</sup>

The study of union politics at Ford and Vauxhall has confirmed the importance of Conservative rule particularly in its support for the radical job-cutting measures at British Leyland, which gave a clear signal to trade union organisations in other car firms in the early 1980s. However, the analysis lends more support to an "economic interpretation". More precisely, it tends to suggest that the transformation of British union's labour market policy during the 1980s and 1990s in sectors exposed to international market competition was *primarily* driven by the acceleration of business internationalisation and corresponding changes in the framework of the international political economy.<sup>17</sup>

Following this logic the transition of the late 1980s and early 1990s - mainly responding to the creation of the Single European Market and the globalisation of company strategies - appears to have been an even more far-reaching break with the past than the changes occurring in the early 1980s in the immediate aftermath of Margaret Thatcher's arrival in Downing Street. There can be no doubt that the Conservative governments between 1979 and 1997 actively promoted economic internationalisation not least as a device to break organised labour's domestic power. But whether and to what extent further international market liberalisation would become reality was not in the hands of British governments alone. Neither could it be precisely foreseen what consequences this liberalisation would have for company sourcing strategies, the behaviour of consumers and the collective bargaining policy of trade unions in other European countries. It was mainly against the background of these new challenges that British union politics at Ford and Vauxhall evolved during the 1990s - and, with all likelihood, will continue to do in the new millennium.

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<sup>16</sup> Cf. Undy, *Managing the Unions*, op. cit.; Marsh, *The New Politics of British Trade Unionism*, op. cit.; Davies/Freedland, *Labour Legislation and Public Policy*, chapter 9; Middlemas, *The End of the Postwar Era*, pp. 325ff.; McIlroy, *Trade Unions in Britain*, op. cit.; Kelly, *British Trade Unionism 1979-89*, op. cit.

<sup>17</sup> This point has already been briefly evoked by Marsh and by Marsden et. al. for the car industry - cf. Marsh, *The New Politics*, pp. 168/69; Marsden et. al., *The Car Industry*, pp. 153-164.

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