

*The  
Economic and Social  
Research Institute*

---

WAGE INFLATION  
AND WAGE LEADERSHIP

*A Study of the Rôle of Key Wage Bargains  
in the Irish System of Collective Bargaining*

W. E. J. McCARTHY, J. F. O'BRIEN, V. G. DOWD

Paper No. 79

April, 1975

## THE ECONOMIC AND SOCIAL RESEARCH INSTITUTE COUNCIL 1974-75

- \*T. K. WHITTAKER, M.SC. (ECON.), D.ECON.SC., *President of the Institute.*
- \*J. F. MEENAN, M.A., B.L., *Chairman of the Council.*
- T. J. BARRINGTON, *Director, Institute of Public Administration.*
- J. P. BEDDY, D.ECON.SC., LL.D.
- R. D. C. BLACK, PH.D., *Professor, Department of Economics, The Queen's University, Belfast.*
- \*D. S. A. CARROLL, F.C.A., LL.D., *Chairman, P. J. Carroll and Co. Ltd.*
- \*F. B. CHUBB, M.A., D.PHIL., *Professor, Department of Political Science, Trinity College, Dublin.*
- VERY REV. D. GREGAN, G.M., *President, St. Patrick's Training College, Drumcondra, Dublin.*
- G. DEAN, M.D., F.R.C.P., *Director, Medico-Social Research Board.*
- N. J. GIBSON, B.SC. (ECON.), PH.D., *Professor, Department of Economics, The New University of Ulster, Coleraine.*
- \*W. A. HONOHAN, M.A., F.I.A.
- \*THE MOST REV. JAMES KAVANAGH, M.A., S.T.L., *Bishop of Zeta.*
- \*KIERAN A. KENNEDY, M.ECON.SC., B.PHIL., PH.D., *Director of the Institute.*
- IVOR KENNY, M.A., *Director General, Irish Management Institute.*
- MICHAEL J. KILLEEN, B.A. (MOD.), B.COMM., D.P.A., *Managing Director, Industrial Development Authority.*
- T. P. LINEHAN, B.E., B.SC., *Director, Central Statistics Office.*
- \*P. LYNCH, M.A., *Associate Professor of Political Economy, University College, Dublin.*
- CHARLES MCCARTHY, B.L., *Chairman, Human Sciences Committee.*
- \*M. D. MCCARTHY, M.A., PH.D., D.SC., *President, University College, Cork.*
- G. A. MEAGHER, B.COMM., D.P.A., *Secretary, Department of Local Government.*
- \*C. H. MURRAY, *Secretary, Department of Finance.*
- J. C. NAGLE, M.COMM.
- D. NEVIN, *Assistant General Secretary, Irish Congress of Trade Unions.*
- THE MOST REV. J. NEWMAN, M.A., D.PH., *Bishop of Limerick.*
- TADHG Ó CEARBHAILL, *Secretary, Department of Labour.*
- REV. E. F. O'DOHERTY, M.A., B.D., PH.D., *Professor, Department of Logic and Psychology, University College, Dublin.*
- D. P. O'MAHONY, M.A., PH.D., B.L., *Professor, Department of Economics, University College, Cork.*
- LABHRAS Ó NUALLAIN, D.ECON.SC., *Professor of Economics, University College, Galway.*
- \*W. J. L. RYAN, M.A., PH.D., *Professor of Political Economy, Trinity College, Dublin.*
- REV. PROFESSOR L. RYAN, M.A., D.D., L.PH., *St. Patrick's College, Maynooth.*
- P. G. SHERRY, M.SC., PH.D., *Confederation of Irish Industry.*
- T. WALSH, D.SC., *Director, An Foras Talúntais.*

\*Members of Executive Committee.

## Wage Inflation and Wage Leadership

*Copies of this paper may be obtained from The Economic and Social Research Institute  
(Limited Company No. 18269). Registered Office: 4 Burlington Road, Dublin 4.*

Price £3.50  
(Special rate for students £1.75)

W. E. J. McCarthy is a Fellow of Nuffield College and the Oxford Management Centre and University Lecturer in Industrial Relations at Oxford where he directs an Industrial Relations Research Group. He was Research Director for the Royal Commission on Trade Unions and Employers' Associations (The Donovan Commission).

J. F. O'Brien is a Research Officer with The Economic and Social Research Institute, Dublin on secondment as a Principal Administrator with the European Commission (Directorate General for Social Affairs).

V. G. Dowd is an Administrator with the European Commission (Directorate General for Development and Co-operation) and was formerly a Research Assistant with The Economic and Social Research Institute, Dublin.

# *Wage Inflation and Wage Leadership*

A Study of the Rôle of Key Wage Bargains in the  
Irish System of Collective Bargaining

W. E. J. McCARTHY, J. F. O'BRIEN, V. G. DOWD

© THE ECONOMIC AND SOCIAL RESEARCH INSTITUTE  
DUBLIN, 1975

ISBN 0 901809 93 4

## *Acknowledgements*

In carrying out the research which underlies this paper we have incurred extensive debts. First, we wish to acknowledge the unstinting assistance offered by many senior officials in the various bodies covered by our case studies. These included Mr D. O'Doherty (AEC), Messrs T. Keane and F. Callaghan (AUEW), Mr P. Duffy (BWTU), Mr T. Reynolds (CIF), Mr J. Dillon (ECA), Messrs P. Murphy and T. Heery (ETU), Mr D. McAuley, Dr E. McCarthy and Mr J. Moran (FUE), Mr D. Nevin (ICTU), Messrs B. Desmond T.D. and C. McCarthy (formerly ICTU), Mr J. Mulhall (INUPD), Mr P McGrath (INUW), Mr J. Carroll (ITGWU), Mr S. O Murchú (formerly ITGWU), Messrs J. Cassidy and K. McConnell (NEETU), Mr G. Doyle (OPATSI) and Mr M. Gibney (UCATT). These officials gave us access to various published and unpublished records and discussed these records in detail with us.

Secondly, we are indebted to the many company officials who assisted us in the task of data collection and to the union officials who participated in our survey of union spokesmen. Thirdly, we wish to acknowledge the considerable assistance we received from the staffs of the Department of Labour, the Labour Court and its Conciliation Service and the Registry of Friendly Societies.

Finally, we acknowledge the guidance, criticism and encouragement of our colleagues at Oxford University and at the ESRI. Professor Phelps Brown and Mr Derek Robinson offered valuable guidance in the early stages of the project. At the ESRI we have made many, and sometimes inordinate, demands on the following staff members: Professors R. O'Connor, E. Davis and B. Walsh; Drs R. Geary, E. Henry and K. Kennedy (Director), Miss N. O'Broin, Miss M. O'Neill, Messrs I. Hart and B. Whelan. Mrs M. Dempsey, Assistant Director of the Institute, Mr J. O'Meara and his Survey Unit Staff and Miss B. O'Loughlin of the Supervisory Staff never failed to oblige us. Miss M. R. Doyle typed successive drafts with admirable accuracy and enthusiasm, while Bernadette Payne gave us invaluable assistance with the preparations for publication.

Before concluding, we wish to acknowledge the financial support of the Central Bank and the Irish Productivity Centre. Without their generous assistance this project might not have been undertaken at all.

We conclude by expressing the hope that all of those who have helped us with this undertaking will feel that the finished product justifies their generosity with their time and wisdom. It must be emphasised that we, not they, are responsible for any remaining fallacies, errors or omissions.

## CONTENTS

	<i>Page</i>
General Summary	11
Chapter 1: Introduction	16
Chapter 2: A General Survey of Wage Determination under Collective Bargaining, 1959-70	23
Chapter 3: Key Wage Bargains	55
Chapter 4: The Case Studies: An Analytical Review	76
Chapter 5: A Thematic Review	153
Chapter 6: Synthesis and Policy Implications	200
 <i>Appendices:</i>	
A. Inflation of Hourly Earnings in Transportable Goods Industries in Ireland, 1953-72	213
B. List of Bargaining Groups Surveyed	214
C. Main Economic Indicators	217
D. The Statistical Characteristics of the Construction Industry, 1959-70	218
E. The Statistical Characteristics of the Electrical Sub-Contracting Industry, 1968-69	219
F. Summary of Movements in Main Craft Rates, 1964-70	220
G. List of Abbreviations	221
 <i>References</i>	 223

## LIST OF TABLES

	<i>Page</i>
1. Inflation of Hourly Earnings in Manufacturing in Eight Countries, 1956-71	19
2. Labour Force, Total Employee Numbers and Trade Union Membership in the Irish Republic, 1961-71	24
3. Trade Union Officials' Perceptions of the Wage-Round	29
4. Trade Union Officials' Attitudes to Wage-Rounds	30
5. Number of Increases—Wage-Round, Supplementary and Aggregate—Achieved by 202 Bargaining Groups, Quarter by Quarter, 1959-71 Inclusive	32
6. Temporal Concentration of Wage-Round Settlements, 1959-70 Inclusive	34
7. Number of Wage Increases—Total, Wage-Round and Supplementary—Sector by Sector—Over Six Rounds, 1959-70 Inclusive	36
8. Bargaining Achievement—Wage-Round, Supplementary and Aggregate—Sector by Sector, 1959-70 Inclusive	38
9. Statistical Characteristics of Distribution of—(A) Total Wage-Round Increases, (B) Total Supplementary Increases and (C) Aggregate Bargaining Achievement—Sector by Sector, 1959-70 Inclusive	40
10. Distribution of Increases—Wage-Round, Supplementary and Aggregate—for all 202 Bargaining Groups, 1959-70 Inclusive	42
11A. Impact of Aggregate Bargaining Achievement on the Wage Structure of all 202 Groups, 1959-70 Inclusive	43
11B. Impact of Aggregate Bargaining Achievement on the Wage Structure, Sector by Sector, 1959-70 Inclusive	44
12. Impact of Aggregate Bargaining Achievement on the Relative Standing of Six Bargaining Sectors, 1959-70 Inclusive	46
13. Basic Statistical Characteristics of Six Wage-Rounds, from the Seventh (1959) to the Twelfth (1970), for 202 Bargaining Groups, in Absolute and Percentage Terms	47
14. Basic Statistical Characteristics of Six Wage-Rounds, from the Seventh (1959) to the Twelfth (1970), in Absolute and Percentage Terms, Sector by Sector	49
15. Duration in Days of Wage-Round Agreements Signed by 202 Bargaining Groups, 1959-70 Inclusive	52
16. Spearman's Rank Order Correlation Coefficient for Entry Patterns of 199 Bargaining Groups in Successive Pairs of Wage-Rounds, 1959-72 Inclusive	53



	<i>Page</i>
17. Overall Ranking of 202 Groups in Terms of the Number of Times they were Rated as Very Important or Important Reference Groups by 106 Dublin Based Groups	68
18. Overall Ranking of 202 Bargaining Groups in Terms of Their Importance as Reference Groups for 106 Dublin Based Groups	69
19. The Views of the Principal Spokesmen for 106 Dublin Based Groups, Concerning the Present and Future Stability of their Reference Group Patterns	70
20. The Wage Rate Terms of the First Maintenance Agreement	106
21. The Wage Rate Terms of the Electrical Contracting Agreement 1968	119
22. Closing Position at Conciliation—19 February 1969	131
23. The Wage Rate Terms of the Second Maintenance Agreement	138
24. The Wage Rate Terms of the Building Industry's 12th Round Agreement	150
25. Effect of Certain Macroeconomic Factors as a Constraint on the Principal Union Spokesmen for 106 Bargaining Groups	160
26. Effect of Certain Microeconomic Factors as a Constraint on the Principal Union Spokesmen for 106 Bargaining Groups	161
27. Ranking of Bargaining Arguments Used in the Period 1967-70 by the Principal Union Spokesmen for 106 Bargaining Groups	165
28. The Relative Importance of Economic Arguments and Comparability Arguments in the Period 1967-70 as Seen by the Principal Union Spokesmen for 106 Bargaining Groups	166
29. Degree of Introversion of Bargaining Sectors in the Period 1967-70	167
30. Ranking of Types of Comparison, Used in the Period 1967-70, by the Principal Union Spokesmen for 105 Bargaining Groups	169
31. The Relative Importance of Forms of Comparison, Used in the Period 1967-70, by the Principal Union Spokesmen for 105 Bargaining Groups	169
32. The Relative Importance of Comparability Criteria, Used in the Period 1967-70, as Given by the Principal Union Spokesmen for 105 Bargaining Groups	170

## *General Summary*

**T**HIS study is concerned with the problem of wage inflation in so far as it is induced by wage leadership. It hinges on the notion that such wage inflation can make a substantial contribution to price inflation regardless of the extent to which other factors contribute to rising prices. Indeed, one of the most important conclusions to emerge is that wage leadership could give rise to rapidly rising prices even if all the other factors contributing to the latter process were totally neutralised. This is so because key wage claims, induced by disturbed relativities, can initiate a general upward movement in wages which has no justification whatever beyond the restoration of initial wage relativities. This vital point has never been explicitly brought out in the substantial body of statistical, economic and econometric work which has already been published concerning inflation in Ireland. The principal reason for this is that these disciplines cannot cope with the institutional dynamics which lie at the heart of the problem. The institutions in question are, of course, the organisations, the norms and the methods which go to make up the Irish system of industrial relations. Thus, for example, trade unions have certain norms in regard to real and relative wages which they seek to preserve by means of collective bargaining. And because over half of all Irish employees are trade union members, collective bargaining, with all its unquantifiable nuances, is the dominant feature of the process of wage determination. These considerations suggested that an eclectic approach would be most appropriate for our purposes.

Following an introductory chapter in which some of the foregoing points are developed, attention turns to a general analysis of the pattern of all known wage settlements negotiated by some two hundred bargaining groups in the period 1959-70. Four main conclusions emerge. First, there is clear evidence of a series of wage-rounds in which virtually every bargaining group participated. Because most rounds in the 'sixties took the form of flat rate cash increases the wage structure was steadily compressed during that period. Secondly, we observed a supplementary process which had a much more limited and varied impact. The groups which participated in this process enjoyed additional increases which had the effect of temporarily reversing the compression process as far as they were concerned. Thirdly, the absolute level of wage settlements has been rising while the average duration of wage-round agreements has been falling. Hence, the average annual rate of increase has

been forced up from two sides. Fourthly, entry patterns to the wage-round process are becoming more stable. This suggests that the round is becoming a more structured and self-conscious affair in which less important groups await the results of a limited number of more important negotiations before lodging their own claims.

The general analysis mentioned above enabled us to identify (in Chapter 3) a number of key wage bargains for detailed examination.<sup>1</sup> This chapter, which also sets down the case study methodology in some detail, ends with a brief chronological commentary which reveals a definite chain-like link between successive pairs of the key wage bargains selected for detailed study.

Chapter 4 contains the five case studies while Chapter 5 gives a thematic review of the case study material. After a brief introduction the second section of Chapter 5 considers the extent to which macroeconomic and microeconomic factors influence trade unions and their members when they are engaged in the formulation of wage policy. The general conclusions are, first, that price inflation does act as a spur to wage demands. Secondly, and on the other hand, the risk that the level of such demands might adversely affect such items as the level of prices, the volume of production or the unemployment rate, was usually a secondary consideration. This was so both as regards wage leaders and wage followers. One particular economic factor, namely, the inadequate supply of skilled labour in the groups which have been wage leaders in the 'sixties, is singled out for special consideration. The conclusion in this regard is that, while an active manpower policy has much to commend it, it is naïve to suppose that such a policy can significantly diminish the bargaining power or motivation of these groups in the foreseeable future.

The third section is concerned with non-economic factors which influence the process of wage determination. Such factors can be classified as "structural", "organisational", "institutional", "social-psychological" and so on. As far as this study is concerned much the most striking factor of this kind to emerge was social-psychological in origin, namely, the influence of feelings of "relative deprivation" which manifest themselves in the widespread use of "comparability" arguments and criteria in collective bargaining. And as our survey of trade union officials clearly shows, this factor (in its various forms) in the late 'sixties at least, outweighed the economic factors referred to earlier.

Section 4 considers the underlying causes of increased trade union pressure. Here it becomes clear that unions are not disposed to break out of the orbits of coercive comparison which are imposed on them by their members' feelings of relative deprivation and which therefore dominate their wage policies. The reason for this is that inter-union (and to a lesser extent intra-union) rivalry is

1. These were the building industry agreements of 1964 and 1969, the maintenance agreements of 1966 and 1969 and the electrical contracting agreement of 1968.

endemic in Ireland. The unions generally fear that a moderate wage policy might result in serious loss of members and, of course, of members' subscriptions. And this quite simply is a risk which they feel they can ill-afford to take.

Section 5 considers the employer response to the rising level of trade union demands. This response has been articulated and managed by the various employers' federations. Its most essential feature was a series of attempts to counteract union demands by forming larger bargaining units. It was hoped that this would eliminate the process of leap-frogging by making the cost of confrontation too high for the unions. However, such endeavours either failed to take concrete form or broke down under the pressure of actual or threatened industrial conflict. In retrospect this is not surprising because as the employer front grew larger the degree of common interest, which is a prerequisite of firm commitment, diminished.

Section 6 deals with the concept of the standard wage rate and its importance to both trade unions and employers' federations. Here it is argued that the most important employer initiative of the decade was doomed to failure because it involved a frontal attack on the notion of "the standard rate for the craft" and proposed the elimination of craft differentials in a major part of craft job territory. The craft unions' obsession with the standard rate (for less than which no member will be allowed to work) is easily explained. However, it must be admitted that the circumstances which originally gave rise to it have changed considerably. These unions fear that any split in this rate would be the thin end of the wedge which would make it difficult (if not impossible) for them to prevent a downward spiral of craft wages if large numbers of craftsmen became unemployed. The unions feel that such a spiral would ultimately destroy them altogether. Given the strength of union feelings in this respect we conclude that it would be unprofitable to seek to split the standard rates for the various crafts against the wishes of the unions.

In the final section of this chapter third party intervention is considered in the light of the foregoing topics. Here it is noted that the impossible tasks given to the Labour Court under earlier legislation had to be modified to preserve the Court's credibility. But, this could only be done (in the circumstances of the late 'sixties) by allowing the Court to opt out of difficult situations, a development which added considerably to the burdens of the conciliation service without solving any of the basic problems.

Chapter 6 draws the most essential of the above-mentioned findings together and ends with a discussion of the policy implications. The first possibility considered is quite simply "doing nothing" as far as incomes are concerned. It is argued that the evidence of this study warns very strongly against this course. To set incomes policy aside altogether is to throw the full burden of control on to fiscal and monetary policy. But, our evidence very strongly

suggests that wages could not be effectively controlled by macroeconomic management that fell short of inducing a severe, protracted and extremely divisive slump.

What is really needed is a major change in social and psychological norms. Factors now ignored or brushed aside will have to be forced into the consciousness of union members and union leaders and it appears that this can only be achieved in the context of a formal incomes policy.

This leads to a review of the arguments for and against such policies. The only prominent argument against is that such policies are bound to be counter-productive. However, there is little or no evidence to support this view. On the other hand, attempts to manage incomes by a policy which induces and encourages voluntary national pay agreements have made a useful contribution in the past. The discussion next turns to a consideration of ways in which the record of such national settlements to date might be improved upon. To begin with it is argued that the well-established wage-round process gives Irish policy-makers a considerable advantage *vis-à-vis* their counterparts in most other free enterprise economies. Various ways of reforming this process are reviewed and we suggest that the present series of national agreements offer a good foundation on which to build. We also suggest that claims for special treatment (which appear to be inevitable from time to time) might best be treated in isolation from the normal wage-round process. This brings us to an examination of incomes policy criteria. Here it is argued that to begin there must be an overall target. This would specify the total level of increase permissible under the policy during a specified period—say one year. Next there would need to be a general settlement level. The primary aim of this guide-line would be to provide an acceptable increase to those who have no grounds for claiming special treatment. For this reason its size and form would depend largely on what one decided to do about the third element in the policy, namely, the exceptions criteria. We argue that in the Irish context the only strong justification for exceptional treatment is a considerable and fairly rapid loss of relative position in the national pay structure.

To conclude, we explain at some length why we feel that the government may be forced to take a more active role in this field. We feel that the government should be prepared to continue (and if necessary extend) its support for voluntary national agreements. If the parties are unable to agree on terms for a renewal of the present national agreement the government may feel it has to freeze wages for long enough to enable negotiations to start up again. However, it is emphasised that just as the best case for a freeze is that it allows time to reach a voluntary agreement, so the strongest argument against it is that it may (if prolonged) generate the kind of rank and file opposition that makes a voluntary national agreement impossible. Even if such

an agreement is achieved, certain powerful groups may refuse to abide by its terms. In such an event we suggest that the kind of legislation already introduced to restrain bank officials may offer the most acceptable guideline for the future.

Our proposals can be summarised as follows:

1. The aims of the primary and supplementary wage processes as would best be served by a modified form of a central wage agreement that sought to provide for both changes in costs and living standards and disturbed relativities.
2. This would involve prior agreement on flexible general settlement levels which would safeguard the position of the lower-paid and contain exceptions criteria.
3. The main aim of the exceptions criteria would be to allow for payments of a limited nature to groups who could demonstrate that they had suffered the greatest loss of relative position over a given period of time.
4. Such payments would only be made on the basis of a recommendation from the Labour Court.

We consider that a formula of this kind offers the best chance of a way out of the frustration and industrial conflict inherent in any return to a "free for all". We also think it represents the best way to tackle the serious and mounting problem of wage inflation in the Irish Republic.

## Chapter 1

### *Introduction*

**I**NFLATION has been the most intractable problem in the Irish economy since 1968. The problem has persisted and has become more acute, so much so that prices rose by a record 10 per cent in the year to February 1973. This prompted the Central Bank to take the view that "The scaling down of the excessively high rate of inflation in Ireland is the predominant and most urgent requirement in order to safeguard economic and social progress"[1]. It has been widely argued and believed that an unwarranted rate of increase in earned incomes has made a major contribution to this problem and has been an important factor working against efforts to resolve it. In Ireland this belief has often been associated with the notion of the "key wage bargain". Thus our original research proposal, which focused on this source of inflation, noted that the parties to the bargaining process in Ireland were generally agreed that certain wage settlements appeared to exercise a disproportionate influence on the process of wage determination. Indeed, it was widely believed that, in most wage-rounds where there had been no overall agreement at national level, it was possible to discern a limited number of sectional settlements which had set the pattern for the rest. The central aim of this study is to discover and analyse such key wage bargains and to examine their origins, characteristics and influence on the wage determination process.

In pursuing this objective our study proceeds as follows. This chapter comments briefly on earlier research concerning the problems of price and wage inflation. From this analysis we conclude that the role of institutional factors has been underestimated and understudied in previous work. Consequently, we have concerned ourselves primarily with this rather neglected side of the problem and so our second chapter is a general survey of wage determination under collective bargaining in the period 1959-70. It pays particular attention to wage-rounds and provides us with some initial clues as to the possible identity of key bargains. The third reports on our efforts to identify key wage bargains, indicates which were selected for detailed examination and outlines our case study methodology. The fourth chapter is primarily concerned with the origins and emergence of the key bargains while the fifth reviews their characteristics thematically. This chapter pays special attention to the idea of comparability which is an essential complement to the idea of

wage leadership. The final chapter summarises our conclusions and draws out a number of policy implications.

### *The Problem Stated*

The NIEC summarised the problem in the following terms:

Inflationary pressure can occur . . . because money incomes are raised faster than growth in national production. Sometimes a general rise in money incomes may originate in increases in particular money incomes or prices, achieved as a result of action or pressure by trade unions or other groups with significant bargaining strength or by firms with market power.<sup>1</sup> The original increase in particular incomes or prices may occur in, or spread to, a certain sector of the economy (such as building and construction) where demand is strong and buoyant (generally as a result of the level of public expenditure). When one of these "key" increases in incomes or prices occurs, the level of public expenditure or the supply of credit has generally been increased to accommodate these higher incomes and prices, and this has enabled similar increases to occur throughout the economy without any immediate increase in unemployment [2].

Given the long-standing official commitment to the ideal of full employment in this country, policy-makers are obliged, as a minimum token of sincerity, to seek to prevent any dramatic increase in unemployment. Hence, it is not surprising if monetary and fiscal policies have been permissive in the recent past. But this implicitly suggests that labour determines its wage and everything else adjusts accordingly. Prices are increased to sustain profit margins, fiscal and monetary policies are relaxed so as to ensure that existing output can still be bought up at the new higher prices and employment is thereby sustained. This argument is not a new one. It is now almost twenty years since Hicks first suggested that modern economies operate on a wage standard rather than a gold standard. The essence of his case was that, whereas in the gold standard era monetary conditions were laid down from outside and the money wage level adjusted upwards or downwards to these conditions, wages are now determined by autonomous labour action and monetary and fiscal policies have simply reacted to sustain employment [3].

### *Previous Approaches to the Problem*

Previous approaches to the problem of cost inflation in general and wage inflation in particular have been mainly econometric and statistical in nature.

1. We are concerned here only with the possibility of key wage bargains and wage leadership. It is, of course, possible that price leadership was important in the 'sixties. Thus, a parallel study of price formation is obviously necessary if a balanced viewpoint is to be achieved.



From the standpoint of the present paper the decisive comment concerning the first type of approach relates to the fact that econometric models are designed to assess the relationship between a limited number of variables. The assumption is that the dynamics of the economic system as a whole derive from the interaction of these variables, so that its future behaviour can be "predicted" by analysing how they appear to relate to each other. But what if one of the variables is what it is because of *internal* rather than *external* factors? Suppose the influence of other macro-variables is of secondary, or even of negligible importance. There seems to us to be a case for suggesting that this is so in respect of the index of wages. Certainly one cannot ignore the extent to which this index is the product of the very process of wage determination itself under conditions of collective bargaining. The problem is that in so far as this is so it calls for a more "institutional" approach.

Nor does a purely statistical approach provide much help for the policy-maker who must convert general guidelines into practical achievement. One of the earliest contributions<sup>2</sup> of this kind brought the following comment from the Federated Union of Employers:

... this survey is not as comprehensive as the title of the paper suggests. The approach taken to the subject has been mainly statistical and the influence of social and institutional factors on the trend and pattern of wages has been omitted. As a result an incomplete picture of post-war wage bargaining in Ireland emerges and the impressions and conclusions of the author, derived as they are from statistical data, should be regarded as rather tentative. The study is also incomplete in another sense. It does not attempt to indicate how the experience of the post-war era can assist in the formation of a more positive wage policy in the future [4].

It is hoped that the present study will help to throw some light on this neglected but vitally important aspect of the problem.

#### *Some Preliminary Questions*

However, before explaining in detail how we have tried to do this in the present paper it is necessary to deal with two possible objections to our approach which have been raised in some of the literature on this subject. First, it may be asked whether, given that recent inflation has been a world-wide phenomenon, there is any reason to suppose that efforts to modify it at national level can succeed, particularly in a small open economy such as Ireland. Secondly, assuming that the answer is yes, why should it be assumed that a diminution

2. See *Wages in Ireland 1946-1962*, ERI Paper No. 12, February 1963.

in the rate of increase of earned incomes is likely to offer the best prospect of success.

As regards the first point, a brief reference to a recent study of international trends is instructive. The data in Table 1 and Diagram 1 (except those for Ireland which are based on the figures in Appendix A) are taken from an article by Nordhaus in which he seeks to explain the world-wide upsurge in wages in the late 'sixties. To this end he considers the relative merits of five competing theories of inflation and concludes:

The results are messy, but there does emerge a fairly coherent picture of the wage explosion in the late 1960s. The wage inflation in the US and

TABLE 1: *Inflation of hourly earnings in manufacturing in eight countries, 1956-71*  
(Percentage change per year) (a)

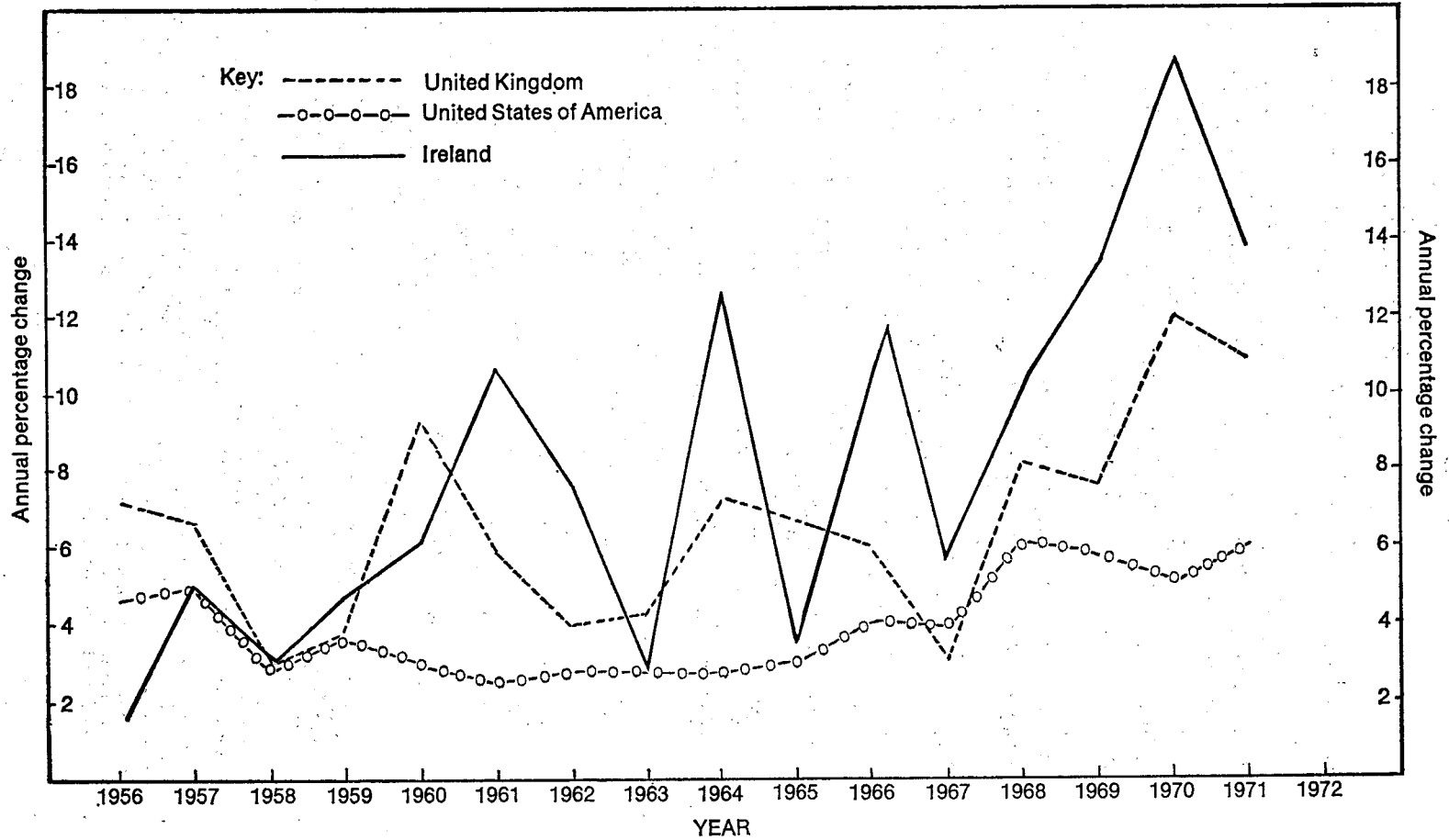
Year	Canada (1)	France (2)	West Germany (3)	Japan (4)	Sweden (5)	United Kingdom (6)	United States (7)	Seven Country Average (8)	Ireland (9)
1956	4.7	6.8	9.3	9.1	8.1	7.1	4.7	7.1	1.4
1957	5.7	7.5	9.5	2.7	6.0	6.6	5.0	6.1	5.0
1958	3.0	11.5	6.4	2.1	4.3	3.0	2.8	4.7	3.0
1959	3.5	5.8	5.6	8.0	4.1	3.9	3.7	4.9	4.8
1960	3.4	6.9	10.4	8.2	6.5	9.2	3.1	6.8	6.2
1961	2.7	7.3	10.1	9.2	8.4	5.9	2.6	6.6	10.7
1962	2.6	8.1	10.7	9.6	6.7	4.0	2.9	6.4	7.6
1963	3.6	8.2	6.8	10.0	8.3	4.3	2.8	6.3	3.0
1964	3.5	6.9	7.7	9.2	5.8	7.2	2.8	6.2	12.7
1965	4.8	5.4	9.6	8.6	10.7	6.6	3.1	7.0	3.7
1966	5.9	5.8	7.0	11.5	7.3	5.9	4.1	6.8	11.8
1967	6.4	5.8	3.9	11.8	9.0	3.2	3.9	6.3	5.9
1968	7.2	11.7	4.0	14.4	6.2	8.1	6.1	8.2	10.4
1969	7.8	10.5	9.7	15.9	7.7	7.6	5.8	9.3	13.2
1970	7.5	10.1	11.2	14.4	12.3	11.9	5.1	10.4	18.7(b)
1971	8.5	10.5	11.1	12.6	7.4	10.7	6.0	9.5	13.7

Sources: *Economic Report to the President* together with the *Annual Report of the Council of Economic Advisers, January 1972*; United Nations, *Statistical Yearbook*, various issues; Organisation for Economic Cooperation and Development, *Main Economic Indicators: Historical Statistics, 1959-1969* (Paris: OECD, 1970), and *Main Economic Indicators*, various issues; Department of Employment *Gazette* (London: HMSO) various issues; and the *Irish Statistical Bulletin* (CSO), various issues.

(a) The wage inflation percentages in this table are expressed as first differences in the logarithms of hourly earnings of production workers (for Japan and Ireland, all manual workers) in manufacturing.

(b) The spectacular increase of 18.7 per cent in 1970 was without parallel. It could possibly be explained in part by some sudden increase in overtime working. However, the ISB tables used show that the average number of hours worked per week in Transportable Goods Industries at the end of these years was 43.9 (1968), 45.4 (1969) and 45.5 (1970). This does not prove that overtime was not a factor as standard weekly hours were falling towards 40 at this time. Nevertheless, this would have had a relatively slight effect overall.

DIAGRAM 1: INFLATION OF HOURLY EARNINGS IN MANUFACTURING, 1956-1971



Canada can be attributed to the tightness of the labour markets. Outside of North America, the rise of wages can be more tenably ascribed to the permissive economic climate generated by a rise in imports [5].

It does not seem to us that this conclusion is sufficiently precise or well enough documented to warrant an end to efforts, at national level, to find ways of reducing the rate of inflation. For although there is a general upward trend, the experiences of the individual countries vary considerably. It is particularly notable that the upsurge in Irish wages, which began at the end of 1967, differed from the upsurge in all of the other countries considered in terms of initial and final levels, or overall extent, or both. We conclude from all this that the need for a search for a fuller understanding of the Irish experience has not been ruled out in advance by work of this kind. Of course, this is not to dismiss the Nordhaus conclusion as irrelevant to the Irish experience. To do so would be singularly naïve as the Irish economy is so open that its trading experience must impinge on its rate of inflation to a notable extent. The extent to which it does so is quite another matter which has not yet been finally resolved. While this is obviously a most important issue it lies outside our brief.

The second question resolves itself to a query about the appropriateness of focusing on employee incomes in a study of this kind. We think good reasons can be given. Agricultural incomes are now dominated by world markets and are therefore outside our control. Profits, rents and the incomes of the self-employed remain matters of considerable controversy as they have never been adequately researched. Indirect taxes are obviously of great importance though they are unlikely to be reduced. Finally, and in any case, the earned income of employees is, undoubtedly, the most important element of domestic income. Hughes has shown that employee remuneration made up some 62.1 per cent of income arising in the agricultural, industrial, distributive and other domestic sectors in 1970 [6]. There is as yet no unanimous agreement as to the reduction in the overall rate of price inflation to be expected as a result of any specified reduction in the rate of increase in wages. However, recent input-output analysis has shown that, over a certain range and given certain reasonable assumptions about other variables, a 1.0 per cent increase in wages will lead to a 0.4 per cent increase in prices<sup>3</sup> [7]. Recent econometric analysis suggests a similar order of magnitude [8]. In the light of all this it seems reasonable to suggest that moderation in the rate of increase in money wages offers the best single hope of moderating price inflation. It is equally clear, however, that the

3. In addition to the parallel study of price formation already recommended further study of the dynamic relationship between wages and prices is also needed.

preconditions for such restraint are matters of immense economic and political complexity. But as these matters are more properly considered in our concluding chapter they need not detain us here.

### *Our Approach to the Problem*

Our approach hinges on the notion that wage determination under collective bargaining may be usefully regarded as an internally motivated process dominated by its own range of institutions—trade unions, employers' associations, government organisations and so on. In most cases one of the basic norms of the industrial relations system that results from their interaction is that it is trade unions who are the initiators, in the sense that employers largely react to union claims and demands while mediators and government officials are not expected to become involved until deadlock is anticipated or reached. For this reason we have focused, in what follows, on trade unions, seeking to ascertain what has prompted them to act as they did and how their action came to have an effect on other parties to the system. What we have concluded, together with our policy proposals, is not advanced as a final picture of the wage determination process or as a definitive plan for its improvement. We have been conscious that we have laboured under considerable difficulties in regard to both data and theoretical limitations and have been confronted by a socio-economic *tableau* of immense complexity. The results are presented as the mere beginnings of a bridge between model builders and institutionalists; a modest contribution to the realities and necessities of the continuous debate about the roots of inflation and the methods for its amelioration.

## Chapter 2

### *A General Survey of Wage Determination under Collective Bargaining 1959-70*

OUR chosen methodology depends on our ability to provide:

1. a clear picture of the trend of wages generally over a long enough period to warrant generalisations about movements and changes; and
2. some explanation of the internal dynamics producing these events.

This chapter sets out to meet the first of these requirements. The next four chapters are concerned with the second.

#### *The Scope of the Survey*

The selection of starting and finishing dates for our general review of wages is a matter of judgement but we believe that our choice is capable of being defended on logical grounds. Because wage-rounds first emerged in 1946 it might be argued that we ought to have started at that date, but we consider that the period from 1946 to 1959 would have added very little to our understanding of current problems. These earlier years were marked by depression or stagnation and inflation was a much less serious problem. Over the next twelve years, however, economic growth and rising rates of inflation became the predominant features of the economy. The earlier period ended with the sixth wage-round which was governed by a national wage recommendation to the effect that wage increases should not exceed ten shillings per week.

This agreement was ended by the labour side when:

. . . because of the responsibility of the trade unions to continue the pressure for a much higher standard of living for the membership, the Provisional United Trade Union Organisation terminated the sixth round agreement in October 1958. Thus it was, that in the summer of 1959, the seventh wage-round came into being [1].

Thus, the summer of 1959 seemed to be an appropriate starting point. The end-date of our period is more easily justified. On the first day of January 1971 a National Pay Agreement came into operation. This has since been followed by

two more agreements of a broadly similar kind. The first principle of these agreements is that the rules governing pay increases for a specified period are determined at the national level. Only a limited number of exceptions are permitted under, what are known as, the anomalies clauses. It follows, therefore, that the question of wage leadership which we are investigating could only have arisen on a very limited scale since 1970. For this reason we have not carried our detailed analysis beyond the end of that year.

As we are concerned with the price of labour it is appropriate to note the general dimensions of the labour force in the period under review as set out in the following table:

TABLE 2: *Labour force, total employee numbers and trade union membership in the Irish Republic, 1961-71.*

<i>Year</i>	<i>Labour Force</i>	<i>Total Number of Employees</i>	<i>Trade Union Membership (g)</i>	<i>Per cent Union Members</i>
1961	1,108,108 (a)	649,600 (b)	328,000 (h)	50.5
1966	1,118,204 (c)	701,993 (d)	359,400	51.2
1971	1,119,531 (e)	737,023 (f)	386,800 (i)	52.5

*Sources:* (a) Tables 1A and 1B, Pages 3 and 5, Volume 5, *Census of Population 1961* (CSO). (b) Tables 9A and 10A, Pages 184 and 185, *ibid.* (c) Table 1, Page (ix), Volume 5, *Census of Population 1966* (CSO). (d) Tables VIII A and VIII B, Page (xviii), *ibid.* (e) Table 2, Page 5, Bulletin No. 38, *Census of Population 1971* (CSO). (f) Table 4, Page 6, *ibid.* (g) Page 4, *Trade Union Information*, July 1971 (ICTU). (h) refers to 1960. (i) refers to 1970.

By definition we are concerned here with the incomes of employees but not with the incomes of the self-employed. Employee incomes are determined by individual or collective bargaining. Approximately half of all Irish employees do not belong to trade unions, although many of these are employed in establishments where unions are recognised and wages and conditions are settled by the processes of collective bargaining. Others, employed in "non-union" establishments, bargain on an individual basis, which often means that they are offered wages or salaries on "take it or leave it" terms. Such wages are usually related to prevailing trends in a given locality or occupation and these, in turn, are usually influenced by collective bargaining trends. There are, of course, some non-union workers who operate in sellers' markets and they can exploit their advantage without the use of collective power. However, such bargaining achievements seldom have any influence on the wages of other employees who do not enjoy this advantage, if only because the details about them are typically private and confidential. For all these reasons it seems safe to assume that the power of unorganised workers to influence the price of

labour in general is minute, fragmented and, for our purposes, unimportant.

It is quite different where wages and salaries are determined by negotiations between employers and trade unions. Here, as a result, employer and employee meet on much more equally balanced terms and not infrequently the balance seems to rest in labour's favour. Employer dismay at this development is, of course, greatly alleviated by their general (but not universal) ability to sustain profit margins [2]. Pure bipartite collective bargaining is the most common form of collective bargaining but this is supplemented by other forms which involve third parties as independent chairmen. Joint Industrial Councils, Joint Labour Committees and the Agricultural Wages Board all operate in this fashion. For present purposes they can be treated as equivalent to collective bargaining proper. It is immediately obvious that individual bargaining and collective bargaining have quite different consequences. The individual bargains for himself and that is the end of the matter. The trade union official bargains for a group of union members and once an agreement is reached it automatically applies to each of those members. It is also usually extended by custom or decree, to all unorganised employees in the same plant, company or industry, if not nationally, then at least locally. Nor is this the end of the matter. If one group within an industry or firm achieves a wage increase, other groups in the same employment may expect a similar increase or at very least a convincing explanation as to why it should be denied them. Other members of the same occupation employed elsewhere may react in a similar fashion. In view of the foregoing points we intend to concentrate entirely on wages determined by collective bargaining as it is clear that the major and most influential impulses for the upward movement of the national wage structure are collective impulses.

#### *Some Data Problems*

Before our analysis could proceed a number of data problems had to be overcome. First, in order to study wages determined collectively, one must examine the achievements of bargaining groups. The statistics available from the Census of Industrial Production are of little help for four reasons. First, this census collects earnings statistics but not wage statistics. Secondly, the census is concerned with manufacturing only, while collective bargaining is spread throughout the economy. Thirdly, the industrial classification used does not usually match the dimensions of bargaining groups. Fourthly, as the earnings statistics are averages covering all manual workers, vital occupational distinctions cannot be made, while clerical and professional bargaining groups are not covered at all. Ideally, one would prefer to survey all bargaining groups which operated at any time in our twelve-year period. But this is a very large and, as yet, uncharted area and we were obliged to attempt something less



ambitious. So, to start, we considered the possibility of using a random sampling procedure to reduce the task of data collection to manageable proportions. This proved impossible for the simple reason that there is no register of bargaining groups and hence no sampling frame. Given the limitations of both employer and union records in this field we considered it unrealistic to attempt to devise a register of all bargaining groups for our own use.

In these circumstances we had no option but to use a purposive rather than a random sample.<sup>1</sup> The purpose in this instance was to uncover and analyse the pattern of wage settlements achieved by the most important bargaining groups. To this end we were obliged to proceed in the following way. First, we listed every industry, trade, or area grouping represented at these levels by employers' associations. Secondly, we consulted the Register of Undertakings (1969) at the Administrative Research Bureau, Trinity College, and listed all undertakings which were not already covered by an industry, trade or area agreement and which had five hundred or more employees at that time. In each of these undertakings we assumed that there could be at least four types of bargaining group, namely, clerical, craft, manual and technical/professional. In most of these instances there was in fact only one bargaining group, namely, manual workers. The remaining employees either negotiated individually or their employers automatically extended the wage rate or wage increase from some other outside agreement to them. Having combined the two lists mentioned above we had two hundred and forty-seven groups. We then set out to trace their bargaining record over the twelve year period up to and including 1970. In twelve cases we could get no response to our inquiries while in another thirty-two cases the relevant records were not available for one reason or another. Clearly, we had no option but to delete these groups. In two cases the company operated on a piece-work system which could not be represented by any single basic wage rate; these groups were omitted. Finally, the maintenance craftsmen's group which was formed in 1966 was added to our list. This group was included because of its size. For the purpose of the analysis in this chapter we assumed that, prior to its formation, the bargaining achievement of the maintenance craftsmen's group could be equated with that of fitters in the engineering contract shops, as engineering fitters are the largest single group in maintenance work in manufacturing industry. After these adjustments we were left with two hundred and two groups which are listed in Appendix B. We estimate that these two hundred and two groups cover approximately one half of the employee workforce and incidentally about one-

1. This is not without considerable justification given the nature of the problem. The following comment is pertinent. "Fashion is the enemy of the utilitarian. In the field of techniques, it operates especially to increase the incidence of faulty applications of the particular technique which happens to be in fashion. At this moment, probability sampling is very much *the* fashion. It is not surprising, therefore, to find surveys being designed to include probability samples even though such a design is not the most effective or most relevant to the situation being studied." [3]

third of the entire workforce. To increase the coverage to a substantially higher proportion of the organised workforce would have required the collection of wage statistics covering hundreds, if not thousands, of medium or small groups. Our experience suggests that such an undertaking would not be very fruitful. In any event we judged it to be unnecessary.

The second problem which precedes our analysis is as follows. Bargaining groups negotiate collective agreements which cover a range of substantive and procedural matters. While procedural matters are not quantifiable, all substantive items could, in principle, be reduced to the common denominator of their money cost. We have chosen to omit all non-wage items from our calculations. This is not because we consider them unimportant—they are in fact a significant and a growing cost—rather it is because wage costs remain of far greater importance than the costs of all other conditions of employment put together; because non-wage costs have tended to rise more or less in line with wage costs in ways that do not threaten given “wage contours”; and finally, because it would be difficult, if not impossible, to quantify the non-wage costs of all the bargaining groups surveyed. The third problem is that, even if we confine ourselves to the wage or salary clauses of each collective agreement, a sharper focus is needed. Wage rates are but one index of wage costs; others are earnings and take-home pay. Nevin’s definition is helpful here:

Wage rates are contractual undertakings, usually negotiated collectively, as to the minimum amount which will be paid to a defined category of employees for a specified period of working time or, in the case of piece-rates, for a specified volume of output [4].

It might be argued that some measure of average gross earnings or of average take-home pay might better represent bargaining achievement, but we have rejected this notion. On the one hand, average gross earnings usually only fluctuate above basic wage rates because of factors which are not determined by collective bargaining. Thus, the level of overtime is generally a matter determined by management in the light of current demand and a production bonus is largely determined by the pace at which the individual employee chooses to work or by delays in the production process. On the other hand, take-home pay (gross earnings after tax and other deductions) is determined largely by the personal circumstances and preferences of the individual wage earner and is influenced only indirectly, if at all, by collective bargaining.<sup>2</sup> Furthermore, while the basic wage is apt to be a matter of common knowledge, gross or net earnings, being personal, have a very much narrower circulation. We conclude

2. The period since 1970 has seen a remarkable upsurge in the amount of attention paid to the level of tax free allowances under PAYE. While this matter will obviously be of great importance in the future, it was not an important issue in the nineteen sixties.

therefore that the basic rate is in fact the best single index of bargaining achievement.

This raises a fourth problem. The wage clauses in collective agreements often include a range of wage rates. To reduce this mass of detail to manageable proportions a considerable degree of abstraction is necessary. This is a common problem in the wages field particularly in studies of wage structure. Thus Reynolds and Taft observe that "... one is forced by the sheer mass of detail to summarise. It is this process of summarising that brings out, in a sense artificially, the perspective one seeks" [5]. To this end, we decided to take the basic wage rate or the basic salary scale for a male adult as the best available proxy for wage agreements with an internal wage structure of their own.<sup>3</sup> This can be justified on five separate grounds. First, the basic rate is typically the focal point of collective bargaining, especially in this country. Secondly, when the basic wage rate is increased all other rates covered by the same agreement are usually increased by approximately the same amount in absolute or percentage terms. Thirdly, the basic rate is usually the critical rate from the point of view of recruitment and labour turnover; it is, therefore, the most direct reflection of the interplay of competition in the labour market. Fourthly, the basic rate is usually the most common rate in any internal wage structure; in many instances it is the only entry point to the labour force in question. Finally, most supplementary elements in take-home pay are proportional to basic rates (for example, overtime and shift differentials) and certain deductions may be similarly related to basic (for example, sick pay and pension scheme contributions). A fifth simplification was necessary before data collection could proceed. Employees in clerical, technical and professional positions usually have a salary scale. In order to include salaried employees in our analysis we decided to take the salary at twenty-one years of age. This is a considerable simplification but it has the merit, at least, of enabling us to compare like with like because the basic rate in manual (i.e. weekly paid) occupations is typically the adult rate payable at twenty-one years of age or on completion of apprenticeship.

Previous surveys of a somewhat similar kind in Ireland [6] and Britain [7 and 8] were based entirely on published data of the kind described above. However, in Ireland, such material is extremely limited and it is based on information which comes to the notice of the Labour Court in a rather haphazard fashion. These data, published in the Irish Statistical Bulletin under the title "Changes in Rates of Wages", do not follow the fortunes of any group in a systematic fashion and they cannot therefore give an adequate view of the process of wage determination. We therefore had little option but to rely

3. The wage rates for female groups can safely be ignored for present purposes as in every case females were simply striving to maintain or improve the ratio of female to male wage rates.

mainly on the original records of employers' associations, of individual employers and, to a lesser extent, of trade unions. The published series mentioned above and the triennial volume entitled "Wages, Earnings and Hours of Work" published by the CSO were used only to a very limited extent to fill in gaps in original records. When completed this task of data collection left us with a full account of the wage bargaining achievements, from 1959 to 1970 inclusive, of the two hundred and two bargaining groups listed in Appendix B.

### *The Wage-Round Concept*

Our preliminary reading led us to expect that this concept would figure prominently in our analysis. Yet, for all its assumed importance in Ireland, the wage-round has so far eluded precise definition. Knowles and Robinson, who examined British wage data in the 'fifties, arrived at the following conclusion: "The wage-round is like the flying saucer, many people are led to believe in its existence, although few would claim to have actually seen it and fewer still to have photographed it" [9]. However, we found that in Ireland at least there was more visible evidence and no shortage of descriptions. To begin with there have been fourteen wage-rounds since 1946, seven centralised and seven decentralised. As these are commonly agreed to be largely the product of trade union behaviour we included a number of definitional questions in our survey of principal spokesmen for bargaining groups to see if we could get a measure of agreement about the nature of the process from those most involved in its generation.<sup>4</sup> The full results of the survey are reported in Chapters 3 and 5 but the substance of the replies in respect of wage-round questions are summarised briefly below. Respondents were first asked to choose the most accurate description of the wage-round from the following list:

TABLE 3: *Trade union officials' perceptions of the wage-round*

<i>Description</i>	<i>Number of times selected (per cent)</i>
(a) A short period in which every worker gets the same (cash) wage increase	17.8
(b) A short period in which every worker gets the same (percentage) wage increase	7.1
(c) A short period in which every worker gets a similar (but not necessarily identical) wage increase	56.0
(d) Any other definition—please specify	19.1

4. The procedure followed in this survey is described in detail in the next chapter.

The trade union spokesmen covered by our survey therefore have a fairly clear-cut view of the wage-round. Much the most common view expressed under (d) above, which was held by one-third of these respondents, was that the wage-round was an arrangement which was specifically designed to offset increases in the cost of living. The next question asked whether or not the spokesmen approved of the idea of regular wage-rounds. Their responses were as follows:

TABLE 4: *Trade union officials' attitudes to wage-rounds*

<i>Attitude</i>	<i>Number of times selected (per cent)</i>
(a) Strongly Approve	41.7
(b) Approve	32.1
(c) Don't know/No opinion	2.4
(d) Disapprove	15.5
(e) Strongly Disapprove	8.3

The foregoing results suggest that wage-rounds will not willingly be abandoned by the trade unions. Their officials are under no illusion that the groups which they represent will automatically receive the going rate of increase in any particular round. On the other hand, they regard the custom of wage-rounds very favourably, as it is believed to facilitate the negotiation of increased real wages and the maintenance (or possibly even the improvement) of traditional relativities.

#### *Towards a Definition of the Wage-Round*

Conventional wisdom and the results of our survey combine to suggest that wage-rounds in Ireland are far less ephemeral than those in Britain. More specifically our evidence implies that we should expect to find that our wage-rounds (a) recurred regularly, (b) were given effect by active bargaining periods of limited duration, (c) were all-inclusive in the sense that every organised group participated in each wage-round and (d) resulted in roughly similar increases for almost every group. As a first step towards a definition of this concept we decided to test these four propositions against the record of events.

#### *(a) Regular Recurrence*

The obvious way to test this first postulate is simply to plot the number of wage agreements made by our two hundred and two bargaining groups month

by month over the period 1959-70. But this would only have been valid procedure, if, as O'Mahony suggested, virtually all collective wage bargaining took place within wage-rounds [10]. But the data, which we collected from original sources, indicated quite clearly that wage increases could and should be divided into wage-round increases and supplementary increases.<sup>5</sup>

At this point it is important to consider whether or not increases arising under the supplementary process should be classified as wage drift. Because definitions of wage drift vary according to the emphasis of particular studies or the availability of data there is no unique answer. However, in the present context where the focus of attention is on the activities of bargaining groups with formally agreed negotiating procedures, Phelps Brown's definition is most appropriate:

*The essence of drift is that the effective rate of pay per unit of labour input is raised by arrangements that lie outside the control of the recognised procedures for scheduling rates [11]. (Our italics.)*

By this test the supplementary increases included in our analysis *do not* constitute wage drift because they were formally negotiated by the various groups surveyed. But this is not to deny the existence of drift, as defined above, in Ireland. Indeed, as will become clear in the case studies, wage drift has been an important phenomenon in the major craft employments during the nineteen sixties. Thus, there are repeated references to excess rates (i.e. wage drift as defined above) in the case studies which follow in Chapter 4. As there is little or no continuing data available as to the extent of such drift it is not possible to prove or deny the existence of links between our formally negotiated supplementaries and such informally negotiated excess rates or wage drift.

The wage-round data having been abstracted, the numbers of agreements occurring in each successive month were totalled. These data are presented quarter-by-quarter in Table 5 and in Diagram 2. The resulting pattern can be taken as sufficient confirmation that wage-rounds were regularly recurrent. Until recently, the interval from start to start was about two years. In the late 'sixties, this fell to about eighteen months while the 1974 national pay agreement is for a duration of only twelve months. On the basis of this evidence it is probable that supplementary wage increases between wage-rounds have been more frequent than was thought to be the case.

5. The great majority of wage increases recorded in the original bargaining records of our 202 groups were claimed and conceded as wage-round increases. The remaining increases were classified as supplementaries because (a) they were claimed and conceded as such, or (b) they were the result of a reduction in hours (resulting in an increase in the hourly rate) or (c) they occurred between two wage-round increases which were clearly specified as such.

TABLE 5: *Number of increases—wage-round, supplementary and aggregate—achieved by 202 bargaining groups, quarter-by-quarter, 1959–71 inclusive*

		1st Q.	2nd Q.	3rd Q.	4th Q.
1959	Wage-Round	—	4	9	80
	Supplementary	—	—	—	—
	Aggregate	—	4	9	80
1960	Wage-Round	72	23	9	6
	Supplementary	1	3	3	5
	Aggregate	73	26	12	11
1961	Wage-Round	2	20	26	89
	Supplementary	6	12	19	8
	Aggregate	8	32	45	97
1962	Wage-Round	40	13	8	2
	Supplementary	4	3	2	14
	Aggregate	44	16	10	16
1963	Wage-Round	—	—	—	2
	Supplementary	9	13	12	10
	Aggregate	9	13	12	12
1964	Wage-Round	128	63	7	2
	Supplementary	5	7	4	7
	Aggregate	133	70	11	9
1965	Wage-Round	—	—	—	—
	Supplementary	2	6	7	7
	Aggregate	2	6	7	7
1966	Wage-Round	2	114	74	20
	Supplementary	7	7	1	5
	Aggregate	9	121	75	25
1967	Wage-Round	4	5	3	6
	Supplementary	7	13	13	6
	Aggregate	11	18	16	12
1968	Wage-Round	24	49	64	32
	Supplementary	8	1	6	4
	Aggregate	32	50	70	36
1969	Wage-Round	9	19	10	8
	Supplementary	3	2	7	31
	Aggregate	12	21	17	39
1970	Wage-Round	44	47	61	5
	Supplementary	6	4	16	7
	Aggregate	50	51	77	12
1971	Wage-Round	3	1	—	—
	Supplementary	3	1	2	1
	Aggregate	6	2	2	1

Diagram 2: Frequency of increases—wage-round, supplementary and aggregate—quarter by quarter, 1959-1971.  
 (Based on the data given in Table 5)

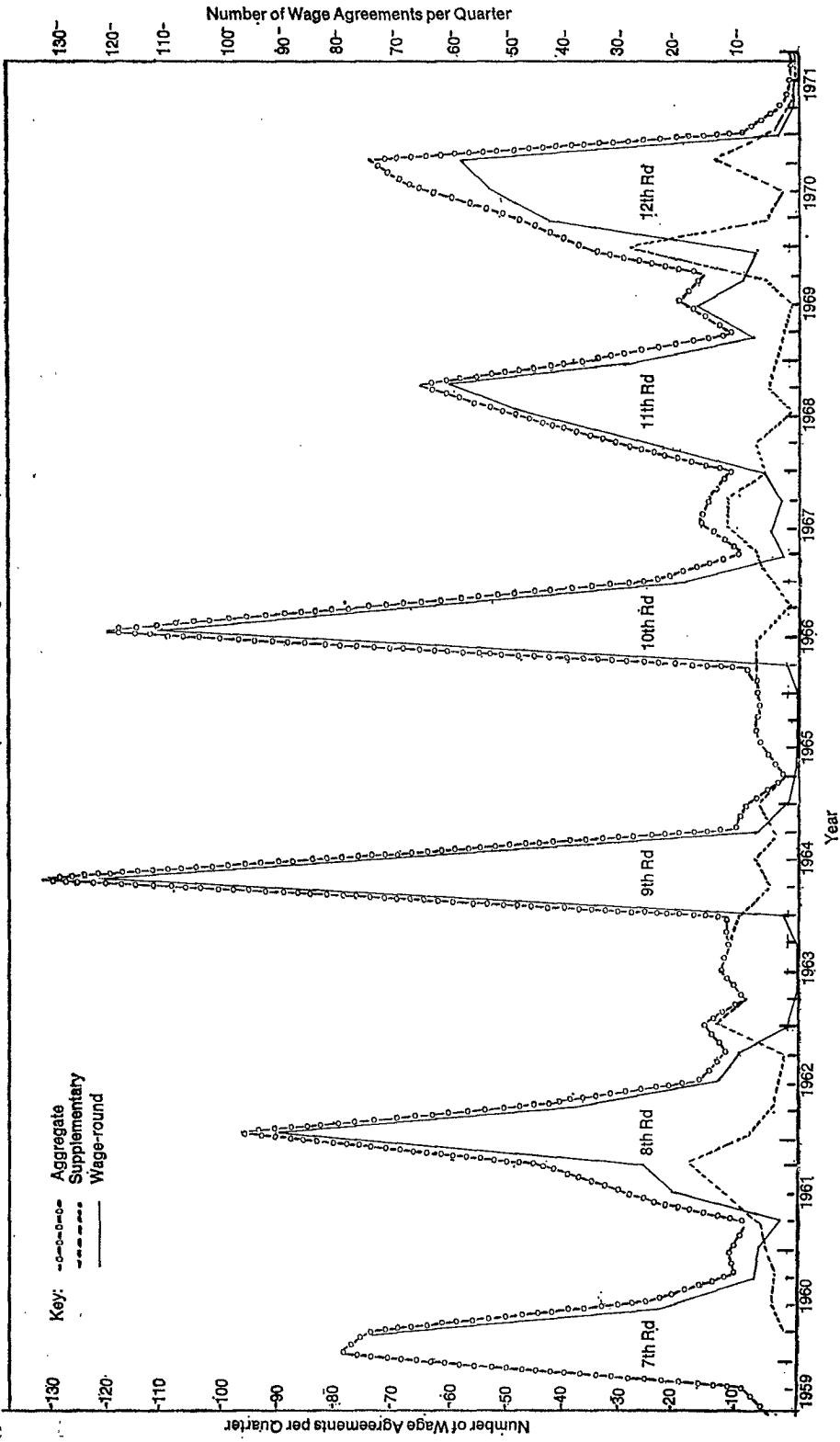




TABLE 6: *Temporal concentration of wage-round settlements, 1959-70 inclusive*

Wage-round	3 months*	Number of Agreements		6 months*	Number of Agreements	
		Actual	Percentage		Actual	Percentage
Seventh	Nov. 1959-Jan. 1960	93	46%	Oct. 1959- March 1960	152	75%
Eighth	Oct.- Dec. 1961	89	44%	Sept. 1961- Feb. 1962	135	67%
Ninth	Feb.- April 1964	160	79%	Jan.- June 1964	191	95%
Tenth	May- July 1966	156	77%	May- Oct. 1966	189	94%
Eleventh	June- Aug. 1968	73	36%	March- Aug. 1968	113	56%
Twelfth	June- Aug. 1970	69	35%	March- Aug. 1970	120	60%

\*Refers to periods of this duration which show the greatest concentration of wage-round settlements.

(b) *Short Periods of Active Bargaining*

The data in Table 6 confirm the proposition that wage-rounds were given effect by active bargaining periods of limited duration. National agreements in the middle 'sixties enabled the wage-round to work itself out fully in about six months, while decentralised (or "free for all") wage-rounds tended to take a somewhat longer period to reach completion in the remainder of the period under review.

(c) *The Inclusive Nature of Wage-Rounds*

The third proposition, namely, that wage-rounds tend to be all-inclusive, was also easily confirmed. Table 7, Column (c), shows that our two hundred and two groups negotiated twelve hundred and nine wage-round increases over six rounds. Thus, only three groups missed out on one round each.<sup>6</sup>

6. The three groups "missing out" do not include the maintenance craftsmen who still insist that they missed the twelfth wage-round.

Table 7 also gives the same data on a sectoral basis. For the purpose of the following analysis the two hundred and two bargaining groups surveyed are divided into six bargaining sectors as follows (the number of groups in each sector given in parentheses): Clerical (15), Craft (46), Distributive (26), Manufacturing (Manual) (45), Service (Manual) (59) and Technical/Professional (11). This rather curious classification, by reference to industrial and occupational characteristics, reflects the pattern of trade union organisation and bargaining structure. This pattern in turn reflects the fact that the labour market is balkanised into non-competing sectors which are more or less introverted for bargaining purposes. We would claim that this is a classification which mirrors the realities of the bargaining process and helps to focus attention on its salient areas.

*(d) Similarity of Wage-Round Increases*

The evidence in regard to this proposition is not as conclusive as that presented in the foregoing paragraphs. As the nature of bargaining achievement is considered in detail in the following pages, it is sufficient to note two points at this stage. First, the variation in the level of wage increases achieved in any individual wage-round is considerable but, and this is the second point, the variation arising between groups over a series of wage-rounds is considerably lower.

In the light of the foregoing evidence, we suggest the following definition of the wage-round as it operates in Ireland:

A wage-round is a general upward movement in wages and salaries which (a) is usually completed in an active bargaining period of between three and twelve months duration, (b) recurs at regular intervals, the most recently established standard being twelve to fifteen months, (c) typically covers all bargaining groups and (d) results in wage increases of the same general order of magnitude for all bargaining groups.

*Analysis of Bargaining Achievement*

For the purpose of this analysis aggregate bargaining achievement is defined as the sum of all wage increases negotiated by a group in the twelve-year period, 1959-70. It is made up of two components, total wage-round achievement and total supplementary achievement. Table 7, Columns (b)-(d), shows that the two hundred and two groups under consideration negotiated fifteen hundred and thirty-nine wage increases between the seventh and twelfth wage-rounds inclusive, that is to say, between 1959 and 1970. Of these, twelve hundred and nine were wage-round increases and three hundred and thirty were supplementary increases. (In one sense, the latter figure overstates the relative number of supplementaries, as fifty-seven of these relate only to increases in

TABLE 7: *Number of wage increases—total, wage-round and supplementary—sector by sector—over six rounds, 1959-70 inclusive.*

<i>Bargaining sector</i>	(a) <i>Number of groups in sector</i>	(b) <i>Total number of increases</i>	(c) <i>Number of wage-round increases</i>	(d) <i>Number of supplementary increases</i>	(e) <i>Average number of supplementary increases per group</i> $(d) \div (a)$	(f) <i>Number of groups with supplementary increases</i>	(g) <i>Average number of supplementary increases per group as adjusted</i> $(d) \div (f)$
All sectors	(202)	1,539	1,209	330	1.6	165	2.0
Clerical	(15)	118	90	28	1.9	11	2.6
Craft	(46)	375	274	101	2.2	42	2.4
Distributive	(26)	177	156	21	0.8	14	1.5
Manufacturing	(45)	329	269	60	1.3	35	1.7
Service	(59)	446	354	92	1.6	52	1.8
Technical/professional	(11)	94	66	28	2.6	11	2.6
<i>Analysis of supplementary increases (excluding "hours only" supplementaries)*</i>							
All Sectors	(202)			273	1.4	152	1.8
Clerical	(15)			28	1.9	11	2.6
Craft	(46)			89	1.9	42	2.1
Distributive	(26)			12	0.5	11	1.1
Manufacturing	(45)			44	1.0	29	1.5
Service	(59)			73	1.2	48	1.5
Technical/professional	(11)			27	2.5	11	2.5

\*Such increases leave the weekly wage rate unchanged.

hourly wage rates resulting from a reduction in working hours without any change in weekly wages.) The great importance of the system of wage-rounds in the overall process of wage determination under collective bargaining is immediately obvious.

The primary objective of the analysis which follows is to set the scene for the identification and study of a number of key wage bargains. This scene-setting exercise has three parts. First, it describes and comments upon the pattern of aggregate bargaining achievement. Secondly, it considers the impact of that pattern on the national wage structure. Thirdly, it sets out the statistical characteristics of six wage-rounds and remarks upon some of the more salient points emerging. Under each of these three headings two sub-headings are used. One considers general developments taking all 202 groups together; the other considers the same developments in terms of the six bargaining sectors mentioned above.

We have just seen the numerical incidence of the two types of collective wage agreement in Table 7. Table 8 brings out the cost and income dimensions of total wage-round and total supplementary increases. Here the range of increase, that is the difference between the highest and the lowest, is introduced for the first time. It must be stated emphatically that the range is among the least meaningful of descriptive statistics. However, as it can be of considerable interest to those engaged in the process of wage negotiation, we decided to include it.

The varying importance of supplementary increases which is shown in these tables deserves comment. First, Table 7, Columns (d)-(g), shows that the Distributive Trades Sector has had substantially fewer supplementary increases per group included than any other sector. This is reflected in the second part of Table 8, Column (b), which shows the average money value of supplementaries per group by sector. This helps to explain why that sector was least successful in terms of aggregate bargaining achievement (excluding commission) in the period reviewed. The Technical and Professional Sector has, by contrast, done remarkably well both in terms of the number and the size of supplementaries. However, it has not been in any sense dependent upon inter-round negotiations to hold its place in terms of aggregate gains. For, as these tables show, that sector also did better in absolute terms than any other in terms of wage-round increases alone. This can be explained in part by the tendency for this sector to rely on percentage rather than cash wage claims. It can also be explained in part by the relatively recent entry of trade unions, as it is usually the case that unions make their greatest impact initially. No doubt the upsurge of industrial growth in the nineteen sixties and the concomitant rising demand for technically qualified labour facilitated these advances.

TABLE 8: Bargaining achievement—wage-round, supplementary and aggregate—sector by sector, 1959-70 inclusive

(a) Bargaining Sectors (and number of groups)	(b) Mean Increase (£) in weekly wage	(c) Maximum increase (£) in weekly wage	(d) Minimum increase (£) in weekly wage	(e) Range (£)	(f) (b) as a Percentage of Mean Aggregate Increase (b)*
<i>Wage-Round</i>					
All Sectors (202)	9.82	13.53	6.75	6.78	88.2
Clerical (15)	9.89	12.92	7.12	5.80	85.8
Craft (46)	10.09	13.53	7.86	5.67	84.7
Distributive (26)	9.74	11.13	8.52	2.61	96.9
Manufacturing (45)	9.48	13.38	6.75	6.63	93.5
Service (59)	9.62	11.61	7.55	4.06	89.9
Technical/Professional (11)	11.18	12.21	9.34	2.87	74.7
<i>Supplementary</i>					
All Sectors (202)	1.32	10.26	-0.03	10.29	11.8
Clerical (15)	1.68	3.37	0.00	3.37	14.2
Craft (46)	2.02	10.26	-0.03	10.29	15.3
Distributive (26)	0.34	2.23	0.00	2.23	3.1
Manufacturing (45)	0.66	5.63	0.00	5.63	6.5
Service (59)	1.16	6.40	0.00	6.40	10.1
Technical/Professional (11)	3.91	6.95	1.55	5.40	25.3
<i>Aggregate</i>					
All Sectors (202)	11.14*	19.31	7.52	11.79	—
Clerical (15)	11.57*	14.27	9.56	4.71	—
Craft (46)	12.11*	19.31	9.74	9.57	—
Distributive (26)	10.08*	13.35	8.88	4.47	—
Manufacturing (45)	10.14*	15.58	7.53	8.26	—
Service (59)	10.78*	17.10	8.36	8.74	—
Technical/Professional (11)	15.09*	18.67	12.21	6.46	—

The Craft Sector, from which all our case study key wage bargains are drawn, is noteworthy on a number of counts. First, it contains those groups who had the highest overall bargaining achievements, i.e. both through participation in normal wage-rounds and as a result of the supplementary process (Table 8, Column (c)). Secondly, the sector as a whole had the second highest average aggregate gain from both wage-rounds and supplementaries (Column (b)). In other words the craft group did better, on average and in absolute terms, than either of the other two manual sectors, i.e. service and manufacturing.

Table 9 throws further light on the relative importance of the wage-round and the supplementary processes. The statistics introduced in this table are the standard deviation ( $s$ ), the coefficient of variation ( $V = 100s/\bar{X}$ ) and skewness

$$\left( \text{Sk} = \left[ \sum_{i=1}^n \left( \frac{x - \bar{x}}{s} \right)^3 / N \right] \right)$$

The use of skewness may be regarded as unusual for frequency distributions which are not unimodal. However, it does help to contrast the wage-round and supplementary processes.

A number of important points may be noted. First, Table 9, Column (a) shows that the standard deviation (which measures absolute dispersion) of total wage-round increases (£1.04) is only a little more than half the standard deviation of aggregate bargaining achievement (£1.94). A rather similar relationship applies when the same two statistics are compared sector by sector, the only exception being in the Clerical Sector. Secondly, Column (a) also shows that the coefficient of variation (which measures relative dispersion) for total wage-round increases (10.59 per cent) is substantially below that for aggregate bargaining achievement (17.41 per cent), while the corresponding figure for total supplementary increases (120.30 per cent) greatly exceeds both of these. Thirdly, it will be noted in Column (a) that the frequency distribution of total wage-round increases is much less skewed than either of the other two distributions. Generally speaking the same comment applies sector by sector.

Fourthly, all three distributions (Table 9, Column (a)) are positively skewed. The high positive skewness of the distribution of total supplementary increases is due, to some small extent, to the fact that one group did so well out of supplementaries that, by this means alone, it exceeded the aggregate bargaining achievement of more than one third of all the groups surveyed. This is shown by the overlap of distributions (b) and (c) in Diagram 3, which is based on the data in Table 10.

TABLE 9: *Statistical characteristics of distribution of—(A) Total wage-round increases, (B) Total supplementary increases and (C) Aggregate bargaining achievement—sector by sector, 1959–70 inclusive*

Sector	(a) All sectors	(b) Clerical	(c) Craft	(d) Distributive	(e) Manufacturing	(f) Services	(g) Tech./Prof.
<i>Number of Groups</i>	202	15	46	26	45	59	11
<b>(A) WAGE-ROUND</b>							
Mean Increase £	9.82	9.89	10.09	9.74	9.48	9.63	11.18
Standard Deviation £	1.04	1.39	1.29	0.50	1.03	0.59	1.09
Coefficient of Variation	10.59	14.05	12.78	5.13	10.86	6.13	9.75
Skewness	0.68*	0.15†	0.40	0.33	0.93*	-0.57*	-0.80†
<b>(B) SUPPLEMENTARY</b>							
Mean Increase £	1.33	1.68	2.02	0.34	0.66	1.16	3.91
Standard Deviation £	1.60	1.32	2.09	0.53	1.15	1.01	1.53
Coefficient of Variation	120.30	78.57	103.47	155.88	174.24	87.07	39.13
Skewness	2.12*	-0.09†	1.89*	1.98*	2.53*	2.44*	0.62†
<b>(C) AGGREGATE</b>							
Mean Increase £	11.14	11.57	12.11	10.08	10.14	10.78	15.09
Standard Deviation £	1.94	1.31	1.98	0.88	1.61	1.18	2.10
Coefficient of Variation	17.41	11.32	16.35	8.73	15.88	10.95	13.20
Skewness	1.70*	0.59†	1.87*	1.99*	1.94*	2.37*	0.16†

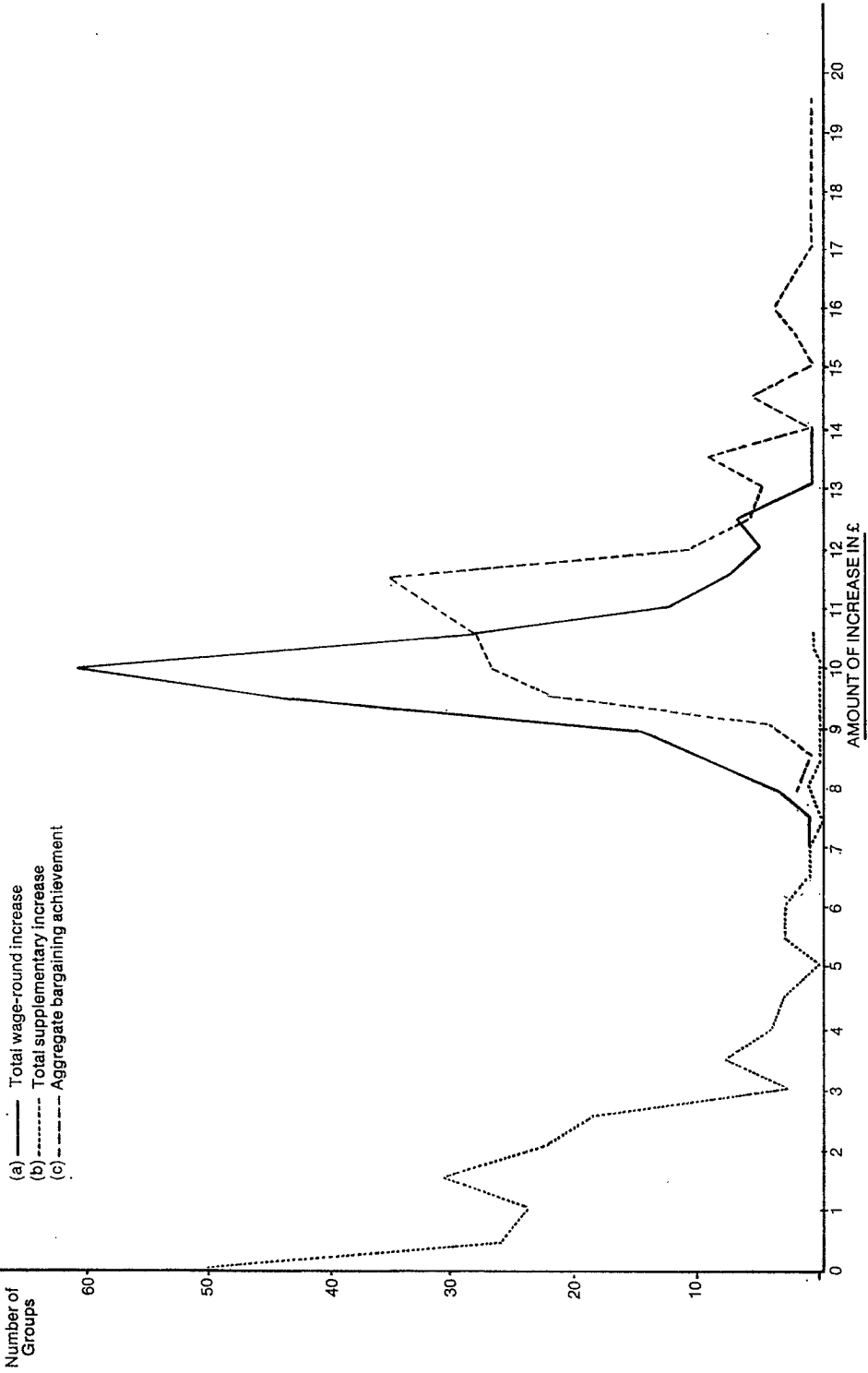
\*Indicates that for a sample of size (N) the measure of skewness given would be significant at the 5 per cent level. See Table 34 (B) of the *Biometrika Tables for Statisticians*, Vol. 1 (Second edition) edited by Pearson and Hartly, Cambridge 1958.

†This Statistical Table does not provide a test of significance of skewness for sample sizes of  $N < 25$ .

The positive skewness of total wage-round increases, indicated by the longer right-hand tail, suggests that it is somewhat easier to do substantially better than average than to do substantially less well than the average, over a series of rounds. Or, to put it differently, it seems that wage-rounds tend to set a rate of increase below which it is difficult for employers to settle for any length of time, regardless of the state of their firm or industry. On the other hand, the wage-round does not dictate a maximum and some groups may surpass the mean by a substantial amount, if, for example, profits, labour productivity, labour scarcity, or product price inelasticity are exceptional. Even if such enabling conditions do not obtain, exceptionally high increases may still occur if the union is particularly forceful in the short term. The addition of the supplementary increases to the wage-round increases achieved by each group gives a distribution of aggregate bargaining achievement. This latter distribution is also positively skewed, though somewhat less than that for supplementaries and somewhat more than that for wage-rounds. The lengthy

Diagram 3: Aggregate bargaining achievement by 202 bargaining groups, 1959-1970, inclusive

- (a) — Total wage-round increase
- (b) - - - Total supplementary increase
- (c) - . - . - Aggregate bargaining achievement





positive tail merely serves to reiterate the point that over time a limited number of groups have achieved exceptional advances. The fact that the left-hand tail of the distribution of aggregate bargaining achievement is further to the right than that of the wage-round distribution, implies that those groups who achieved least of all in the six rounds recovered some ground by means of supplementary increases. Finally, the few isolated examples of negative skewness in Table 9 suggest that in these sectors the distance between the main body of groups in the sector and the laggards was greater than the distance between the main body and the vanguard groups. This reflects the uneven strength of union organisation in these sectors.

TABLE 10: *Distribution of increases—wage-round, supplementary and aggregate—for all 202 bargaining groups, 1959-70 inclusive*

Amount of Increase: £	Frequency	Cumulative Frequency	
		Actual	Percentage
<i>Wage-Round</i>			
6.00- 6.99	1	1	0.5
7.00- 7.99	5	6	3.0
8.00- 8.99	24	30	14.9
9.00- 9.99	105	135	66.8
10.00-10.99	44	179	88.6
11.00-11.99	13	192	95.1
12.00 or over	10	202	100.0
<i>Supplementary</i>			
— 0.00	53	53	26.4
0.01- 0.99	48	101	50.0
1.00- 1.99	54	155	76.7
2.00- 2.99	22	177	87.6
3.00- 3.99	12	189	93.6
4.00- 4.99	3	192	95.1
5.00- 5.99	6	198	98.0
6.00 or over	4	202	100.0
<i>Aggregate</i>			
7.00- 7.99	2	2	1.0
8.00- 8.99	5	7	3.5
9.00- 9.99	49	56	27.7
10.00-10.99	60	116	57.4
11.00-11.99	46	162	80.2
12.00-12.99	11	173	85.6
13.00-13.99	10	183	90.6
14.00-14.99	7	190	94.1
15.00-15.99	6	196	97.0
16.00 or over	6	202	100.0

Diagram 3 is based on the above but with divisions of 50p.

*The Impact of Bargaining Achievement on Wage Structure*

Table 11 (A-G) gives some indication of the impact of aggregate bargaining achievement on the wage structure. Much the most interesting point arising from this table is the compression of the wage structure. Thus, while at the outset the highest paid group had approximately four times as much as the lowest paid, by the end of the period the highest paid had only twice as much as the lowest paid.<sup>7</sup> Although the statistical shortcomings of the range which we have already emphasised must be reiterated at this point, the changing relationship between the highest and lowest paid groups is clearly a matter of great interest to employers and unions alike.

The tendency towards compression of the wage structure is also apparent, though admittedly in much less dramatic form, when inter-decile and inter-quartile ranges are considered. Looking down the appropriate columns we find that this same process has been at work in the various sectors, though to a less noticeable extent, partly because intra-sectoral ranges were lower than the overall range to begin with. The only exception to this is the Craft Sector where the overall range (but not the inter-decile or inter-quartile ranges) has widened rather than narrowed. This widening is entirely the result of the fact

TABLE 11A: *Impact of aggregate bargaining achievement on the wage structure of all 202 groups, 1959-70 inclusive*

Statistics	Variables		
	Wages 1959 (a)	Wages 1970 (b)	Increase** (c) = (b) - (a)
Mean	£ 7.90	19.04	11.14
Overall Range	£ 3.40-13.04	14.88-29.92	7.52-19.31
Maximum as percentage of Minimum	383.5	201.1	256.8
Inter-decile Range	£ 5.60-10.04	16.45-23.18	9.33-13.46
Upper decile as percentage of lower decile	179.3	140.9	144.3
Inter-quartile Range	£ 6.84-8.89	16.95-20.38	9.88-11.50
Upper quartile as percentage of lower quartile	130.0	120.2	116.4
Standard Deviation	£ 1.58	2.93	1.94
Coefficient of Variation	20.00	15.39	17.41
Skewness	0.19	1.46*	1.70*

\*Significant at 5 per cent level. See notes on skewness at foot of Table 9.

\*\*This increase refers to mean, maxima and minima only throughout Tables 11A-G.

7. We are not at liberty to publish the names of these groups as wage data were made available to us on the understanding that the relative gains or losses of individual groups would not be specified.

TABLE 11: B-G. *Impact of aggregate bargaining achievement on wage structure—sector by sector, 1959–70 inclusive*

Statistics	Variables								
	B Clerical Sector (N=15)			D Distributive Sector (N=26)			F Service Sector (N=59)		
	Wages 1959	Wages 1970	Increase	Wages 1959	Wages 1970	Increase	Wages 1959	Wages 1970	Increase
Mean	£ 7.21	18.78	11.57	7.91	17.99	10.08	6.60	17.38	10.78
Overall Range	£ 5.96–8.90	16.65–23.18	9.56–14.27	6.43–9.70	16.10–21.75	8.88–13.35	3.40–8.90	14.88–26.00	8.36–17.10
Max. as per cent of Min.	149.3	139.2	149.3	150.9	135.1	150.3	261.8	174.7	204.6
Inter-decile Range	£ 5.96–7.94	17.39–20.92	10.21–13.17	6.95–8.60	16.71–19.76	9.35–11.01	5.43–8.23	16.45–18.87	9.39–11.45
Upper decile as per cent of lower decile	133.2	120.3	129.0	125.2	118.3	117.8	151.6	114.7	121.9
Inter-quartile range	£ 6.60–7.75	17.93–18.64	10.71–11.96	7.50–8.40	17.10–18.23	9.53–10.36	5.55–7.75	16.51–17.86	10.17–11.12
Upper quartile as per cent of lower quartile	117.4	104.0	111.7	112.0	106.6	108.7	139.6	108.2	109.3
Standard Deviation	£ 0.81	1.53	1.31	0.75	1.35	0.88	1.24	1.54	1.18
Coefficient of Variation	11.23	8.15	11.32	9.45	7.50	8.73	18.79	8.86	10.95
Skewness	0.19†	1.66†	0.59†	0.30	1.19*	1.99*	0.06	3.13*	2.37*
	G Craft Sector (N=46)			E Manufacturing Sector (N=45)			G Technical/Professional Sector (N=11)		
Mean	£ 9.68	21.79	12.11	7.60	17.73	10.14	9.53	24.62	15.09
Overall Range	£ 7.57–10.95	18.89–29.50	9.74–19.31	5.63–10.73	15.58–26.50	7.52–15.78	6.92–13.04	20.67–29.92	12.21–18.67
Max. as per cent of Min.	144.7	156.3	198.3	190.6	170.1	209.8	188.4	144.8	152.9
Inter-decile Range	£ 8.43–10.59	19.89–24.81	10.40–14.09	6.40–8.63	15.84–19.69	9.02–11.71	6.92–11.26	20.67–28.85	12.21–17.54
Upper decile as per cent of lower decile	125.6	124.7	135.5	134.3	124.3	129.8	162.7	139.6	143.7
Inter-quartile Range	£ 8.93–10.40	20.19–23.38	10.85–12.93	7.00–7.98	16.42–18.04	9.25–10.50	7.85–10.51	21.35–27.46	13.46–15.81
Upper quartile as per cent of lower quartile	116.5	115.8	119.2	114.0	109.9	113.5	133.9	128.6	117.5
Standard Deviation	£ 0.84	2.27	1.98	0.93	2.14	1.61	1.84	3.45	2.10
Coefficient of Variation	8.68	10.42	16.35	12.24	12.07	15.88	19.31	14.01	13.92
Skewness	-0.74*	1.41*	1.87*	0.65*	2.39*	1.94*	0.39†	0.28†	0.16†

Significant at 5 per cent level. †See footnotes to Table 9

that some company level bargaining groups (mainly engaged in maintenance work) have made rapid gains *vis-à-vis* the various industry level craft groups. A comparison of initial and final values of the coefficient of variation also highlights the tendency towards a more compressed wage structure. These trends are of fundamental importance for policy-makers in the incomes field. For it seems certain that any acceleration or deceleration of this rate of compression will induce a formidable bargaining reaction from the higher paid groups on the one hand or the lower paid on the other. The implications of these trends are considered further in the final chapter.

Table 12 indicates how the various sectors have fared relative to the average overall bargaining achievement and to each other. Comparing columns (b) and (d) we note that the Clerical Sector has risen nearer to the overall mean i.e., from 91.3 per cent to 98.6 per cent. The Craft Sector has fallen towards the mean from 122.5 per cent to 114.4 per cent. The Distributive Sector has slipped below the mean from 100 per cent to 94.5 per cent. The Manufacturing (Manuals) Sector has slipped marginally while the Service (Manuals) Sector has gained considerably. The Technical and Professional Sector has moved further ahead of the overall mean from 120.6 per cent to 129.3 per cent. In Column (h) it may be noted that although the Service Sector achieved the highest percentage increase (116.7 per cent) relative to the overall mean increase, this failed to lift it from last place (Column (c)) in the inter-sectoral ranking. The Clerical Sector, which had the next highest percentage gain relative to the overall mean (Column (h)), improved its relative position in the wage structure but remained below the mean wage (Column (c)). The Technical and Professional Sector, with the third highest relative gain (Column (h)), moved decisively to the top of the wage structure (Column (c)) surpassing the Craft Sector in the process. It must be emphasised again that the figures on which these observations are based relate to the rates payable to an adult male general worker at age 21 or to newly qualified craft, technical or professional employees. Salary scales and service pay (where they operate) would clearly need to be included if one wished to gain a definitive view of the potential lifetime wage income of employees in the different sectors and groups.<sup>8</sup>

#### *Bargaining Achievement: Sector by Sector and Round by Round*

Finally, we focus on the rounds in more detail to see how the various sectors fared round by round. Tables 13 and 14 give the details. The first of these tables gives the characteristics of six wage-rounds, in both absolute and percentage terms, taking all 202 bargaining groups together.

8. This would be a most interesting exercise. However, it is beside the points at issue here, namely, wage leadership and wage inflation.

TABLE 12: *Impact of aggregate bargaining achievement on the relative standing of six bargaining sectors, 1959-70 inclusive*

<i>Bargaining sectors and number of groups</i>	<i>Weekly wage</i>							
	(a) <i>Mean starting wage</i> £	(b) <i>Sectoral mean starting wage as percentage of "All sectors" mean</i>	(c) <i>Mean finishing wage</i> £	(d) <i>Sectoral mean finishing wage as percentage of "All sectors" mean</i>	(e) <i>Mean money wage increase</i> £	(f) <i>Sectoral mean money increase as percentage of "All sectors" mean increase</i>	(g) <i>Mean percentage wage increase</i>	(h) <i>Sectoral mean percentage increase as percentage of "All sectors" mean increase</i>
All sectors (202)	7.90	100.0	19.04	100.0	11.14	100.0	145.7	100.0
Clerical (15)	7.21	91.3	18.78	98.6	11.57	103.9	162.7	111.6
Craft (46)	9.68	122.5	21.79	114.4	12.11	108.7	125.9	86.4
Distributive (26)	7.91	100.0	17.99	94.5	10.08	90.5	128.2	87.9
Manufacturing (45)	7.60	96.2	17.73	93.1	10.14	91.0	134.7	92.4
Service (59)	6.60	83.5	17.38	91.3	10.78	96.8	170.1	116.7
Technical/Professional (11)	9.53	120.6	24.62	129.3	15.09	135.5	161.6	110.9

TABLE 13: *Basic statistical characteristics of six wage-rounds, from the seventh round (1959) to the twelfth round (1970), for all 202 bargaining groups, in absolute and percentage terms*

Statistics	Round					
	7th Round	8th Round	9th Round	10th Round	11th Round	12th Round
<i>(A) Absolute Terms £'s per week:</i>						
Mean Increase £	0.60	1.11	1.23	1.04	1.92	3.93
Min. Increase £	0.18	0.0	0.77	0.75	0.04	0.0
Max. Increase £	1.84	2.23	2.09	3.46	4.79	6.05
Range £	1.66	2.23	1.32	2.71	4.75	6.05
Standard Deviation £	0.20	0.29	0.22	0.23	0.62	0.68
Coefficient of Variation	33.30	26.13	17.89	22.12	32.29	17.30
Skewness	2.63*	0.40*	0.87*	7.96*	1.38*	-1.86*
<i>(B) Percentage Terms:</i>						
Mean Increase %	7.76	13.26	12.56	9.50	15.90	27.24
Min. Increase %	2.76	0.0	7.89	5.42	0.25	0.0
Max. Increase %	27.74	27.66	27.83	24.84	32.58	40.36
Range %	24.98	27.66	20.14	19.42	32.33	40.36
Standard Deviation %	2.88	3.75	1.62	2.36	5.38	6.11
Coefficient of Variation	37.11	28.28	12.90	24.84	33.84	22.43
Skewness	3.93*	-0.01	4.81*	2.21*	0.18	-1.06*

\*Indicates significance at 5 per cent level. See footnote to Table 9.

The first and much the most striking point shown in Table 13 is the extent of the escalation of the mean increase round by round. In absolute terms this has multiplied by six and a half from £0.6 to £3.9. While the rise in percentage terms from 7.8 per cent to 27.2 per cent has been less dramatic it does reflect a remarkable rise in expectations, particularly as the mean duration of wage-round settlements fell from 24 to 18 months between 1959 and 1970. The range of increase seems considerable in some cases but, as the maximum and minimum are extreme values, a very brief comment is sufficient at this point. The lowest minima, the zeros in the eighth and twelfth rounds, are caused by a few groups missing out on these rounds. The loss sustained in each case was quickly offset either in, or before, the next round. The maximum increases occurring in the eleventh and twelfth rounds were due to the rationalisation of internal wage structures at company level.

Another point worth noting is that the standard deviation has virtually trebled over the series of six wage-rounds from £0.20 to £0.68; this trend being checked temporarily in the middle 'sixties by the two national wage agreements which covered the ninth and tenth wage-rounds. This seems to suggest that the wage-round may not have been treating all groups as equally as has been suggested earlier. However, this initial impression is modified when the coefficients of variation for successive wage-rounds are considered. These fell from 33 per cent to 17 per cent between the seventh and the twelfth wage-rounds. Thus the tendency in the 'sixties (trend is much too strong a

description) has been for the coefficient of variation to fall and this suggests that the force of comparisons with the cash level of settlements achieved by other groups has been growing. This certainly appears to have been so in the seventh and eighth rounds and in the eleventh and twelfth rounds.

The pattern of coefficients of variation of percentage increases is similar to the pattern of the same coefficient in money terms. The fact that the former is always above the latter (except in the ninth round which gave all groups an increase of 12 per cent) reflects the general attachment to money increases rather than percentage increases.

A further much more important point emerges when we compare the coefficient of variation of the aggregate wage-round increases (1959-70), which is shown to be 10.59 per cent in Table 9, with the coefficient of variation for each individual round. Table 13A shows these values to be 33 per cent, 26 per cent, 18 per cent, 22 per cent, 32 per cent and 17 per cent. The implication is as clear as it is important. The variability of bargaining achievement within each of the wage-rounds examined has been substantially greater than the variability of the aggregate wage-round increases (1959-70). This implies that groups which miss out on wage-rounds or which do less well than the average in any particular wage-round tend to recover lost ground in later rounds. The corollary concerning those doing better than average in any one wage-round is equally clear.

The final statistic reported is a measure of skewness. In almost all cases skewness is positive, indicating that in a majority of distributions the most extreme values tend to lie above rather than below the central values. It is noteworthy that whenever two decentralised wage-rounds succeeded each other (as with the 7th and 8th and the 11th and 12th) the skewness fell towards zero and frequently turned negative in the second round of each pair. This suggests that in a continued scramble for position some groups, presumably those in a weak bargaining position, may tend to fall behind. Within sectors a similar pattern of this kind obtained (Table 14).

This table gives a more detailed view of the same six wage-rounds on a sector by sector basis. The interested reader will observe that the statistical profiles of the bargaining achievement of the various sectors in successive rounds provide some notable contrasts. Nevertheless, our comment about the equalising effect of a series of wage-rounds remains the most notable observation from the point of view of this study.

Table 15 summarises our data concerning the duration of wage-round agreements in the period 1959-70. The only point which needs to be noted for present purposes is that the average duration of agreements fell quite noticeably in the twelfth wage-round. This has obvious and serious implications for the average annual rate of increase in unit wage costs.

TABLE 14: Basic statistical characteristics of six wage-rounds, from the seventh to the twelfth, in absolute and percentage terms, sector by sector

Sectors	Statistics	Round					
		7th Round	8th Round	9th Round	10th Round	11th Round	12th Round
<i>A.</i>							
Clerical sector Absolute terms (N = 15)	Mean Increase £	0.77	0.93	1.14	1.16	2.18	3.71
	Standard Deviation £	0.43	0.43	0.24	0.65	0.69	0.74
	Coefficient of Var.	55.84	46.24	21.05	56.03	31.65	19.95
	Skewness	1.17†	-0.33†	1.15†	3.27†	-0.18†	0.34†
<i>B.</i>							
Clerical sector Percentage terms (N = 15)	Mean Increase %	11.05	11.82	12.59	10.59	18.62	25.30
	Standard Deviation %	7.31	5.71	2.69	4.15	6.28	6.86
	Coefficient of Var.	66.15	48.31	21.37	39.19	33.73	27.11
	Skewness	1.51†	-0.06†	1.33†	2.91†	-0.48†	0.43†
<i>C.</i>							
Craft Sector Absolute terms (N = 46)	Mean Increase £	0.70	1.21	1.45	1.08	1.82	3.84
	Standard Deviation £	0.23	0.35	0.14	0.26	0.94	1.00
	Coefficient of Var.	32.86	28.93	9.66	24.07	51.65	26.04
	Skewness	2.84*	1.79*	-0.04	5.10*	1.27*	-2.34*
<i>D.</i>							
Craft sector Percentage terms (N = 46)	Mean Increase %	7.22	11.46	12.11	8.02	12.25	23.14
	Standard Deviation %	2.52	3.19	0.47	1.81	6.43	6.67
	Coefficient of Var.	34.90	27.84	3.88	22.51	52.49	28.82
	Skewness	3.51*	1.36*	1.68*	3.63*	1.17*	-1.67*



TABLE 14: Basic statistical characteristics of six wage-rounds, from the seventh to the twelfth, in absolute and percentage terms, sector by sector  
—continued

Sectors	Statistics	Round					
		7th Round	8th Round	9th Round	10th Round	11th Round	12th Round
<i>E.</i>							
Distributive sector	Mean Increase £	0.59	1.08	1.19	1.00	1.90	3.99
Absolute terms	Standard Deviation £	0.08	0.18	0.13	0.00	0.19	0.35
(N = 26)	Coefficient of Var.	13.56	16.67	10.90	0.00	10.00	8.77
	Skewness	-1.62*	-1.21*	0.92*	41.28*	-1.24*	0.98*
<i>F.</i>							
Distributive sector	Mean Increase %	7.54	12.73	12.03	9.10	15.84	28.53
Percentage terms	Standard Deviation %	1.24	2.38	0.08	0.89	2.38	2.47
(N = 26)	Coefficient of Var.	16.45	18.70	0.67	9.78	15.03	8.66
	Skewness	-1.60*	-1.00*	-24.18*	-0.50	-0.45	0.05
<i>G.</i>							
Manufacturing sector	Mean Increase £	0.57	1.07	1.17	1.03	1.74	3.91
Absolute terms	Standard Deviation £	0.09	0.26	0.19	0.17	0.40	0.70
(N = 45)	Coefficient of Var.	15.79	24.30	16.24	16.50	22.99	17.90
	Skewness	-0.96*	-1.45*	2.77*	6.27*	0.66*	0.09
<i>H.</i>							
Manufacturing sector	Mean Increase %	7.57	13.06	12.59	9.81	14.93	28.86
Percentage terms	Standard Deviation %	1.34	3.26	2.53	1.94	3.47	5.32
(N = 45)	Coefficient of Var.	17.70	24.96	20.10	19.78	23.24	18.43
	Skewness	-0.71*	-1.28*	5.03*	3.76*	-0.20	-0.72*

TABLE 14: *Basic statistical characteristics of six wage-rounds, from the seventh to the twelfth, in absolute and percentage terms, sector by sector*  
—continued

Sectors	Statistics	Round					
		7th Round	8th Round	9th Round	10th Round	11th Round	12th Round
<i>I.</i>							
Service sector Absolute terms (N = 59)	Mean Increase £	0.51	1.10	1.09	1.01	1.92	4.00
	Standard Deviation £	0.13	0.21	0.11	0.05	0.32	0.35
	Coefficient of Var.	25.49	19.09	10.09	4.95	16.67	8.75
	Skewness	-0.20	0.11	0.74*	7.38*	1.50*	-1.92
<i>J.</i>							
Service sector Percentage terms (N = 59)	Mean Increase %	7.76	15.63	13.23	10.86	18.57	30.38
	Standard Deviation %	1.89	3.24	1.25	1.91	4.48	4.36
	Coefficient of Var.	24.36	20.73	9.45	17.59	22.12	14.35
	Skewness	2.51*	0.87*	0.29	0.14	0.11	-0.77*
<i>K.</i>							
Technical and Professional sector Absolute terms (N = 11)	Mean Increase £	0.62	1.22	1.52	0.98	2.75	4.09
	Standard Deviation £	0.25	0.40	0.19	0.08	0.86	0.79
	Coefficient of Var.	40.32	32.79	12.50	8.16	31.27	19.32
	Skewness	0.71†	-0.41†	0.14†	-2.85†	0.50†	0.22†
<i>L.</i>							
Technical and Professional sector Percentage terms (N = 11)	Mean Increase %	6.76	12.10	12.03	6.67	17.30	20.48
	Standard Deviation %	3.42	4.04	0.10	0.95	5.20	5.17
	Coefficient of Var.	50.59	33.39	0.83	14.24	30.06	25.24
	Skewness	1.25†	-0.94†	-2.19†	0.48†	0.49†	1.02†

\*Indicates significance at 5 per cent level. †See footnote to Table 9.

TABLE 15: *Duration in days of wage-round agreements, signed by 202† bargaining groups, 1959-70 inclusive*

Statistics	Round					
	7th Round	8th Round	9th Round	10th Round	11th Round	12th Round
Mean Duration (Days)	670	846	838	680	686	561
Overall Range	317-1,604	481-1,220	612-1,396	116-1,130	291-1,243	181-943
Max. as per cent of Min.	506	253.6	228.1	974.1	427.1	521.0
Inter-decile Range	434-823	716-1,030	780-890	427-841	529-858	447-720
Upper decile as per cent of lower decile	189.6	143.9	114.1	197.0	162.2	161.1
Inter-quartile Range	576-688	772-896	814-854	647-779	608-749	487-636
Upper quartile as per cent of lower quartile	119.4	116.1	104.9	120.4	123.2	130.6
Standard Deviation	154.4	120.8	71.0	185.3	132.0	114.2
Coefficient of Variation	23.0	14.3	8.5	27.2	19.2	20.4
Skewness	-0.349*	0.380*	0.185	-0.709*	-0.207	0.169

† Sample sizes of 201 and 200 for 8th and 12th rounds respectively.

\* Indicates significance at 5 per cent level. See footnote to Table 9.

Table 16 indicates the extent to which the entry patterns of bargaining groups into successive rounds varied. The coefficient reported here can vary from (+1) to (-1). The former value would indicate perfect rank order correlation while the latter would indicate perfect inverse correlation. The results reported in the table indicate a perceptible, though erratic, tendency for entry patterns to become more stable and more positive. This suggests that more and more groups may be deliberately waiting for their principal reference groups to make wage-round settlements before making any wage-round claims themselves.

As indicated at the outset of this chapter its aim was to present a picture of the trend of wages over as long a period as possible, so as to make a number of generalisations about changes and movements. In the next chapter this pattern of events will be used to assess the impressions of opinion-leaders in the field as to the identity of key wage bargains in the years since 1959. Meanwhile it is worth summarising our conclusions so far. First, we observed that an examination of the original records of collective bargaining reveals two quite distinct processes of wage determination; the wage-round process and the supplementary process. Secondly, these two processes appear to play overlapping though basically different roles. The wage-rounds enable the generality of organised workers to participate, in a regular and reasonably well-ordered way, in the general growth of the economy. Wage increases within a round vary sufficiently to justify the suggestion that such increases sometimes and to some

TABLE 16: Spearman's rank order correlation coefficient for entry patterns of 199† bargaining groups in successive pairs of wage-rounds, 1959-72 inclusive

Sector		Round					
		7th and 8th Rounds	8th and 9th Rounds	9th and 10th Rounds	10th and 11th Rounds	11th and 12th Rounds	12th and 13th Rounds
All sectors	N=199	0.1319	-0.0503	0.5586*	0.4062	0.5977*	0.6306*
Clerical	N=15	0.4286	0.3402	0.2250	0.4205	-0.1696	0.0402
Craft	N=44	0.5026*	-0.3952*	0.4811*	0.0963	0.8333*	0.5932*
Distributive	N=26	0.1858	0.2154	0.2268	0.1956	0.5651*	0.4581*
Manufacturing	N=44	0.4534*	0.4570*	0.4944*	0.3821*	0.5876*	0.6258*
Service	N=59	-0.2880*	-0.3746*	0.7790*	0.3257*	0.2808*	0.2893*
Technical	N=11	0.2364	-0.1250	0.4250	0.4114	0.0250	0.6636*

†As 3 groups did not participate in all 7 rounds, the total sample is based on 199 groups and the craft and manufacturing samples on 44 groups each.

\*Indicates that for a sample of size N the rank order correlation coefficient is significant at the 5 per cent level.

extent represent a response to short term equity and market pressures. But this is very much a secondary function of the wage-round process. Thirdly, the supplementary process relieves group level equity and market pressures which the wage-round process leaves unresolved. Where such pressures arise at sub-group level they are often resolved by informal bargaining which results in settlements which can be classified as wage drift. The supplementary process has a much more limited incidence and a more variable impact than the wage-round process. Fourthly, a comparison of the skewness of the pattern of overall bargaining achievement and of the total wage-round and total supplementary increase reveals that all are positively skewed. This indicates that in each case the least typical achievements tend to lie above rather than below the central value. This is of particular importance in the wage-round process as it suggests that, while employers may concede more than the pattern of round demands, they will find it difficult to settle for less. Fifthly, this pattern of wage determination has significantly altered the relative standing of the various bargaining sectors in a relatively short period. Sixthly, while the absolute dispersion of wage increases in money and percentage terms has tended to rise round by round, the relative dispersion has shown an erratic but opposite tendency to fall. But the relative dispersion of wage increases expressed in money terms has tended to be lower than, and to fall faster than, the relative dispersion of wage increases expressed in percentage terms. This implies that the force of comparisons in wage negotiations has been increasing rather than declining and that such comparisons are expressed more frequently in money than in

percentage terms. Our seventh conclusion is that the impact of bargaining achievement has been to compress the wage structure to a noticeable extent. We shall argue below that this process of compression is of fundamental importance to future wage policy. Eighthly, the average duration of agreements has fallen significantly since 1969 and this has accelerated the annual rate of increase in basic wages. Finally, entry patterns to wage-rounds are tending to become more stable, which suggests that bargaining groups may be deliberately waiting for their primary reference groups to settle before lodging their own claims.

## Chapter 3

### *Key Wage Bargains*

THIS chapter has four sections. Section A deals briefly with the meaning of the key wage bargain concept. Section B outlines the methodology which we use in the case studies. Section C is concerned with the identification of key wage bargains and the selection of some for detailed study. Section D is a brief chronological account of the period under review (1959-70).

#### *Section A. The Meaning and Significance of the Key Wage Bargain Concept*

By the term "key wage bargain" we mean one which represents a significant upward departure from a pre-existing pattern of wage increases and has a disproportionate influence on the expectations, claims and settlements of other bargaining groups. In terms of its direct impact, a wage bargain increases the national aggregate of wage costs in proportion to the size of the increase and the number of workers covered by the agreement. However, in some instances wage settlements appear to induce other groups, which are not directly involved, to seek similar increases. In these cases the indirect effect may be disproportionate to the number of workers directly involved. This is not necessarily a matter of grave concern. It may simply be the case, for example, that wage increases, negotiated for union members employed in a particular bargaining unit, are extended by unilateral management decision to non-union employees in the same firm or industry. By contrast, it may well be a matter of grave concern if particular settlements seem to induce other groups to seek similar settlements and these latter groups are so numerous or so large, or both, that the final addition to the economy's wage bill is out of all proportion to the direct cost of the first-mentioned agreements.

#### *Section B: The Case Study Methodology*

The central objective in this study was to discover the mechanisms by which the more important key wage bargains emerge in Ireland. In devising an appropriate case study methodology two related sets of considerations were taken to be of paramount importance. These were the nature of the industrial relations system and the nature of the labour market.

(a) *The essential characteristics of the industrial relations system*

First, the Irish industrial relations system is dominated by trade unions which are motivated by, what Flanders has termed, a philosophy of trade unionism pure and simple. This philosophy, which rejects revolutionary and reactionary interpretations of the union's role with equal vigour, has been summarised as follows:

The first and overriding responsibility of all trade unions is to the welfare of their own members. That is their primary commitment; not to a firm, not to an industry, not to the nation. A union collects its members' contributions and demands their loyalty specifically for the purpose of protecting their interests as they see them, not their alleged "true" or "best" interests as defined by others [1].

Secondly, the activity to which such unions devote most of their time and which they appear to rate most highly is, of course, collective bargaining. There is no universally accepted definition of this activity but it can be viewed as:

. . . the process which determines under what terms labour will continue to be supplied to a company by its existing employees and by those newly hired . . . [2].

The essential point in the present context is that bipartite collective bargaining is accepted in Ireland by unions, employers and the government as the major means of handling industrial relations issues. But wages are clearly a central issue in collective bargaining which in turn is the principal trade union activity. Thus, the process of wage determination is at once a major sub-process of the economic and the industrial relations systems.

Thirdly, in conventional bargaining theory, one trade union is presumed to deal with one employer but, in practice, the Irish system is dominated by multi-union/multi-employer negotiations. The former groups are not structurally related to Congress, but the latter are invariably members of their appropriate employers' association. Such associations are in a sense rightly termed "*employers' trade unions*"—certainly they are motivated by a similar commitment to protecting their members' interests as they see them. One result of this movement towards "group" negotiations seems to be that the stability which often characterises one union/one firm relationships may be more difficult to achieve.

(b) *The essential characteristics of the labour market*

Labour specialists often argue that whereas traditional economic analysis may be relevant to the explanation of price determination in other kinds of

markets it has little to contribute to our understanding of labour markets. Many reasons are given for this contention. First, it is said that although many product prices may continue to be largely determined by supply and demand, wage determination is almost invariably heavily affected by other factors, for example, custom, convention, notions of equity and orbits of coercive comparison. Secondly, relations between employer and employee do not mirror those normally assumed to exist between buyers and sellers in other markets. The former relationship is expected to endure and its nature can vitally affect the value of the product through its effect on the quality of performance. The latter may involve no more than a single transaction of a finished product. Thirdly, the employee does not think of the labour he provides as a saleable commodity, the supply of which can be adjusted to the demand for it. He regards it more as the concrete expression of his occupational identity, as something which he has a right to deploy. Finally, trade unions exist to express and further these and other peculiarities of the labour market in the interests of their members.

Yet such factors have not always been fully appreciated by practising economists. Commenting on the situation that has sometimes resulted, Phelps Brown has rightly said:

. . . these differences between commodity markets and labour markets are familiar—so much so, that to have rehearsed them here may well have been found tedious. But in that case what is startling is that so many economists have been ready to apply to one market the analysis that has been developed for another [3].

Of course this is not to suggest that non-economic factors invariably dominate the process of wage determination. It is to imply that they must be expected to qualify and influence the impact of market forces, just as they themselves are affected by other factors which can be regarded as, in some sense, "economic" in origin, for example, the ratio of labour to total cost, the elasticity of substitution between labour and other factors and the price elasticity of demand for the final product [4]. Above all it suggests to us that research in this field should be eclectic in its focus and multi-disciplinary in its intention. Ideally it should perhaps spring from a collaboration between disciplines of the kind suggested by Lipset and Trow:

The economist's task would seem to be to specify both the economic limits as derived from theoretical and empirical analyses and the types of situations in which "economic" factors do not have compelling influence. The sociologist, taking these economic limits as given, can then explore



the structural, organisational, and social psychological factors which are also present and which have varying consequences for collective bargaining [5].

(c) *Our case study methodology*

In the light of such considerations it seemed essential to approach our case study work with a relatively unstructured or "open" methodology. In effect we sought to take the record of events in as comprehensive a form as was available to us and to try to disentangle it, paying due regard to the fact that it may be incomplete, obscure or even inconsistent in parts. Attempts to interpret the record without detailed corroboration from its authors run the risk of misrepresentation. On the other hand, interviews which are not explicitly based on a thorough knowledge of the record may be of limited value as there is a considerable risk of *ex post* rationalisation.

In all but one case study we examine the role of the unions, the employers, the mediators and the government in the same order. We found it was usually appropriate to begin with the union side as it is almost standard union practice to formulate wage policy and to submit wage claims *prior* to any consultation with, or offer by, the employers. Thus, typically, the union acts and the employer reacts. Furthermore, the effective entry of official mediators is usually precluded by custom, practice and law until such time as the parties agree to request, or accept, their help. This usually occurs only when negotiations are approaching, or have reached, deadlock. Finally, government intervention in collective bargaining seldom comes before deadlock has degenerated into crisis.

The headings used in the case studies are set out below together with a brief explanatory note as to their significance. (For convenience, the same numbering is used throughout with one minor exception in the second case study.)

1. *The parties to the negotiations*

Each case study is concerned with multi-union/multi-employer bargaining. This section names the parties involved. On the union side, where as many as eighteen unions are involved, it was sufficient for our purposes to consider the parts played by a selected number of unions. Unions were selected by reference to whether or not they played an independent role; there was no need for detailed concern with unions which simply adopted bargaining positions already taken by another union or by a group of unions.

2. *The trade unions and predisposing factors*

Trade union action and response are not uniquely determined by the nature of the employer challenge. They can be heavily influenced by two sets of pre-

disposing factors which arise because unions differ constitutionally and because they operate in different environments. To understand the first mentioned set of factors it is necessary to examine the union's constitution and rule book. The opening clauses of the rule book set out the union's objectives in general and its recruitment objective in particular. This latter is typically restrictive in the case of craft unions as it operates in conjunction with strict rules governing apprenticeship to the craft. By contrast, the recruitment objectives and entry rules of general unions are such that almost any employee is eligible for membership. These two rules determine a union's shape in two dimensional form, namely, industrial and occupational. They define the union's job territory and thus indicate the types of employee whose allegiance is claimed by the union. The implications of various forms of territorial definitions are important, particularly where a union's industrial or occupational base is threatened by secular change of one kind or another.

The second set of predisposing factors is closely linked with the first. Additional pressures, which militate against the union's survival prospects, may arise as a result of intra-union relationships or as a result of the union's relationships with other unions or with employers. If enduring internal rivalry is a feature of a particular union its bargaining behaviour may be unpredictable. As to inter-union relations, even a cursory examination of a few rule books reveals claims by different unions to the same or contiguous job territories. But territorial boundaries of this type are often poorly defined. This inevitably heightens competitive tensions and these may manifest themselves in more forceful wage policies. Finally, union/employer relations are not always free of tension. Employers may refuse recognition to all unions or they may favour only staff associations. Again they may be hostile to some unions and tolerant towards others and this may lead to closed shop arrangements. Or again, employers may tolerate or foster forms of employer/employee relationships which are detrimental to the union's ability to retain its membership. Sub-contracting in general and labour-only sub-contracting in particular are noteworthy in this respect. All or some of these factors may overshadow the purely economic considerations which enter into the process of wage policy formulation. It is obviously necessary to take account of them and to try to assess their importance.

### *3. The employers and predisposing factors*

The employer side in each of the key wage bargains selected for detailed examination was represented by an employers' trade union. Thus the questions concerning territory and internal and external relationships, which were raised in Section 2 above, are again relevant.

#### 4. *The origins of trade union wage policy*

A trade union typically has two general aims in regard to wages. First, it aims to sustain and increase real wages. Secondly, as a means to this end and as an end in itself, it seeks to improve the relative position of its members *vis-à-vis* other groups. This latter can often be of more immediate importance in bargaining practice. This is so because failure in this respect is readily and immediately perceived in quantifiable terms by the union's members whereas failure to maintain or increase real wages is not. We take the view that such trade union aims cannot be "mistaken" as unions exist for these purposes. Yet to pursue them a union must devise policies which specify the speed and manner of pursuit. Policies, unlike aims, can certainly be sub-optimal, not simply or solely from the point of view of the economy or industry, but possibly even from the point of view of the union and its members.

A union almost invariably keeps minutes of the meetings of its governing body, usually known as the Executive Committee. It is at this level that the first manifestation of policy, namely, the wage claim, takes final shape in the light of two sets of considerations. On the one hand, officials may have certain proposals which they feel will be in the best interests of the union as such. On the other hand, the branches and individual members will have made certain proposals which they feel are in the best interests of the membership. A consensus, based on these two sets of considerations, will usually emerge before a claim is submitted. This process suggests that militant members or officials cannot normally create and sustain support for exorbitant demands unless general and widespread discontent already exists. In sharp contrast to this, it is worth noting that if a militant union, which is a member of a group of unions, sets out in pursuit of an exorbitant demand, the other unions in the group often feel that they have no option but to support such a claim, even if this conflicts with their better judgement. In short, while open and frank debate may be expected within a union, it is unlikely within a group of unions and unthinkable in a full bargaining session. The rôle of the Irish Congress of Trade Unions (ICTU) in the emergence of each key bargain is the final item examined under this heading.

#### 5. *The origins of employer wage policy*

Each key wage bargain considered was negotiated by a group of employers represented by an employers' trade union. In such circumstances the need to achieve group level consensus overshadows company level considerations. Wage policy therefore emerges in much the same way as it does in an employees' trade union. It originates in the Executive Committee's concern for the survival and well-being of the organisation and the members' concern for the general

well-being of their enterprises. Here it is useful to note the crucial aims of an employers' association, namely, to minimise the rate of increase in unit wage costs while attracting and retaining an adequate labour force and minimising the degree of disturbance from industrial action. Again, these aims cannot be wrong. However, the policies designed to achieve them may be sub-optimal, not simply from the point of view of the economy but also from the point of view of the members and perhaps even from the point of view of the association. Finally, the fact that key wage bargains emerge and the manner in which they do so may have considerable implications for the central employers' body. The rôle of this body, known as the Joint Consultative Committee of Employer Organisations (JCCEO) in the nineteen sixties, may, therefore, have been of some importance.

#### 6. *The process of collective bargaining*

The gap between the minimum increase in wage income which is considered acceptable by the union and its members and the maximum increase in wage cost which is considered viable by the employers' association and its members, is closed by the process of collective bargaining. The process which affects this reconciliation may be expected to reflect the bargaining skill and bargaining power of the parties. Neither concept can be described as entirely tangible, but they are reflected by the use which the parties make of bargaining procedures and bargaining structures. Internal union and federation procedures can be of vital importance as they provide the only basis for assessing membership commitment to proposed courses of action. If these procedures are such that they can produce inadequate or inaccurate information they can have very serious consequences for the union or federation in question.

#### 7. *The dimensions of bargaining structure*<sup>1</sup>

A bargaining structure comprises three main features—levels, units and scope. Thus, negotiations may be carried on at the level of the economy, the industry, the company or the plant. Negotiations may proceed in terms of units which comprise all employees or certain groups of employees at any one of these levels. Finally, the scope of negotiations indicates the range of subjects covered by collective bargaining.

#### 8. *The settlement*

This section gives a very brief summary of, and commentary on, the final settlement terms.

1. This use of the concept of bargaining structure is elaborated and explained further in McCarthy *et al.* *The Reform of Collective Bargaining at Plant and Company Level*, Department of Employment, HMSO, London, 1971.

### 9. Summary

The final section sets out the most important points emerging in the case study, the most interesting of which are reviewed thematically at greater length in Chapter 5.

#### *Section C: The Identification and Selection of Key Wage Bargains*

A review of a wide range of general economic commentary and lengthy discussions with a considerable number of opinion leaders from the industrial relations field produced a list of *prima facie* key wage bargains.<sup>2</sup> These were as follows: Aer Lingus (Craft and Manual), Banks (Clerical), Bord na Móna (Manual), Building Industry (Craft and Manual), Civil Service (Administrative and Clerical), Electrical Contractors (Craft), Electricity Supply Board (Clerical, Craft and Manual), FUE Maintenance Employers (Craft), Petroleum Employers' Association (Craft and Manual), Roadstone Ltd. (Craft and Manual), Semi-State Companies (Clerical) and senior public servants (Judiciary and Members of the Oireachtas). A full consideration of these suggestions led to two conclusions. First, that wage agreements negotiated prior to 1964 were probably too remote for detailed study. This was a convenient cut-off point because a National Wage Agreement was signed in January of that year. Secondly, the craft sector and the clerical sector (and in particular the public service part of this sector) merited detailed examination.

The former seemed important because those to whom we spoke believed, without exception, that craft unions had played a vital role in and during the ninth, tenth, eleventh and twelfth wage-rounds. More specifically, the opinion leaders to whom we spoke repeatedly emphasised their belief that the craft sector was the least stable and most volatile of all bargaining sectors; this is a plausible viewpoint if only because of the unparalleled degree of multi-unionism in that sector. It was suggested that that sector was most likely to bring the present series of national wage agreements to an end and to set unsustainable precedents for the "free for all" wage-rounds which would inevitably follow, unless, of course, the government decided to intervene.

The latter seemed important because the principle of following the market, which dominates pay determination in the public sector, resulted in major status awards which sometimes included substantial retrospection. But collective bargaining and wage determination in the public service deserve more detailed examination than that which we could provide in this study. Furthermore, the problem there seems to have been one of undue administrative delay

2. This review covered the annual reports of the Labour Court, the Irish Congress of Trade Unions, the Federated Union of Employers and the Construction Industry Federation. It also included journals, bulletins and newsletters published by these and other labour oriented organisations, together with some 1,400 Labour Court Recommendations issued between 1959 and 1970 inclusive. Finally, it included general commentaries on the Irish economy by the Department of Finance (Budgets), OECD, ESRI and the Central Bank.

on the employer side rather than one of labour militancy. Thus, it seemed appropriate to us that we should make the craft sector, with its more immediate and more intractable problems, the central focus of our paper. None of the above-mentioned opinion leaders suggested that we should do otherwise.

While this narrowed the scope of our enquiry, it was clear that we could not possibly cover all craft settlements in the period from 1964 to 1970. We therefore had to select a small purposive sample from a total of over one hundred and fifty craft settlements included in our general review in the previous chapter. The purpose, in this instance, was to select wage bargains negotiated by groups which had played a leading role in the past and which seemed likely to play an equally important rôle in the future. With this end in mind, the following five bargains were selected for detailed study subject to their key status being confirmed:

- (1) Building Industry Agreement—October 1964.
- (2) Maintenance Craftsmen's Agreement—October 1966.
- (3) Electrical Contracting Agreement—July 1968.
- (4) Maintenance Craftsmen's Agreement—March 1969.
- (5) Building Industry Agreement—September 1969.

Not only are these cases of great interest as individual events; there is, in addition, a fascinating chain-like link between successive pairs within the sequence. This, as will be seen below, was to prove to be a tremendously important element in the wage explosion of the late 'sixties. It is not intended to suggest that other craft agreements were unimportant. Indeed, it will become clear in the case studies that other craft groups did play a significant rôle. The suggestion here is that the groups and agreements named above were the most influential overall in the period under review.

(a) Wage settlements and key wage bargain status

A wage settlement may come to merit the title of key wage bargain when its cost increasing terms are such that, if they were extended to many other bargaining groups, wage inflation would be greatly increased. An exceptional increase in the wage costs of employing any particular group of workers can arise for one or more of three reasons. First, a bargaining group may achieve an exceptionally large wage increase; secondly, it may achieve an exceptional cut in normal weekly working hours without loss of pay; thirdly, it may achieve a wage increase which is not exceptional but is in the context of an exceptionally

short agreement. The first task therefore is to determine whether or not any of the foregoing conditions obtain.

Secondly, one must determine whether or not a new trend, roughly equivalent to the exceptional settlement, emerged soon after it and whether or not any intervening events were relevant.

Thirdly, reference must be made to the alleged wage followers who alone can confirm or deny propositions about their bargaining behaviour. As Knowles and Thorne put it:

To initiate (i.e. to be first in time) is not necessarily to instigate (i.e. to command a large following). . . . It may well be considered that initiation is not really the point and that instigation is what matters. But here coincidence can only confirm (or fail to confirm) existing preconceptions; it cannot generate them. One has to judge on quite other grounds (e.g. on a detailed knowledge of the concomitant circumstances of particular bargains—of the current practice of particular unions)—and not simply on the timing of the bargains, which settlements are important [6].

One final point must be mentioned here. A wage settlement may achieve key wage bargain status directly or indirectly. In the first case one group achieves an exceptional settlement, many other groups emulate this achievement and their spokesmen state that they deliberately followed the first-mentioned group. In the second case one group achieves an exceptional settlement and many other groups emulate this achievement. But here the spokesmen for the wage followers say that their principal reference group was not the first-mentioned group but another group which deliberately followed it. The significance of this distinction between direct and indirect leadership becomes apparent below. We now turn to a brief review and assessment of the five agreements mentioned above.

(1) *The Building Industry Agreement—October 1964*

(a) It is clear from the bargaining records of the 202 groups listed in Appendix B that, with trivial or irrelevant exceptions, this was the first instance in which a major manual bargaining group achieved a forty-hour week without loss of pay. This reduction in hours from  $42\frac{1}{2}$  to 40, without any corresponding reduction in weekly wages, increased unit labour costs by at least  $6\frac{1}{4}$  per cent.

(b) This builders' settlement induced the employer response (namely, the formation of the Maintenance Employers' Group by the Federated Union of Employers and the negotiation of the first maintenance craftsmen's agreement) which in turn instigated a major upward shift in the trend of increases in the eleventh wage-round. This building settlement therefore achieved key status indirectly.

(c) The survey of the principal spokesmen for the wage followers asked them about their bargaining behaviour in the eleventh and twelfth wage-rounds only. It is not possible therefore to argue that all other groups deliberately followed this building settlement, though other craft groups most certainly did, as will be seen in the case studies.

(2) *The First Maintenance Craftsmen's Agreement—October 1966*

(a) All of our 202 groups participated in the tenth wage-round which preceded this settlement. The standard round increase was 20/- per week. This agreement then gave a minimum increase of 37/6 per week.

(b) In the eleventh round, which followed one year later, the mean weekly wage increase for the 202 groups surveyed was 38/- per week.

(c) The results of the survey of trade union spokesmen, as reported below (Tables 17 and 18), clearly indicate that the settlements made by the maintenance craftsmen were the most influential of all in both the eleventh and twelfth wage-rounds. This settlement therefore achieved key status directly.

(3) *The Electrical Contracting Agreement—July 1968*

(a) This settlement occurred about the middle of the eleventh wage-round and provided a wage increase of about 81/- per week in the context of a three-year agreement. This was rather more than twice the average increase for that round (38/- per week) though the majority of increases in that round were of about two years' duration.

(b) Despite its size this settlement did not noticeably alter the trend of eleventh wage-round increases.

(c) The data in Tables 17 and 18 below show that this electrical contracting settlement had relatively few direct followers. However, this settlement induced the second maintenance agreement (as is shown in the fourth case study) and this latter group had more direct followers in the eleventh and twelfth rounds than any other group. This settlement therefore achieved key status indirectly.

(4) *The Second Maintenance Craftsmen's Agreement—March 1969*

(a) The average increase in the eleventh wage-round which preceded this agreement was 38/- per week in the context of two-year agreements. This agreement gave an increase of 70/- per week in the context of an eighteen-month agreement.

(b) The average wage increase in the twelfth round which followed was 78/6 per week mainly in the context of agreements of eighteen to twenty-one months.



(c) The results reported below (Tables 17 and 18) clearly indicate that the maintenance craftsmen's settlement was the most influential of all in the eleventh and twelfth rounds. This view is corroborated by FUE who reported that the level of the twelfth wage-round was a direct result of this maintenance settlement [7]. This bargain therefore achieved key status directly.

(5) *The Building Industry Agreement—September 1969*

(a) This agreement did no more than mirror the wage increases granted in the last-mentioned case. However, it was the first major agreement to breach the newly-established duration limit of eighteen months by setting a precedent of sixteen months.

(b) The analysis of durations of agreements shows that some 25 per cent of twelfth round agreements were of sixteen months' duration or less.

(c) The results reported below (Tables 17 and 18) clearly indicate that the building settlements were among the most influential of all settlements in the eleventh and twelfth rounds. This bargain therefore achieved key status directly.

While the foregoing results were taken as sufficient evidence to warrant detailed study of each settlement it must be emphasised again that some other settlements also had considerable influence and would repay detailed analysis.

(b) *The pattern of reference groups in the period 1967-70*

In the previous section it was noted that an exceptional wage settlement which came at the beginning of a new trend was not necessarily a key wage bargain. It must also be shown that the settlement in question induced other groups to seek and achieve very similar settlements. It is obvious that the only persons who can confirm or deny propositions about the behaviour of wage followers are the leading spokesmen for those groups. Clearly, therefore, a survey of such spokesmen was required and this was carried out as follows.

The analysis of Chapter 2 was based on data relating to a list of 202 bargaining groups. The method used to compile that list has already been described and the list itself is given in Appendix B. The list can be divided into two parts. The first part consists of 80 groups which are located, and negotiate, in provincial areas. They have a well established practice of following one, or a number of, the remaining 122 groups which negotiate in Dublin. Hence, these 80 groups have a negligible influence on the Dublin based groups which traditionally make the first moves in each wage-round.

Of the 122 Dublin based groups, which make up the second part of our full list, 12 have established a tradition whereby they automatically get wage increases similar to those negotiated by other Dublin based groups. For the purpose of this section these are classified as automatic followers. That is to say they get the wage increases which they expect without having to bargain for them. This left 110 Dublin based groups to be surveyed. The survey gave us responses from the principal spokesmen for 106 of these.<sup>3</sup>

The primary purpose of the survey was to discover the pattern of reference groups used by the 122 Dublin based groups which dominate the entire system of collective bargaining in Ireland. More specifically, we wanted to find out whether or not the five *prima facie* key wage bargains selected were sufficiently influential to merit detailed attention. To this end, our respondents were asked to focus on the period of the eleventh and twelfth wage-rounds which covered the years 1967-70 inclusive. This was a discrete period of "free for all" bargaining preceded by the tenth round which was governed by an informal National Wage Agreement and followed by the thirteenth round which was governed by a formal National Wage Agreement. Respondents were able to recall the essential characteristics of their bargaining objectives and behaviour in that period with little difficulty.<sup>4</sup>

Each respondent was first asked to name the bargaining sectors on which he focused when negotiating on behalf of his group. He was then asked to tick every group, in the chosen sectors, which he had used as a reference group in the period 1967-70. Next, he was asked to look at each chosen sector in turn, to underline and then to rank the six most important reference groups which he had ticked in each sector. Then, the respondent was asked to rate each of the reference groups which he had selected in this way, as being *very important*, *important* or *of slight importance*. Finally, those rated as being *of slight importance* were eliminated and the respondent was asked to name and rank his three most important reference groups.

While this procedure seems rather cumbersome, our respondents had little or no difficulty in following it step by step. This was not surprising because the great majority of respondents relied on one or two sectors for their choice of reference groups and they seldom wished to name more than two or three groups within their chosen sectors. The following table shows the pattern of reference groups which emerged as a result of the foregoing exercise.

3. In Appendix B each of the 106 groups for which we have replies is marked by one asterisk. The twelve automatic followers are marked by one cross while the four groups for which we have had no response are marked with a double cross.

4. This is not as surprising as it seems at first sight when one recalls that there has been no decentralised or "free for all" wage bargaining since 1970.

TABLE 17: Overall ranking of 202 groups in terms of the number of times they were rated as very important or important reference groups by 106 Dublin based groups

(a) Group	(b) Total number of times this group was rated very important or important by 106 groups*	(c) Number of groups which automatically followed this group	(d) Total (b) + (c)
1. Maintenance Employers (Craft)	27	3	30
2. Construction Industry (Craft and Manual)	21	2	23
3. Electricity Supply Board (Clerical)	20		20
4. Aer Lingus (Craft)	15		15
5. Civil Service (Clerical)	15		15
6. A. Guinness Son & Co. Ltd. (Manual)	13		13
7. Engineering Contract Shops (Craft)	11		11
8. Electricity Supply Board (Manual)	11		11
9. Electricity Supply Board (Engineers)	11		11
10. Electricity Supply Board (Craft)	11		11
11. A. Guinness Son & Co. Ltd. (Craft)	10		10
12. Dublin Port & Docks Board (Clerical)	9		9
13. Oil Companies (Manual)	9		9
14. Electrical Contractors (Craft)	8	1	9
15. Goulding Fertilisers Ltd. (Craft)	8		8

*In addition:*

2 groups were rated a total of 7 times; 20 groups were rated a total of 3 times;  
 5 groups were rated a total of 6 times; 21 groups were rated twice;  
 5 groups were rated a total of 5 times; 25 groups were rated once;  
 10 groups were rated a total of 4 times; 99 groups achieved no rating at all.

\*Note: One of our respondents maintained that he never made use of comparability arguments. This comment also applies to Tables 18 and 19.

In Table 18, we weighted ratings of *very important* as 2 points and of *important* as 1 point while each automatic follower a group had, was taken as being equivalent to 2 points. As a result of this exercise the maintenance craftsmen and the construction workers maintained their lead over their nearest rivals, while the third of our key groups, the contract electricians, moved up slightly.

TABLE 18: Overall ranking of 202 bargaining groups in terms of their importance as reference groups for 106 Dublin based groups

(a)	(b)	(c)	(d)
Group	Weighted score	Weighted score due to automatic followers	Total (b) + (c)
1. Maintenance Employers (Craft)	48	6	54
2. Construction Industry (Craft and Manual)	41	4	45
3. Electricity Supply Board (Clerical)	36		36
4. Civil Service (Clerical)	25		25
5. Aer Lingus (Craft)	23		23
6. A. Guinness Son & Co. Ltd. (Manual)	23		23
7. Electricity Supply Board (Craft)	20		20
8. Engineering Contract Shops (Craft)	19		19
9. Electricity Supply Board (Manual)	18		18
10. A. Guinness Son & Co. Ltd. (Craft)	17		17
11. Oil Companies (Manual)	17		17
12. Electricity Supply Board (Engineers)	16		16
13. Electrical Contractors (Craft)	14	2	16
14. Dublin Port and Docks Board (Clerical)	15		15
15. Goulding Fertilisers Ltd. (Craft)	13		13

The other scores achieved were as follows:

2 groups scored a total of 12 points;	4 groups scored a total of 6 points;
4 groups scored a total of 11 points;	13 groups scored a total of 5 points;
3 groups scored a total of 10 points;	19 groups scored a total of 4 points;
1 group scored a total of 9 points;	7 groups scored a total of 3 points;
1 group scored a total of 8 points;	16 groups scored a total of 2 points;
5 groups scored a total of 7 points;	13 groups scored a total of 1 point;
	99 groups achieved no score.

Note: This table is based on the data given in Table 17.

These results confirm our hypothesis that the craft sector is by far the most influential sector and is, therefore, most urgently in need of detailed assessment. The reader will, of course, observe that our selection of key groups gives contract electricians precedence over groups which had a much higher direct following, for example, the Civil Service and Electricity Supply Board Clerical groups. But this choice is easily justified because the top scoring maintenance craftsmen's group named the contract electricians as its most important reference group when the maintenance agreement came up for re-negotiation in 1968.

Before bringing this section to a close, it is worth noting that the ESB has

the remarkable distinction of having all four of its major bargaining groups near the top of these tables. It is easy to see how this could have immense implications for the future of collective wage bargaining in this country. The Board could fall (or be pushed) into the trap of allowing its internal wage structure (however modified by job evaluation and job redefinition) to become rigid, so that each internal group held a permanently established relativity to the others. This could prove unfortunate because the various groups covered by that internal structure would still constantly react to retain relativities with their outside reference groups. Thus, every outside movement could be transmitted horizontally to the equivalent group in ESB. That impulse in turn could be transmitted vertically within ESB *via* the rigid internal wage structure and these secondary effects could finally be transmitted horizontally outwards at all levels for the entire cycle to operate again. This danger can only be avoided if the Board retains at least some measure of flexibility in its internal wage structure.

To close this section we report briefly on our respondents' views on the stability of reference group patterns. Respondents were asked whether the reference groups which they used in the period 1967-70, were still, at the time of our survey in 1973, their principal reference groups. They were also asked if they expected the original pattern of reference groups to remain unchanged over the next five years. The replies were as follows:

TABLE 19: *The views of the principal spokesmen for 106 Dublin based bargaining groups concerning the present and future stability of their reference group patterns*

Response	Question	
	Are your reference groups in 1973 the same as they were in 1967-70?	Are your reference groups in 1973 likely to remain unchanged over the next 5 years?
(a) Yes	%	%
(b) No	92	59
(c) Don't know	7	35
	1	6

These replies have a most important implication for future policy. They demonstrate that reference group patterns may well change significantly. This means that even if the anomalies clauses of the present series of national wage agreements (1971-75) succeed in eliminating all perceived anomalies, there is no guarantee that claims for special treatment will not emerge again within the next five years. But this point need not detain us here as it must obviously be the subject of further research.

*Section D: A Chronological Review of the Period 1959-70*

Before embarking on the detailed results of our five case studies it seemed essential to set the scene for the reader in terms of prevailing economic developments and contemporary wage-rounds. This section aims to relate this background to each of our key wage bargains as they emerged.

In 1959, after a decade of stagnation, the Irish economy moved into a period of sustained growth. The last quarter of that year saw the seventh post-war wage-round well under way. The average increase in basic wages for that round was 12/- per week or 7·8 per cent (Table 13). In September 1959 the Irish Congress of Trade Unions, newly reunited, held its first annual delegate conference. That conference unanimously adopted the following resolution:

Congress affirms its determination to secure for all workers a working week of not more than 40 hours . . . and directs the Executive Council to consult with affiliated trade unions with a view to introducing a campaign to secure (a) more uniform working hours and (b) a shorter working week without any reduction in earnings. Congress further pledges full support to unions seeking a reduction in weekly hours of work [8].

None of the participants at this conference had any illusions that Congress might somehow achieve this objective for them without any struggle on their part. Indeed, the unions fully appreciated that, sooner or later, they themselves would have to pursue this objective, either alone or in groups. This was made quite clear by a subsequent statement from Congress:

. . . no claim for an immediate national reduction in hours of work has been formulated by Congress. It has always been a matter for individual unions to decide at any time if, in the circumstances of the industries in which they operate, a claim for reduced hours should be pursued [9].

The years 1960 and 1961 were marked by sustained growth and by very moderate inflation. In the latter half of 1961, however, a second successive "free for all" wage-round got under way. This resulted in an average increase of 22/- per week or 13·3 per cent. Thus, the average increase for this, the eighth wage-round, was almost twice that of the seventh round referred to above. These settlements were expected to last for two years giving an average annual rate of wage increase of 6·6 per cent. While this seems modest by present day standards the Government was becoming increasingly concerned with the growing gap between incomes and output. As a result it published a White Paper in February 1963 entitled "Closing the Gap" in which it proposed to invite the National Employer/Labour Conference to discuss:

... a method by which an objective assessment of the economic potentialities may be made from time to time with the object of assisting those who have responsibilities in settling wage and salary claims in private employment in establishing a more orderly relationship between income increases and the growth of national production [10].

As a result of this initiative a National Wage Recommendation was ratified by both parties in January 1964. That Recommendation gave an increase of 12 per cent to the great majority of employees, but it provided that there would be no further wage increases for a period of two and a half years. This was the ninth wage-round and it resulted in average increases of 24/6 per week or 12.6 per cent.

Some time earlier, in the Spring of 1963, our first key wage bargain began to emerge. Very briefly the sequence of events leading up to it was as follows. In March 1963, one of the small building craft unions persuaded the other building unions to lodge a claim for a reduction in the standard working week from 42½ to 40 hours in Dublin and from 45 to 42½ hours in the provinces. When the National Wage Recommendation was drafted it included a clause to the effect that the 12 per cent increase was given "in the context of existing working hours". Some militant building craft unions, led by the plasterers, refused to accept the employer argument that this clause denied them the right to pursue their claim for shorter working hours until the national agreement expired. The Congress supported the union viewpoint and a prolonged strike ensued in the Autumn of 1964. The strike ended when the unions' demand was conceded on a phased basis. This was the first notable advance towards a 40 hour week.

In 1965 the national growth rate fell by almost a half and there was growing concern about the economy's short term prospects. Efforts to renew the National Wage Agreement failed and Congress took the initiative by urging affiliated unions to seek an increase of one pound per week. This view was subsequently endorsed by the Labour Court and, as a result, it became the standard for the tenth wage-round which was completed in the second and third quarters of 1966. The average increase for the round was just over one pound per week or 9.5 per cent. But, meanwhile, in 1965 and early 1966, the 40 hour week headline achieved by the building unions for contract work began to spread in two ways. On the one hand, the other craft unions began to submit claims for a 40 hour week on behalf of their members employed by electrical and engineering contractors and in the motor trades. On the other hand, these same craft unions began to demand a 40 hour week for members engaged on maintenance work in a great variety of industries, services and trades.

At this point our second key wage bargain began to emerge. The Federated

Union of Employers, by far the largest and most influential employer organisation, now became concerned. It feared that the 40 hour week, already conceded to some contract craftsmen, might also be conceded to maintenance craftsmen and thereby become a target for the general body of manual employees who worked alongside the maintenance craftsmen in a great range of enterprises. The Federation therefore decided to take the initiative by inviting the craft unions to negotiate the first maintenance craftsmen's agreement. Under the terms of this agreement, the craft unions agreed to forgo their claim for a 40 hour week for maintenance craftsmen in return for a substantial increase in the hourly wage rate. This new rate was to have a very great influence on the subsequent wage-round. But, and this is far more important, it also created a new inter-craft dynamic which was later to demonstrate immense power. This agreement also endorsed the notion of fixed term industrial settlements (as opposed to fixed term national settlements). As a result, such agreements became the rule rather than the exception.

The following year, 1967, found the economy on the road to recovery but there was little activity on the wages front. By the end of the year, however, the eleventh wage-round was well under way. The average increase in that round was just over 38/- per week or 15.9 per cent.

As that round drew towards an end our third key wage bargain emerged in July 1968. In this case the contract electricians, who had lost their small, traditional but jealously guarded differential over other craftsmen as a result of the first maintenance agreement, demanded and achieved an exceptional wage increase in the context of a three-year agreement. The Electrical Contractors, who were represented by their own associations, had what they believed were good reasons for signing that agreement. For 1968 was an exceptionally good year for the economy. So good in fact, that the Minister for Finance later described it as "the best year in our economic history" [11]. Gross output in the building industry increased by almost 25 per cent (Appendix D) and as a result electrical contractors were extremely busy. They feared, however, that the first maintenance settlement would draw more and more electricians away from contract work and towards maintenance work. They believed this new settlement of theirs would offset this danger once and for all.

In the early months of 1969 it was becoming clear that the economy was slowing down and that inflation was gathering momentum. In his budget speech, the Minister for Finance observed that although there was a clear need for restraint: ". . . we had already seen the particular settlement I have already mentioned (the second maintenance agreement) representing more than four times the expected growth rate in national production, set a dangerous pattern . . .". The Minister went on to say:



. . . that following wide-ranging discussions of the dangers involved if prices were to continue to rise so sharply in future, it is reasonable to infer from the ICTU and other statements of a similar nature that if the government takes action along these lines (i.e. mainly to help the lower paid) the trade union movement will not seek to alter existing agreements which run to the end of this year and will pursue a policy of moderation in negotiations where agreements have already expired or will expire during the year. . . . At the present time the overriding need is to act in a clear and positive way to encourage the adoption of a sensible attitude to incomes. I believe that what has been done (in this budget) should be accepted as reasonable and that claims for an increase in money incomes should be moderated accordingly [12].

The agreement referred to above is our fourth key wage bargain. For the FUE, having levelled all maintenance craftsmen up to the top craft rate (namely, the contract electricians' rate) in order to induce the craft unions to sign the first maintenance agreement in 1966, was now forced, after a prolonged and bitter strike, to level up to that rate again. But that rate, as we have just indicated, had already been increased very substantially by the electrical contractors.

In the third quarter of 1969 it became abundantly clear that the Minister's expectations concerning incomes restraint were without any real foundation. For at this stage, a new wage agreement for the building industry emerged which gave the building craftsmen the same increases as maintenance craftsmen. Not only that—the new building agreement was to run for only sixteen months. Thus, it further reduced the standard duration of eighteen months which the second maintenance agreement had set only six months before. As the twelfth round progressed the tendency was for the duration of agreements to fall while the level of wage increase escalated slowly but steadily. The average increase for this round was just over 79/- per week or 26.2 per cent. At the same time, the mean duration of agreements, which stood at 686 days for the eleventh round in 1968, now fell to an unprecedented 581 days in the twelfth round. This, of course, meant an increasingly rapid growth in the annual rate of increase in wage costs. No one was terribly surprised when wage inflation soared to the unprecedented level of 18.7 per cent (Appendix A) in the following year (1970). Nor was this all. For the craftsmen, having twice failed to retain their newly increased differential over other manual grades, were soon back to re-negotiate their agreements and this time their initial claims were for increases of no less than £7 per week or 33.3 per cent. At this point the threat of incomes legislation induced a series of national wage agreements which defused the craft challenge for a time. But again, at the beginning of 1974, despite a third

successive national agreement the craft unions reiterated their demands and demanded increases of £10 per week or 33·3 per cent. They continue to stand at the head of the queue for the next wage-round which will begin in the spring of 1975. In the light of all these developments it would be unwise to assume that these demands will conveniently evaporate before that time. It is more likely that they will persist until they are resolved to the satisfaction of the unions concerned.

The chapter that follows deals with the genesis of these demands and the remaining chapters draw out the main implications arising from them.

## Chapter 4

### *The Case Studies: An Analytical Review*<sup>1</sup>

#### FIRST CASE STUDY

##### *The Building Industry Agreement—October 1964*

###### (1) *The parties to the negotiations*

THE employee side was represented in these negotiations by sixteen unions. Of these, thirteen were craft unions (nine Irish-based and four British-based) and three were general unions (two Irish-based and one British-based). Three unions were selected for detailed examination. These were (a) the British-based Amalgamated Society of Woodworkers (ASW), (b) the Operative Plasterers and Allied Trades Society of Ireland (OPATSI) and (c) the Irish Transport and General Workers' Union (ITGWU). All three unions were registered as such and held negotiating licences. They had also been affiliated without a break to the Irish Congress of Trade Unions (ICTU) since it was re-established in 1959. All unions operating in the building industry acted jointly in the early nineteen sixties, first as the Dublin Building Trades' Group (DBTG) and later as the National Negotiating Committee for the Building Industry (NNCBI). Each union sent the same representatives to each of these two groups. Neither group had any constitution or rules nor did they have any formal structural link with the ICTU. However, the latter group was initiated by Congress and operated from Congress headquarters. It was to develop successfully in later years.

The employers were represented by the Federation of Builders, Contractors and Allied Employers of Ireland, which is now known, and is hereafter referred to, as the Construction Industry Federation (CIF). It was registered as a trade union and held a negotiating licence. It had been party to the Joint Consultative Committee of Employer Organisations (JCCEO) since the latter's inception in 1963.

###### (2) *The trade unions and predisposing factors*

ASW: The ASW recruitment objective was: "The organisation into membership of joiners, carpenters, cabinet makers and other operatives engaged in

1. Readers who are not particularly concerned with all the detail of individual settlements may prefer to read the summary of each case study before passing on to Chapter 5.

woodworking" [1]. Craft unions generally prefer to limit membership to those who have served a full apprenticeship. But ASW did not adhere rigidly to this rule and, in practice, anyone capable of earning the district rate was deemed to be a "qualified workman" whether or not he had served an apprenticeship.

On the occupational side, skill dilution (that is, the acceptance into membership of non time-served craftsmen) was inevitably gaining momentum as the proportion of time-served craftsmen declined slowly but steadily. Skill disintegration was an important concomitant development as the traditional carpenter was replaced to an ever-increasing extent by first-fix, second-fix and finishing carpenters. A review of the union's industrial dimension revealed a valuable and fairly stable measure of diversification. About 50 per cent of the members were in the building industry, some 40 per cent were engaged in maintenance work and the remainder were employed in the furniture industry. Employment in building and in maintenance work was growing, though the former remained prone to contraction whenever there was a recession in the industry. In the early 'sixties prefabrication was gaining momentum but it had not yet become a serious threat to the craft.

The union had two advantages over its Irish-based counterparts. Members emigrating to the UK could use their union cards there and so they automatically tended to keep their cards in order pending their return to work in Ireland. Again, the Irish division of the union could fall back on the much larger British division for financial support in time of need, though naturally it was presumed that this privilege would be used with caution and discretion.

There is no evidence in the Irish records of ASW of serious intra-union rivalries or of potential splinter groups. For a variety of reasons however, inter-union relations were rather strained. First, there were no less than three other unions in direct competition with ASW for new members (INUW, ISWM and NUFTO). Secondly, as a result of skill dilution, skill disintegration and prefabrication, general unions were beginning to lose their inhibitions about recruiting non-time-served craftsmen. Thirdly, an increasing number of new members did not have the trade union tradition typically imbued by formal apprenticeship to a craftsman. Their attachment to craft unionism was weaker on this account.

*OPATSI:* The recruitment objective of OPATSI was as follows: ". . . the organisation of qualified plasterers and allied trades throughout Ireland . . ." The entry rules coincided exactly with this and only the above-mentioned craftsmen and apprentices were eligible for membership in the early 'sixties [2]. The occupational and industrial dimensions of the union were therefore rigidly determined by rule.

A review of the occupational dimension suggests that there was a growing

threat of skill obsolescence as a result of a steady increase in the use of alternative materials. Secondly, such limited evidence as there is suggests that the trade was not very popular with school-leavers and applications for apprenticeship were declining as a result. Thirdly, a plastering machine which made a brief, but apparently unsuccessful, appearance in the early 'sixties had caused both astonishment and some alarm [3]. The prospect, however remote, of transition from craftsman to machine minder was not viewed with enthusiasm. The industrial dimension was scarcely more encouraging. The prolonged depression in the late nineteen fifties had caused a worrying loss of membership through emigration. In the new prosperity of the early 'sixties this danger seemed to have evaporated. But OPATSI, unlike most other craft unions, had over 99 per cent of its membership employed in the building industry proper. Recessions in that industry were expected to recur indefinitely and to lead to further losses of membership. Even if the union did not lay the blame for such recessions explicitly at the door of fiscal policy and the vagaries of the public capital programme, it certainly realised that government policy in this regard could have most unfortunate consequences, both for the union and for its members.

Both intra-union and inter-union relations were satisfactory. The fact that the British-based National Association of Operative Plasterers had small groups of members in some provincial areas was seen as a potential threat, but one which OPATSI felt capable of meeting. Employer/union relations were marred by the longstanding, though as yet limited, problem of labour-only sub-contracting (lumping). This practice was beginning to spread and the union's concern in this respect is reflected by its repeated, but unsuccessful, demands for a closed shop arrangement for the entire building industry [4].

*ITGWU:* The ITGWU had the following recruitment objective: "... the organisation of the working people of Ireland". The entry rule was no less all-embracing; "... The union shall consist of any number of persons who at the time of their application for membership are not less than fourteen years of age and whose applications for membership are accepted . . ." [5]. Thus, neither the problems of skill dilution, disintegration or obsolescence which may trouble occupationally restricted unions, nor the problems of secular decline of industrial sectors which threaten industrially defined unions, seem to have caused any great anxiety at that time.

The union was not faced with any persistent internal rivalries. However, in 1963 it had endured the breakaway of a group which formed the National Busmen's Union. This had caused considerable anxiety. For, while it did not represent a critical loss of membership, it set a precedent for any other groups of members who felt that they too could do better for themselves. The union

was understandably anxious to avoid the risk of any similar splintering in the months which followed. Inter-union relations were reasonably stable as the main recruiting effort at that time was to absorb non-union members in areas not already claimed by other unions. The union's relations with employers generally were satisfactory.

To summarise the position on the union side, OPATSI, a small Irish craft union, felt increasingly anxious about its future and so it was predisposed to make exceptional demands if a suitable opportunity were to arise. By contrast ASW, a large British-based craft union, and ITGWU, a giant Irish general union, felt reasonably secure and were therefore disinclined to launch a major new campaign at that time. However, they were not so sure of their future that they could afford to stand idly by, if other similar or related unions were to take militant action in pursuit of some major wage objective.

(3) *The employers and predisposing factors*

The CIF, as its name and rules imply, is an industrial federation. As the industry in question is growing steadily its membership territory is expanding. In the early 'sixties, however, the federation experienced a notable fall in membership from 416 in 1959 to 273 in 1961 [6]. Needless to say it was anxious to recover lost ground. About this time a new Director was appointed and it is not surprising that he decided to take a firm attitude in this, his first major set of wage negotiations. The federation's relations with other similar bodies were good and it was in competition for members with such bodies only in the fringe areas of sub-contracting and prefabrication. However, the other federations were expected to discourage any unusual concessions by the CIF. Relations with the unions appear to have been satisfactory though there are a few hints in the records that some unions were regarded as being more reasonable and responsible than others. In short, there was some reason to expect that the federation might take a firm or even an inflexible attitude towards exceptional union demands for improved conditions.

(4) *The origins of trade union wage policy*

*ASW:* The ASW wage policy was conditioned by the fact that the leadership felt no need for a pioneering effort as its position and its future then seemed reasonably secure. Furthermore, it was not eager to pursue the claim because it believed the forty hour week was coming anyway. The members, for their part, were not pressing for such a change in the pre-claim period. The ASW leadership finally agreed to go along with the claim. But this was mainly because it felt that there would be no strike on this account. In short, it seemed that there was nothing to lose and that there might be something to gain by following such a policy.

*OPATSI:* In July 1962, when the eighth wage-round was virtually completed, a general meeting of OPATSI members called for parity with other crafts [7]. Because substantial wage increases had only recently been achieved the Resident Executive Committee (REC) did not pursue this claim directly because there seemed to be little prospect of early success. However, towards the end of 1962 the REC passed a resolution calling on the Dublin Building Trades' Group to claim a forty hour week without loss of pay [8]. This move had a variety of advantages for the union. First, it represented a response to earlier demands for parity, because a reduction in hours would increase the hourly rates of the building crafts sufficiently to make them equal to (or greater than) the hourly rates of fitters and electricians. Secondly, it gave it a pioneering mantle while pursuing an objective already made legitimate by resolutions at two annual delegate conferences of Congress. Thirdly, it promised, if achieved, to give greater security of employment and more stability of earnings to the membership. This last point was never publicly articulated by OPATSI until almost a year later when that union was party to an explanatory statement (which is reported below) made by the building trade unions as a group. In February 1963 it was reported that OPATSI had persuaded eleven other unions to support a claim for a forty hour week [9]. This claim was formally submitted to the employers in March 1963 [10]

*ITGWU:* While the ITGWU leadership and membership attitudes are a little obscure, such evidence as is available suggests they were far closer to those of ASW than to those of OPATSI.

*NNCBI:* The group of unions, and in particular the small Irish building craft unions, realised that, in the short term, concession of their claim would simply give their members two and a half hours extra overtime per week. But their key objective was a longer term one. The unions were convinced that the boom would pass and that overtime would cease. Not only that, they feared that the inevitable cyclical declines in the building industry would again lead to unemployment and that, in turn, would lead to emigration. In short, the members would lose their jobs and the unions would lose their members. But if the standard weekly hours could be reduced from  $42\frac{1}{2}$  to 40, this would increase the normal level of employment in the industry by 6.25 per cent. This line of reasoning assumed, of course, that the unions could enforce a ban on overtime should the need arise, but this was not an unrealistic assumption. A further advantage to be expected was the fact that a 40 hour week would narrow the gap between the normal working week in summer and winter and thus give building employees a more stable income over the full twelve months of the year.

Much later, when the employers argued that the unions were using the 40 hour week claim as a disguised wage claim, the unions' reply was emphatic:

The unions deplore the calculated distortion of their submissions to the employers and the Labour Court. The employers, both in the Federation of Builders and the FUE, are quite well aware that the hours of work of building operatives varied considerably in summer and in winter and very often were much less than the currently agreed  $42\frac{1}{2}$  hour week. Earnings also fluctuated between the two extremes of summer and winter. Therefore their 40 hour week claim is for greater security of employment and if this also meant security and continuity of their earning power as building operatives, they made no apology for their claim [11].

The employers, however, felt they had equally good reasons for opposing the claim.

(5) *The origins of employer wage policy*

The CIF, as an employers' trade union, was quite properly concerned first and foremost with the best interests of its member firms. This required it to seek to minimise the rate of increase in unit wage costs, subject to the constraints that sufficient labour be attracted to the industry and that unnecessary industrial conflict be avoided. Although no statistical evidence is available as to the number of vacancies for craftsmen it is clear from a variety of documentary evidence that there were significant shortages of skilled labour. The fact that many firms were working overtime supports this view. In these circumstances the CIF rejection of the claim for shorter hours was entirely predictable.<sup>2</sup>

(6) *The process of collective bargaining*

When the negotiations opened in June 1963, the unions justified the claim on the grounds that "... the 40 hour week was coming" and they cited the position in Guinness (Dublin) and in the building industry in Scotland to support this view. Given that union officials are remarkably adept at discovering developments which can be used for comparability purposes it is notable that they could find only two rather irrelevant precedents to support their claim. Indeed the tenuity of their comparability arguments strongly demonstrates the unprecedented nature of their claim. Replying to this, the employers stated that "... it is not in the interests of the industry to reduce the standard working

2. A reduction in the normal working week from  $42\frac{1}{2}$  to 40 hours without loss of pay would increase hourly wage costs by 6.25 per cent. If employers wished to maintain actual hours worked at the original level ( $42\frac{1}{2}$ ) average hourly wage costs would be further increased to more than 9 per cent above the original cost. This is so because the extra  $2\frac{1}{2}$  hours would be worked at the standard overtime rate of time-and-a-half based on an hourly rate which would already have been increased by 6.25 per cent.



hours at the present time . . .” but they were “. . . willing to discuss the problems associated with winter working hours” [12]. Despite a number of conferences no progress was made and the negotiations were finally overtaken by the emergence of the National Wage Recommendation (NWR) in January 1964.<sup>3</sup> This development inevitably increased the building employers’ determination to resist all industry level claims of a cost increasing nature. These national proposals were considered by a general meeting of the Dublin Branch of OPATSI and the Chairman of that union (who was simultaneously a Joint Secretary of ICTU) urged that they be rejected and that the building unions’ claims for an increase of 1/- p.h. and a 40 hour week should be pursued. Not surprisingly, the national proposals were unanimously rejected by this meeting [13]. A few days later these proposals were discussed at a special delegate conference of ICTU. The other joint secretary of Congress referred specifically to Clause 5 of the National Wage Recommendation which read as follows:

This recommendation is made in the context of existing weekly working hours and annual leave entitlements.

He went on to explain the Congress position concerning this clause:

Paragraph 5 states an important fact. I should like, however, to indicate the extent to which implications may and may not be drawn from this Paragraph. To start with, it does not state that negotiations on hours and holidays are barred for the period of the Recommendation. Such a proposal was in fact made during the course of negotiations and was thrown out by our side [14].

When the conference debate ended the national proposals were ratified by 257 votes to 11 votes. But despite the foregoing assurances some 28 delegates, mainly from the Irish building craft unions, decided to abstain.

Further negotiations took place between the building unions and the CIF and eventually slightly improved proposals emerged at conciliation. In effect the building employers still rejected the claim for a 40 hour week but offered the terms of the NWR and undertook to negotiate certain other fringe benefits within a specified short period. These new proposals were referred back to the membership of the various building unions. The OPATSI reaction was unambiguous. A special general meeting resolved by 285 votes to 4:

That the proposals be rejected as they were only introduced to circumvent the real kernel of the dispute—the 40 hour week and a shilling per hour

3. This recommendation, as we have seen in Chapter 3 above, proposed a wage increase of 12 per cent for all employees and a ban on all further wage claims for a period of two and a half years.

increase. The Executive are to have full powers to declare a strike, if it is necessary to do so, to bring the demand to a successful conclusion [15].

When all the unions had had an opportunity to vote, on the traditional basis of one union one vote, the result was as follows:

Eight votes for acceptance: ITGWU, WUI, ATGWU, NEU, ISWM, UHSPDTU, ASTRO, ASW.

Seven unions against acceptance: PTU, INUPD, BLTU, SCTU, ASPD, INUW, OPATSI.

The Executive Committee of OPATSI immediately decided to call a meeting of the dissident unions [16]. At this meeting, the Secretary of OPATSI pointed out that the majority for acceptance "was not, in effect, a majority of craft unions, or a majority of unions fully engaged in the building industry". Another speaker said that "as the present National Wage Negotiating Committee did not represent the viewpoints and desires of the craft unions, a Craft Union Group should be formed, which would be fully alive to the interests of the Craft Unions" [17]. Before this meeting ended it had become abundantly clear to the Secretary of OPATSI that not even a single union was prepared, at that stage, to sign any strike notice which his union might issue. Support, if it was to come at all, would only be forthcoming after strike notice had been served and then only from some of the Irish craft unions. Undaunted, OPATSI wrote to the CIF to say that it rejected the NWR and intended to pursue its original claims [18]. Shortly afterwards the same union decided to notify the ICTU that it would serve strike notice and that the negotiations would be carried out "by this union alone" [19]. All the building unions were informed of this decision and OPATSI then served fourteen days strike notice [20].

At this juncture ASW, ITGWU and the other unions had little option but to reconsider their position. In response to a request for guidance the ASW Executive in London wrote to its Dublin Management Committee to state that:

. . . the recent (national) settlement was in line with the ICTU, and we could not agree to support the Plasterers in their proposals for a further wage claim and our members would be expected to remain at work [21].

This suggests that, in accepting the NWR, the union had tacitly agreed to postpone the claim for a 40 hour week until that agreement expired. The ITGWU, for its part, reserved judgement in regard to the possible strike.

The positions adopted by both sides now began to harden even further. The building employers flatly refused to consider any concession in regard to the unions' claims for a shorter working week. While they might have reached this decision in any event they were encouraged to adopt this position by a statement in the FUE Bulletin of January 1964. Commenting on Clause 5 the Bulletin stated: "... that working hours should remain unchanged for two and a half years under the terms of the National Wage Recommendation".

The claim was referred to conciliation and, as a result, OPATSI agreed to suspend its strike notice. However, the building unions reiterated their claim as a group but they now demanded a 40 hour week for Dublin only. Replying to this revised claim the employers' spokesman stated that:

If it (the 40 hour week) were conceded in the building industry in Dublin it would spread to the building industry throughout the country and to other industries, consequently the National Wage Recommendation would in effect be infringed . . . as it (the claim) in effect meant an increase in wage costs [22].

Shortly after this the CIF informed the Labour Court that:

. . . the federation has no intention of conceding the claim and regards the matter as closed during the period of the National Wage Recommendation [23].

In these circumstances it is not surprising that further conciliation failed to find a solution. The OPATSI now served strike notice for the second time. This notice was to expire one month later on the day on which the building employees were due to return to work after their summer holidays. By this stage the ICTU had given repeated assurances to OPATSI, and to the building unions generally, that their claim for a reduction in weekly working hours was *not* contrary to Clause 5 of the NWR. Indeed, the Congress went so far as to challenge the FUE interpretation of this clause as published in its January Bulletin. The FUE replied that their statement (quoted above) "was comment on, and not text of, the Recommendation" [24].

As the OPATSI strike notice ran out the case came before the Labour Court and the following arguments emerged. The employers stated that concession of the claim would increase labour costs by at least a further 6 per cent (and possibly even by 9 per cent) in addition to the 12 per cent wage increase already granted under the NWR; that it would lead to similar demands on provincial builders and on transportable goods industries which faced foreign competition; that it would cause a reintroduction of haphazard negotiations and that the

claim was in fact another wage claim.<sup>4</sup> This last point was the corner-stone of the employers' case against the unions' demand. Curiously, it was not specifically argued on this occasion that the claim was in breach of the NWR though this was implicit in the employers' case.

The unions also switched away from their original argument "that the 40 hour week was coming anyhow" and argued that their members were entitled to shorter hours because of the special circumstances in the industry. These included exposure to weather extremes, increasing pressure due to mechanisation and frequent travel to distant sites. Site conditions, it was argued, were essentially unchanged in 40 years and building workers were entitled to shorter than average hours on this account. It was also stated that productivity had increased enormously and that the widespread practice of paying excess rates<sup>5</sup> was ample evidence of the employers' ability to meet the increased costs arising from this claim. Finally, the unions emphasised that their claim, outstanding for over 15 months, was lodged long before the start of the national wage negotiations and that it was in line with ICTU policy as endorsed by Conference.

Paradoxically the Labour Court was not asked by either party to give a ruling as to the "correct" interpretation of Clause 5 of the NWR. The Court, for its part, did not volunteer an interpretation, but issued a recommendation rejecting the claim [25]. The reasons behind this decision are examined in considerable detail in the following chapter. Suffice it to say at this point that the recommendation failed to resolve the dispute.

The ICTU convened a meeting of the building unions to consider the Labour Court's ruling. This meeting was attended by the Joint Secretary of Congress (who was also Chairman of OPATSI) and it issued a statement which "rejected emphatically" the Labour Court Recommendation and "strongly refuted" any interpretation of the National Wage Recommendation which precluded the full negotiation of the claim. ASW representatives attending this meeting now felt obliged to state that as far as ASW was concerned "... they wanted a 40 hour week for their members" [26]. The union's obvious reluctance to become involved in a strike was set aside when it became clear that the two Irish woodworkers' unions would strike with OPATSI. The ASW then had no alternative but to appear to be just as forceful as its Irish competitors. It was subsequently agreed, at a meeting of the Dublin Management

4. A reduction in normal working hours with a corresponding increase in hourly wage rates so as to maintain basic weekly pay at its original level *would*, of course, increase unit wage costs if productivity remained unchanged. However, it is axiomatic that in the absence of overtime, weekly wage income *would not* increase as a result of such a cut in hours.

5. Excess rates are hourly wage rates which exceed those formally negotiated at industry level. The actual excess is informally negotiated at company or site level without any reference to the central negotiating machinery. This excess may therefore be properly referred to as wage drift as we have defined it on page 31 above.

Committee, that the union "... had no option but to support the decision of the group to take strike action" [27]. The ITGWU was even more hesitant about becoming involved. When the strike became inevitable it was the last of nine unions to state its position in writing to the CIF [28]. In doing so it waited until the strike had been in progress for almost a week and then it merely stated that it was "... associated with the claim" [29].

The strike finally started amid considerable confusion in the middle of August. The craft unions now set up a central strike committee which directed the placing of pickets. It was agreed to accept a suggestion from OPATSI that a register should be opened to be signed by employers who were prepared to concede the claim and thereby avoid strike action. Many small non-federated firms did in fact sign this register. As the strike progressed a number of efforts were made to end it, but since these all hinged upon the level dimension of the bargaining structure, they are considered in the following section.

(7) *The dimensions of bargaining structure*

(i) *The level dimension:* This was the most important dimension in this case. In the early days of the strike when it still seemed as if the CIF might be prepared to negotiate a compromise settlement at the Labour Court, the FUE announced a lockout by its Builders Providers' Branch which had received a claim for a 40 hour week three days earlier [30]. This lockout action took the building employers by surprise, but, ironically, it was wrongly interpreted by the unions as an act of collusion between CIF and FUE. As a result union attitudes hardened and any hope of an early compromise settlement evaporated. For the building unions immediately realised that if the builders' providers remained closed for long, many building firms, which had already signed agreements with the unions, would have to close. This would, of course, greatly reduce the ability of the unions to finance the strike by levying members not affected by the strike.

The level dimension of the bargaining structure formed the basis of another early attempt to bring the strike to an end. Although collective bargaining normally operated at industry level, the strike only involved the building industry in Dublin. Shortly after the strike began the NFBTU (a British Federation consisting of ASW, ASPD, ASTRO, ATGWU and the PTU) served a claim for a 40 hour week on a national basis [31]. It was hoped that this would give these unions control of the negotiations, enable them to neutralise the more militant attitude of the Irish-based craft unions and thus bring about a compromise settlement. For, in the event of a national building strike, the Irish unions would be deprived of their strike levy income from provincial members. The British-based unions by contrast could (and did) rely to a significant extent on funds from their head offices in Britain. In the event

this attempt to alter the bargaining level of the dispute did not come to anything but the Irish-based craft unions saw its implications immediately and this, needless to remark, exacerbated the existing strain between the two groups of unions.

Shortly after this a third attempt was made to undermine the position of the Irish craft unions in a somewhat similar way. On this occasion press reports in the second week of September suggested that Cement Ltd. (the only cement producer in the Republic) had been asked by the Builders Providers' Branch of FUE to cut off all supplies to the many small non-federated building firms in the Dublin area which were not affected by the strike. This move would also have weakened the financial position of the Irish craft unions for the reasons just mentioned.<sup>6</sup> In a letter to the Minister for Industry and Commerce the ICTU "deplored this proposed misuse of Cement's monopoly position" [32]. A copy of this letter was sent to the company which replied ". . . without adverting to the main issue . . ." Instead it argued that it had no monopoly power and that anyone who wished to do so could import cement under licence [33]. Thus the suggestion that an FUE member firm, not directly involved in the dispute, might take action prejudicial to the building craft unions, was not denied. Again, nothing significant came of these moves possibly because Congress had suggested to the Minister that "appropriate government action be taken if any attempt was made by Cement Ltd. to act upon the FUE suggestion" [34]. But the net result was a further hardening of attitudes on the trade union side at a time when prospects of a negotiated compromise settlement were thought, by CIF, to be improving.

(ii) *The unit dimension*: This dimension is notable in that this is the largest industry (and one of the very few) in which craft and unskilled workers negotiate jointly. Although the latter achieved the same settlement terms as the former in this case, they failed to achieve this in wage settlements negotiated in subsequent "free for all" wage-rounds. Further comment will be made on the implications of this in the final case study.

(iii) *The scope dimension*: There was nothing unusual about this dimension in this case as there was no question of the unions seeking to add to the scope of bargaining or of the employers trying to diminish it.

#### (8) *The settlement*

It was not until the above-mentioned Minister intervened to initiate further conciliation that a series of settlement proposals emerged in October 1964.

6. By this time almost 500 small contractors in the Dublin area, employing some 2,500 craftsmen, had conceded the claim for a 40 hour week and were working normally. The unions saw these members as a very useful source of levy finance.

The CIF membership voted almost unanimously to accept both the penultimate and the final sets of proposals. The ITGWU membership also voted to accept both sets of proposals. However, the ASW members in Dublin voted to reject the penultimate offer. This rejection indicates that, whereas the ASW members were rather disinterested prior to the strike, they became much more determined in pursuit of the claim as the strike progressed. However, they later voted to accept the final offer. The OPATSI members, by contrast, rejected both the penultimate and the final proposals but, in the end, the union bowed to the majority view so as to allow the strike to come to an end. The agreement was signed by all parties on 13th October 1964.

The settlement terms were such that the unions' claims were conceded on a phased basis, so that, by the time the National Wage Recommendation expired early in 1966, the 40 hour week was operating in the building trade in Dublin and hourly wage rates had been adjusted accordingly. This had the startling, though short-lived, effect of giving the Dublin-based building craftsmen the highest hourly craft rate in the country. The relative positions of the various crafts following this settlement can be seen in Appendix F.

(9) *Summary*

(i) This key settlement had its origins in a demand by the members of a small lower paid building craft for wage parity with larger higher paid crafts outside the building industry. That union's executive decided to seek parity of hourly rates to begin with and, to this end, demanded a reduction in the normal working week without loss of pay. This objective had already become ICTU policy. There is no reason to suppose that future ICTU resolutions concerning further cuts in normal working hours will only arise at times when national economic circumstances appear to warrant such changes.

(ii) The union taking the initiative, OPATSI, was predisposed to militancy by its occupational and industrial uncertainties. In these respects it provides an almost complete contrast with the other two unions examined, ASW and ITGWU. This case provides a remarkable demonstration of the way in which one small union can, in certain circumstances, draw all other unions within a negotiating group into a strike by taking a determined initiative. The implication is clear. The fate of individual unions, however small and unimportant they may appear to be, cannot safely be ignored, particularly when such unions are part of a larger bargaining group. A Congress resolution in 1968, concerning pre-strike consultation and all-out picketing, deals with the symptom, but not with this important underlying cause, namely, union insecurity [35].

(iii) The ambiguity of Clause 5 of the 1964 National Wage Recommendation proved to be the stumbling block which made the strike inevitable. Despite

this demonstration of the dangers of imprecise draftsmanship we have since seen one of the longest strikes in the history of the state occur in the commercial banks, for precisely the same reason.

(iv) The attempts to shorten the strike, by considerably extending its incidence, were based on the characteristics of the bargaining structure. These incidents foreshadow the decisive role of bargaining structure in the remaining case studies.

(v) The building employers appear to have been inflexible in these negotiations. However, it is clear that they were under considerable pressure from other employer groups not to concede anything. They were also somewhat tendentious in suggesting that there were no special circumstances in the building industry as compared with other industries; in fact the preamble to the final settlement specifically admitted that such special circumstances do obtain. Finally, the employers refused to take due account of the fact that the building workers' claim for a 40 hour week antedated the NWR, which was used as a pretext to reject it, by almost a year. It is encouraging to note that more recent National Wage Agreements have taken a much more pragmatic line in regard to pre-existing claims.

(vi) This settlement was the first major breakthrough by the craft unions towards a national 40 hour week. Inevitably, other craft groups were quick to make similar claims and our next case study deals with the main employer reaction to them.



## SECOND CASE STUDY

### *The First Maintenance Craftsmen's Agreement<sup>1</sup>—October 1966*

#### (1) *The parties to the negotiations*

In this case the employee side was easily the most complex coalition of interests ever to sign an industrial agreement in this country. It consisted of nineteen craft unions of which six were British-based and thirteen Irish-based. There were ten building unions, eight unions representing the engineering and allied trades and one electrical union.

Four of these unions had a major influence on the sequence of events which led to the above-mentioned settlement. These were the Amalgamated Engineering Union (AEU), a giant British union with a substantial membership in Ireland; the Electrical Trades Union (ETU), an Irish union which represents the great majority of electricians in Ireland; the National Engineering and Electrical Trade Union (NEETU), an Irish union which was emerging as a result of a merger between two smaller unions; and, finally, the Amalgamated Society of Woodworkers (ASW), which has already been referred to in the previous case study.

All of the foregoing unions, except the emerging NEETU, were registered as such and held negotiating licences. With the exception of ETU they were affiliated to Congress. Yet the group as such had no constitution or rules. Indeed, they did not view themselves as a group until they had signed this first maintenance agreement.

The employers were represented by the Federated Union of Employers (FUE) which was also registered as a trade union and held a negotiating licence. It is the only employer federation which deals exclusively with labour affairs and as such it is by far the most important employer voice in the industrial relations field. It was instrumental in setting up the JCCEO in 1963.

#### (2) *The trade unions and predisposing factors*

*AEU:* The AEU recruitment objective was as follows: "The union shall consist of workers engaged in the engineering, shipbuilding and kindred trades . . ." A further stated objective was to develop "the most cordial relations with other unions in the industry with a view to bringing into existence one union for these trades". The main entry rule was as follows: "Each candidate

1. A contract craftsman is one who is employed by a contractor to do a wide variety of contract work in many different locations. A maintenance craftsman is one who is employed to carry out continuous maintenance work for a single industrial or commercial employer in one location.

for admission . . . must be qualified for membership under the following conditions: he/she shall produce satisfactory evidence of having worked five years at one or more of the fully skilled trades, except where a lesser number of years apprenticeship is the established rule . . ." [1].

On the occupational side the AEU had a long tradition which accepted all manual grades but excluded clerical, professional and managerial staff. Yet it was, and has remained, very much a craft union and even now only about 10 per cent of its members are not craftsmen though this proportion has been rising slowly. Skill dilution and disintegration did not seem to be major problems. Industrially the union was well placed as its membership was not concentrated in a small number of vulnerable industries. While a significant number of its members was in the Engineering Contract Shops these shops continued to undertake a considerable amount of outside maintenance work as opposed to one-off or small batch fabrication jobs. Again, as a great variety of undertakings in distribution, services and manufacturing employed their own maintenance fitters on a permanent basis, AEU had a very useful measure of diversification. Furthermore, such employment had been growing steadily throughout the early 'sixties.

The Irish Division of AEU had two major advantages over its Irish counterparts. First, if its members emigrated to work in Britain they tended to keep their cards in order and to return to the AEU (Ireland) if they came back to work in this country. Secondly, it could fall back on the resources of the British Head Office in times of crisis.

Intra-union relations were satisfactory, but serious stress developed between the Irish Divisional Office and the Dublin District Committee in the course of the negotiations considered below. Given that AEU and its Irish counterpart, NEETU, were in direct competition for new members, inter-union relations were surprisingly good but each union was keenly aware of the other's recruiting activities.

*ETU:* The recruitment objective of ETU was as follows: "To organise all workers in the Electrical Industry." The entry rules provided that any persons "who have served an apprenticeship . . . would be eligible for membership". There was also an auxiliary section for non-craft workers who worked in association with craft members [2].

The unskilled element of membership, which represented about 20 per cent of the total, was based entirely in electricity supply and had a limited influence within the union. Skill dilution, disintegration and obsolescence were not causing any real concern. The industrial dimension was such that the union's membership was almost equally divided between contracting, maintenance and supply. Contracting employment was increasing slowly but was susceptible to

fluctuations in the building industry. Employment in both maintenance and in electricity supply was increasing slowly but steadily.

There is no evidence of serious intra-union rivalry or of potential splinter groups within ETU in the nineteen sixties. Inter-union relations were less satisfactory however. The NEETU also had an electricians' section and, although this represented a relatively small proportion of all electricians, its activities were a cause of some concern to ETU.

*NEETU:* The IEIETU and NEU acted jointly during the 1966 negotiations although their merger talks, initiated in 1962, were not yet finalised. The rules of the new union, NEETU, were only in draft form and were not in fact registered until December 1966. The NEETU recruitment objective was: "To organise all persons eligible for membership." It was also planned "to amalgamate with any other Trade Union(s)" if this were considered advisable. The entry rule stated that: "Membership of the union shall be open to all workers engaged (including workers about to be engaged) in the Mechanical, Electrical, Foundry, Brass Finishing and Engineering Industry in Ireland" [3]. These rules, broadly speaking, were designed to give the new union a territory which was at least as extensive as the combined territories of the two unions which preceded it.

The merger altered the occupational dimension of the two constituent unions by changing the craft/non-craft balance as follows: NEU 60 per cent to 40 per cent and IEIETU 90 per cent to 10 per cent combined to give NEETU a 75 per cent to 25 per cent ratio. Although this new union had a higher proportion of dilutees than AEU this was more the product of an active recruitment policy than a matter of serious concern. Industrially the membership of NEETU was concentrated mainly in maintenance work but there were also significant groups in the various contracting trades and in electricity supply. Employment in both contracting and maintenance was expanding steadily.

Intra-union relations were marred at this time by moves by a group of electrician members of IEIETU to stop the merger but this had no impact on the course of collective bargaining in this case. Inter-union relations were reasonably settled but it is worth emphasising that NEETU was in direct competition with AEU for new members and each union actively favoured a move towards the formation of one engineering union. Needless to say, each regarded itself as the obvious choice for that all-embracing rôle. In the circumstances neither could afford to appear to be less militant than the other

*ASW:* This union's position, as outlined in the first case study, had not altered significantly in respect of the factors considered here.

The most salient point emerging from this review of predisposing factors is the fact that multi-unionism was (and still is) endemic in the craft area. In each of the major crafts (electrical, engineering and woodworking) two or more unions were in direct competition with each other for new members. It is not difficult to understand how the competitive pressure inherent in such a situation might manifest itself in a bidding up of wage claims.

(3) *The employers and predisposing factors*

The FUE recruitment objective was: "To organise the employers of Ireland." The entry rule stated that: "The Federation shall consist of any number of persons, firms, companies or bodies corporate, who are employers of labour and who, having accepted the principles, objects, rules and methods of the Federation shall have been admitted to membership . . ." [4]. Thus, the federation was an open organisation. Applicants were seldom turned away but those who refused, as a matter of principle, to recognise trade unions would not be admitted as a matter of policy. Expulsions were virtually unknown. With the steady growth of the economy the federation's territory was expanding rapidly.

Intra-federation problems were not articulated until later. Inter-federation problems of a competitive nature were marginal. However, the ongoing discussions concerning the possible formation of a single employer body (with the concomitant abolition of all existing federations) seem to have inhibited the full and frank exchange of bargaining information.

In summary, the FUE was the largest and most influential employer federation and as such it felt obliged to give a lead to employers generally whenever major bargaining issues arose. However, its total membership at that time (1966) was only 1,601 companies, a relatively small proportion of all companies operating in the Republic though most of the largest companies in the country were in membership [5].

(4) *The origins of employer wage policy*

Here the usual sequence of sections is reversed because in this case it was the employers, rather than the unions, who took the vital initiative. Not very long after the building settlement of October 1964 two quite separate but related developments got under way. First, the building unions in general, and ASW in particular, sought to extend the newly negotiated 40 hour week from building contract work to building maintenance work [6]. This campaign was unsuccessful mainly because the FUE took a resolute stand against it. Secondly, the other major contract craft groups in the electrical, engineering and motor trades also demanded a 40 hour week without loss of pay. When the pressure for reduced hours first began to build up in 1965 FUE tried to encourage the

other members of the JCCEO to adopt a common employer policy opposing these claims. The FUE subsequently suggested that the matter be discussed with ICTU at national level. Neither of these moves came to anything and FUE was left to face the developing problem alone. It was now clear to FUE that the problem had two distinct aspects. In the short term, it was felt that any concession of the 40 hour week, without loss of wages, would result in a further (and unwarranted) increase in unit wage costs. The federation therefore felt that it would be failing in its first duty to its members if it did not offer the firmest possible resistance to the demands for a 40 hour week. As this resolve to resist grew, other considerations swayed the federation towards the particular policy which it was soon to adopt in this regard.

These considerations had to do with the longer term. Craft wage rates in engineering, building and electrical contracting were thought to have a notable and persistent influence on wage rates generally. There was a well-established tradition whereby firms employing maintenance craftsmen simply followed the hourly wage rates negotiated by contract craftsmen. A similar, but disputed, tradition applied in respect of reductions in normal working hours. But the contract employers did not face any foreign competition and this, FUE believed, made them susceptible to unwarranted wage settlements, simply because they could pass on the increased costs to their customers.<sup>2</sup> The federation also felt that the extension of contract craft wage rates to maintenance craftsmen raised the wage expectations and demands of the generality of manual workers who worked alongside the maintenance craftsmen throughout industry. But, and this was the crux of the problem, most of the major contract craft employers were organised by other federations outside FUE (notably, building, electrical contracting and the motor trades). Only the engineering and metal contracting employers were organised by FUE itself. Thus it was that FUE, far and away the largest employers' organisation, found itself unable to influence, much less control, a vital part of the craft wage structure. The irony of this situation was sharpened by the fact that FUE alone specialised completely in labour affairs. The other federations were only part-time operators in the labour field. Most of their work was concerned with trade, technical and legal affairs. While FUE officials might have been prepared to soldier on indefinitely, some of the federation's most influential industrial member firms were becoming increasingly dissatisfied with the above-mentioned tradition. In the summer of 1966 some of these firms found themselves faced with a strike notice from the engineering unions. These unions were following the trail blazed, yet again, by the building unions and the electrical unions, though this time the issue was shorter hours rather than higher wages. It was

2. However, it is also valid to argue that because they faced strong foreign competition at home and abroad, the FUE maintenance employers could ill afford to face a major strike.

becoming increasingly clear that the leading industrial member firms in FUE expected action by their federation.

In response to this situation the FUE held a general meeting of all its craft branches; a small number of maintenance employers were also present. At this meeting "It was agreed that the objective of one agreement to cover all maintenance craftsmen and another agreement to cover all contract work was desirable" [7]. Thus the idea of a maintenance agreement, which was proposed in the first instance by the threatened FUE Engineering Contract Shops Branch, was approved by all the FUE contract employers without reference to the general body of maintenance employers, who were to be called upon to negotiate and uphold it. (However, it was discussed by the FUE Executive, some of whom were maintenance employers.)

The corner-stone of the idea was that the maintenance craftsmen would forgo their claim for a 40 hour week and would agree to work the hours of the industry in which they were employed. In return, the FUE proposed that they would (a) have the hourly rate of pay applying to craftsmen in contracting employments (subsequent to their basic working week being reduced without loss of pay) and (b) that existing plant level fringe benefits would be extended to them (i.e. to maintenance craftsmen). Then, in future, the FUE Maintenance Employers' Group (which had not been formed, much less informed of the role now proposed for it) would negotiate with all craft unions which represented maintenance craftsmen.

Faced with such radical and far-reaching proposals, the FUE Executive Committee gave instructions to all concerned that it should be kept fully informed of any developments along these lines. Although the Executive did not take any active part in the subsequent bargaining it approved each major step in these negotiations. The craft unions, however, were to take widely different views of this proposal. The reasons why they failed to achieve a firm consensus in this respect emerge in the next section.

(5) *The origins of trade union wage policy*

*AEU:* Shortly after the building employers had conceded a 40 hour week on a phased basis to the Dublin-based building workers, the AEU, acting on instructions from a National Delegate Conference, submitted a claim for a 40 hour week for all engineering craftsmen [8]. This reflected the general move towards reduced hours (and higher hourly rates) in the craft sector. It was this claim, made jointly with the other engineering unions and ultimately backed by strike notice, which finally prompted FUE to suggest a separate maintenance craft agreement to all the craft unions. To understand the reaction of the AEU and its Dublin District Committee (DDC) to this proposal one must consider

certain AEU rules and one must refer back to the pre-existing bargaining arrangements. The AEU rules clearly state that district committees “. . . shall have power—subject to the approval of the Executive—to deal with and regulate rates of wages, hours of labour, terms of overtime, piecework and general conditions affecting the interests of the trades in their respective districts” [9]. Up to this time there had been only one district agreement which covered Dublin, Cork and Waterford. The opening clauses of that Engineering Contract Shops Agreement were unusual in that they did not restrict the wage rates specified therein to contract shop employments [10]. Indeed, it had been normal practice for other district committees to seek to extend these hourly wage rates to engineering contract and maintenance employments throughout the country. The FUE proposals for a maintenance agreement were necessarily linked to a change in the foregoing bargaining structure. In future it was proposed that the Contract Shops Agreement would apply *only* to those employments and the AEU would be represented mainly by the Divisional Officers in the new maintenance negotiations.

Predictably the Dublin District Committee was strongly opposed to these proposals. There were three reasons for this. First, they would transfer the locus of bargaining authority from district up to divisional level and this was seen by the DDC as a radical and unjustifiable departure from the rules. Secondly, the new maintenance agreement represented a change of bargaining units since it would tie the engineering trades to the building trades and the former believed that this would be to their disadvantage.<sup>3</sup> Thirdly, and most crucially, the new agreement would result in another rate at district level, thus breaching the fundamental union rule that there should be one district rate for the craft.

AEU members in provincial districts had not yet established any agreed district rate. They had no alternative but to try, as best they could, to extend the Dublin district rate to their areas. This had never been an easy task. As the great majority of these provincial members were engaged on maintenance work, the proposed maintenance agreement offered to make life considerably easier as there would be only one national maintenance rate under the new agreement and this would automatically apply to them. Not surprisingly the Divisional Office, which was responsible for AEU affairs throughout Ireland, favoured the new proposals. Thus, the Irish Divisional Office and the Dublin District Committee found themselves seriously at odds.

3. Opposition to any link with building craftsmen was based partly on the fact that the fitters believed they were the largest single group of maintenance workers in FUE employments. This viewpoint was borne out by a subsequent internal FUE survey, which revealed the following breakdown of maintenance craftsmen: engineering trades 1,265 (50 per cent); building trades 523 (21 per cent); electricians 336 (13 per cent); motor mechanics 251 (10 per cent); all others 147 (6 per cent). The overall total was 2,522 [11].

*ETU:* This union operated on the long-standing principle that electricians were the premier craftsmen. This superior status and the modest differential which it carried (at this time a mere penny per hour) had long been tacitly accepted by the other craft unions. However, the 1964 building settlement reduced hours without loss of weekly pay and thereby increased the hourly rates of building craftsmen. At the final stage of that agreement, the hourly rate in building moved ahead of the hourly rate in electrical contracting. Not surprisingly, a claim for a 40 hour week in electrical contracting quickly ensued. However, before this claim could be conceded, the FUE proposals for a maintenance agreement which would level all hourly craft wage rates up to the engineering wage rate became known. The ETU flatly rejected this idea for two reasons which were subsequently made explicit at a National Executive Council debate. First, it would create different rates for contract and maintenance electricians and secondly because they had always had a "horror of groups" and hence disliked group negotiations intensely [12]. In an effort to change the union's attitude the FUE then offered to pay the contract electricians' rate to all maintenance craftsmen [13]. The ETU, further dismayed at the proposed obliteration of the electricians' trivial but jealously guarded differential, flatly refused to participate in the negotiations which then proceeded to a conclusion in its absence.

*NEETU:* The two unions, IEIETU and NEU, which were progressing towards a merger to form NEETU, were party to the claim for a national 40 hour week for engineering workers. They were also party to the ensuing strike notice that threatened to shut down many FUE firms (both contract and industrial) at the end of August 1966. The IEIETU (and the emerging NEETU) was a unique multi-craft union. It therefore faced the following dilemma. On the one hand, craft union traditions demanded one craft rate within the union, while, on the other hand, the traditions of the higher paid electrical craft demanded that their differential be preserved. The FUE proposal that there should be one wage rate for all types of maintenance craftsmen coincided with the IEIETU Executive's belief that, in the interests of unity, there should be one rate for its electrician and engineering members even though this eliminated jealously guarded inter-craft differentials. This IEIETU principle had never been fully realised. Indeed it had proved to be a divisive factor in that it had helped to prompt the electrical section of the union to oppose the merger. However, the FUE proposal promised a substantial and unexpected increase for all NEETU members. It also promised to eliminate the "back breaking job" of extending the Dublin engineering contract shops rate throughout the country. Thus everyone in NEETU (NEU/



IEIETU), with the exception of a small group of electrician members, was in favour of the proposed maintenance agreement.

*ASW:* After the 1964 building strike ASW sought to extend the terms of the settlement to its members who were engaged in maintenance work in FUE companies. The FUE refused to make this concession and the union informed the federation that this was "creating a very difficult position for the society". This, as in the case of AEU, reflected the union's opposition to any suggestion that there should be two different rates for the craft—one for contract work and one for maintenance work. It was therefore ". . . decided to seek sanction from the Executive Committee to withdraw labour" [14]. Subsequent efforts (including a strike which was met by a retaliatory FUE lockout) to win this concession and thereby return to a single hourly wage rate for contract and maintenance carpenters were unsuccessful. The claim was also rejected twice by the Labour Court [15]. When the FUE proposal to level all craft rates up to the highest existing craft rate was subsequently considered by an ASW meeting the officials were mandated to proceed with the negotiations but it was emphasised that: ". . . the important thing (was) the craft rate" [16]. It is not altogether surprising that this union was receptive, as the proposed agreement would bring all its members employed in a maintenance capacity to a rate which exceeded the building industry's Dublin rate. Of course, it did mean that the ASW craft rate would then be split in two so that maintenance members would have marginally more than contract members. But the advantages, particularly for provincial members, were so great that the union was prepared to tolerate the creation of a second rate for the craft. The ASW did not have the same purist craft traditions as AEU, ETU and NEETU. In any case ASW believed that the maintenance agreement would provide the union with considerable leverage in its future building industry negotiations. The ASW policy was therefore in favour of the proposed new agreement.

(6) *The process of collective bargaining*

The FUE took the initiative by inviting all the craft unions to discuss the idea of a single agreement to cover all maintenance craftsmen. At this meeting the FUE proposed that all maintenance employers within FUE would negotiate such an agreement with all the craft unions [17].

The next day FUE wrote to all its members (the Maintenance Employers' Group had not yet been formed) concerning these proposals. This circular made the following points (a) agreements on shorter hours have been reached in building, electrical contracting and motor trades<sup>4</sup>—the Executive had

4. No mention was made of the similar but pressing claims made on FUE by the engineering unions.

therefore decided to invite all craft unions to discuss the possibility of a nationwide agreement; at that meeting the federation had agreed to continue discussions, (b) the FUE Executive considered that it was no longer in the interest of industrial and commercial employers to have the rates of pay, working hours, and conditions of employment of craft employees determined by contract negotiations in which maintenance employers were not represented, (c) the only alternative to the proposed nationwide maintenance agreement would be the implementation of settlements made by other federations,<sup>5</sup> (d) finally, member firms disagreeing with the foregoing proposals were asked to inform FUE immediately [18]. Only one firm (out of a total of more than 200 concerned) wrote to say it was firmly opposed to the proposals [19].

This very limited response may have been caused by a feeling among member firms that they had been presented with a *fait accompli*. It may also have been caused by the text of the circular which asked for objections but did not seek formal written approval. This is just one example, admittedly a rather extreme one, of employer silence in response to federation requests for comment on proposed initiatives. This is a perennial and a most difficult problem for employer organisations.

Some time later FUE called an urgent meeting of all member firms employing maintenance or contract craftsmen to discuss a draft of the proposed maintenance agreement. This meeting gave the Negotiating Committee a *carte-blanche* to do the best they could in the ongoing negotiations [20]. Eventually strike notice was suspended and the negotiations were resumed. When they finally concluded, the new agreement provided that there would be a single hourly rate applicable to all maintenance craftsmen. Thus, all the traditional inter-craft differentials in this field were wiped out at a stroke. Not only that, the new rate had been raised to the level of the highest existing craft rate in the country, namely, the contract electricians' rate in the Dublin area. The maintenance employers themselves were not asked to vote on the final proposals. Instead, three days before the agreement was signed, the FUE Council and Executive Committee considered the proposals and decided that the federation should sign the agreement. Thus, the FUE search for a consensus in these negotiations was rather hurried and inconclusive. It appears that member firms went along with the idea in the belief that it would eliminate some plant level problems, notably in regard to differentials and claims for reduced hours. However, it is difficult to believe that the Executive, the Council or the members fully understood the implications of the new agreement.

If the search for a strong consensus on the employer side was rather inconclusive the search for consensus on the union side also had very mixed fortunes.

5. Plant level agreements, which were another possibility and which have since found favour with many of the largest industrial companies, were not mentioned.

*AEU:* As a preliminary step towards the negotiation of the proposed maintenance agreement the FUE sought to negotiate a new Engineering Contract Shops agreement. The draft proposals from FUE provided that the new engineering agreement would apply specifically and exclusively to contract employments only. The AEU Divisional Office favoured this arrangement as a necessary enabling step which would leave it free to negotiate the proposed maintenance agreement. The reaction of the Dublin District Committee was both emphatic and angry. The Dublin District membership voted overwhelmingly in support of its committee's viewpoint and rejected the foregoing proposals by 659 votes to 8 votes [21]. The District Committee later passed a resolution to the effect that "... the Executive must give serious thought before instructing the Divisional Officer to sign on behalf of the AEU" [22]. At a subsequent meeting the Divisional Officer, replying on behalf of the Executive, said that, as the claim was a national one, any settlement "... would not be rendered invalid by any decision of your District Committee". The DDC then resolved that delegates attending the FUE meeting to ratify the proposed engineering contract shops agreement (so as to clear the way for the maintenance agreement) be instructed "to reject the suggested proposals of FUE as unacceptable to our members and they shall not be considered binding". It was further resolved "that in the event of the agreement being signed against our wishes then the whole Dublin membership of 2,000 will be summoned to an aggregate meeting and the whole position will be explained to them, and (we will) seek a further mandate as to what further action we could take" [23]. A subsequent mass meeting, attended by 951 Dublin-based members, voted unanimously "... to endorse the rejection by the DDC of the FUE proposals and to request the Executive Committee to instruct the Divisional Officer *not* to sign this Engineering Agreement as it split our members and covered only 10 per cent of them" [24].

Despite this resolute opposition the AEU Divisional Officer finally signed both the new engineering contract shops agreement and the maintenance agreement with the approval of the London-based Executive. Having been thus over-ruled the DDC discussed its position and noted "... that the main bone of contention was that the national claim for a 40 hour week had fouled up the rates of wages paid to our craftsmen and made a shambles of the position in the Dublin District. Already rumblings were being heard in the branches to the effect that not alone had we two rates but that the mechanics' rate would make a third". This position was deplored by the whole Dublin District Committee. It was finally resolved "... that as the Executive had authorised the signing of the FUE Agreement they must accept full blame and therefore no useful purpose would be served by prolonging the discussion" [25]. Thus, at the end of the negotiations, opposition from the Dublin District Committee

and membership remained unresolved. This, as will be seen in the fourth case study, was to have considerable repercussions when the maintenance agreement came up for renewal.

*ETU:* When the ETU Resident Executive Committee (REC) had had reports from its branches on their attitudes to the proposed maintenance agreement almost all branch commentary was unfavourable to the idea of all other crafts levelling up to the electricians' rate. However, it was agreed by REC to put the proposed agreement to a ballot vote of the members concerned [26]. On the day the agreement was signed by all the other unions the results of the first ETU ballot were reported to the Executive; Electorate—292,<sup>6</sup> Valid Poll—239, Against—150, For—89 [27]. The FUE refused to hold separate negotiations with the ETU [28]. But finally the union agreed, most reluctantly, to acquiesce by signing the agreement in order to avoid further loss to its members, as FUE had refused to apply the terms of the maintenance agreement to ETU members until the union signed the agreement [29]. ETU opposition to the new arrangements did not dissolve after the event and, like that of the AEU-DDC, it was to have considerable repercussions.

*NEETU:* Both IEIETU and NEU (NEETU) formally accepted the maintenance agreement late in September 1966 and signed it with all the other unions involved some time later [30].

*ASW:* The building unions, including ASW, had no difficulty in getting their maintenance members to accept the terms of the agreement. ASW and the other building unions wrote to FUE confirming their acceptance of the terms early in September 1966 [31].

(7) *The dimensions of bargaining structure*

In this case the FUE's effort to reform bargaining structures was the most notable factor. The objectives were (a) to establish a bargaining forum which could take account of the circumstances peculiar to maintenance employment and (b) to reduce the influence of craft wage rates on wage rates generally. There were three possible policies in this regard. The first was to unify all craft negotiations under a single employer organisation or to co-ordinate the wage policies of the various employer bodies much more rigorously. For reasons considered in the next chapter neither of these courses seemed likely to offer a solution. The second policy was to recognise the bargaining power of

6. The results of a later FUE survey quoted above (footnote 3) indicate that there were 336 maintenance electricians employed in FUE firms. If we assume that all non-ETU electricians were in NEETU then this latter union had 44 electricians in FUE firms.

the craft unions and to seek to weaken the link between craft wages and other wages by abandoning the traditional negotiation of "the rate for the craft" and to opt for widespread plant level bargaining for craftsmen. Since 1969 this latter has become more common among large firms, including some of the largest firms in FUE (though "the rate for the craft" remains a vital factor). The third policy, and this was the one adopted by FUE, was to create a new bargaining structure in the hope of achieving a more equal bargaining balance. A comparative examination of the pre-existing craft bargaining structure and the bargaining structure which replaced it helps to evaluate this choice. This can be done most conveniently in terms of the three dimensions of bargaining structure already mentioned—levels, units and scope.

(i) *The level dimension*: Under the old system, craft wages were negotiated at industry level in the various contracting industries and then extended to maintenance craftsmen in manufacturing and service industries by means of company level bargaining. Thus, the various craft unions had a clear-cut role and carried out their main negotiations with well defined homogeneous employer groups organised on an industrial basis. The alternative, proposed by FUE, precluded the extension of contract wages to maintenance employments and filled the gap thereby created with a broad new multi-industry bargaining structure. In theory a broader bargaining front puts employers in a position to make a strike more expensive for the unions. But in this case the broader employer front had some serious limitations. First, it covered only about 10 per cent of the estimated total of 25,000 maintenance craftsmen. The other 90 per cent who were in non-FUE firms (and in the public sector) would be unaffected by any strike against FUE firms and so the unions could readily finance such a strike by levying the former group of members.

Secondly, the FUE initiative was an interesting example of a departure from the well-established employer bargaining principle of common interest as set down in the first clause of the FUE Rule Book (our italics):

The Federation *shall* be divided into such branches as shall be defined by the National Council, *classified by reference* to:

- (a) The business or businesses, trade or industry, carried on by the members, or
- (b) The area in which they carry on business, or
- (c) Both such business or businesses, trade or industry, and such areas [32].

This rule reflects the conviction that employers can bargain more effectively as groups. But it also reflects the even stronger conviction which is plainly

evidenced in FUE bargaining practice, that the members of such groups must have some common trade, industrial or regional bond which will hold them together under the stresses of collective bargaining. But as the new Maintenance Employers' Group was a totally disparate one it had no such bond. It included such vastly different employers as universities, bacon curers, hospitals, bakers, laundries, drug manufacturers, brewers, tobacco manufacturers, retail drapers and many others. However, it was not put to the test during this first bargaining engagement mainly because the federation was offering an unexpectedly attractive wage increase. But the test did come in 1969 when, as will be seen in the fourth case study, the maintenance agreement came up for renewal.

(ii) *The unit dimension:* Under the new system the bargaining arrangements in the contracting industries remained unchanged but a new multi-craft unit came into being at the multi-industry level referred to above.<sup>7</sup> This type of complex bargaining unit has the obvious advantage that all inter-craft relationships are settled in one set of negotiations and this of course helps to avoid subsequent disputes on that account. Multi-union bargaining units are a common, and indeed an inevitable, consequence of the multiplicity of unions currently operating in Ireland. But when proposing these reforms the FUE did not simply seek agreement on common increases for all crafts; it sought a common wage rate for all crafts. It was clear, of course, that this initial neatness would disappear when working hours began to fall in a random fashion. Nevertheless this neatness intensified rather than diminished the latent inter-union rivalry which is inherent in any group negotiations. Yet there was no compelling reason why the maintenance agreement should not have had a simple internal wage structure which acknowledged the existing hierarchy of electricians, engineers and builders. Such an arrangement would not have deprived the members of the stronger unions of the differentials which were the mark of their commonly acknowledged higher status. Nor would it have diminished the unions' and the employers' freedom to press in the future for modification of the wage structure in the light of any relevant labour market factors. Nor, finally, would it have raised the pay of all craftsmen to the highest existing level thus giving spectacular and unnecessary increases to many building craftsmen engaged in maintenance work. This latter development caused considerable dismay among building contractors who subsequently found themselves unable to resist demands for parity from their own craftsmen.

7. At first sight this new arrangement appeared to put the unions in a position to use whipsaw tactics between contract and maintenance employers. But the engineering and electrical unions were not particularly interested in this possibility. Their overriding concern was that there should be only one "craft rate" for their respective crafts. This they were determined to achieve and maintain and this of course meant that they would constantly seek level both maintenance and contract wage rates up to the highest level achieved by either.

(iii) *The scope dimension*: The scope dimension of the new bargaining structure was perhaps the most remarkable. The general aim of any trade union is to advance its members' interests in every way possible. Under the old structure each craft union was free to negotiate in respect of wages and in respect of all other conditions of employment. However, while the maintenance agreement stated that the unions would henceforth negotiate wages with the Maintenance Employers' Group it implied that the unions would forgo the right to negotiate in regard to hours and fringe benefits and would agree to accept those applying to the generality of process workers in the various plants or industries covered by the maintenance agreement. Thus the agreement specifically stated that:

It is agreed that craftsmen covered by this Agreement shall work the weekly hours on day and shift work which normally apply in the firm in which they are employed up to 45 hours per week.

Any reduction in the working hours of the general body of workers in the firm in which a craftsman covered by this agreement is employed, shall also be applied to such maintenance craftsmen without any reduction in basic wages. The consequential increases in hourly wage rates which follow a reduction in hours shall be particular to an individual employment . . .

Craftsmen shall be entitled to any fringe benefits which apply to the general body of manual workers in the firm in which they are employed, such as pensions, service pay, extra holidays, sick pay etc. [33].

The FUE believed that the unions were agreeing to forswear their bargaining rights in respect of hours and in respect of the fringe benefits mentioned above *for all time*. The unions on the other hand believed they were making a *temporary concession for the duration of the agreement*. If the final clause of the agreement is taken at its face value the agreement was to expire *in toto* on 31st December 1968 [34]. There is nothing, there or elsewhere in the document, which suggests that the clauses mentioned above were to apply in perpetuity. However, the price paid to secure acceptance was a substantial wage increase and this, like virtually every wage increase, represented a permanent concession.

But there was another aspect of the scope dimension which was even more significant. With a few isolated exceptions this was the first major agreement to specify a definite termination date. Generally speaking, agreements prior to the maintenance agreement were open ended and thereafter they were for a fixed term. As we have seen, the unions dictated the pace of the negotiations so that the starting date of the maintenance agreement was not planned in any sense. However, it came right at the end of a wage-round and it may well be the case that this is the most appropriate time to undertake any major reform

of wage structure. For, as reform almost invariably involves major concessions, reform during a wage-round might not easily be distinguished from the wage-round proper and it could well establish a new trend within the round. On the other hand, reform immediately prior to a wage-round could probably only be isolated from the wage-round with considerable difficulty. In this sense, therefore, the start-date of the first maintenance agreement was optimal.

In the event the end-date agreed upon had very far reaching consequences. The federation found itself obliged to pay considerable wage increases in order to induce the unions to sign the new maintenance agreement. It then sought to minimise the annual rate of wage increase which this implied, by negotiating the longest possible agreement; in fact the agreement was for 27 months.<sup>8</sup> This was a natural course of action but one which ultimately defeated, or at very least postponed, the central purpose of the FUE initiative. For, given that the agreement was signed almost six months after the wage-round which preceded it, and given the well established pattern (which has since degenerated) of a wage-round every two years, it is clear that the maintenance agreement would be re-negotiated *after* the next wage-round. But if the next maintenance agreement was to achieve the objective of moderating the rate of increase of wages generally, by setting a pattern for the next wage-round, clearly it had to come at the beginning and not at the end of that round. However, even if the maintenance agreement was re-negotiated early in the next round and the settlement achieved was reasonable, there was no reason to suppose that the contract employers, still operating quite independently of FUE, would hold out for an equally reasonable settlement. Indeed, as the FUE itself had always insisted, there was every reason to expect the opposite. But, if that were to happen, the craft unions would most certainly seek to level the lower maintenance craft rate up to the highest of the contract craft rates. And if they succeeded in that endeavour there were, in the circumstances of that time and as FUE had repeatedly emphasised, good reasons to expect that the general body of production workers would not willingly settle for less than their maintenance colleagues.

Against all this it could be argued that, by placing the difficult maintenance negotiations at the end of the next wage-round, the end-date gave the FUE a worthwhile bargaining advantage. But this view is implausible. For the non-FUE contract employers would have completed their negotiations and their settlements would have set an extremely coercive comparison for the maintenance craft negotiations.

8. The length of the agreement, and in particular the gap between the middle and the last phases, and the rigidity with which it was policed by FUE led to feelings of frustration on the part of the craft unions in 1968. This frustration contributed in no small way to the very large claim submitted when the agreement expired.



(8) *The settlement*

The following table sums up the wage aspects of the first maintenance settlement. As already indicated (in the last section of chapter three) the eleventh wage-round which followed this settlement gave the same level of settlement to virtually every other group. This settlement also linked all maintenance craft rates to the highest contract craft rate. (See Appendix F, columns D and E.) The consequences of this emerge in the next two case studies.

TABLE 20: *The wage rate terms of the first maintenance agreement†*

Category	(a) Old rate	(b) 1st Phase Increase 10 October 1966	(c) Adjusted rate = (b) + (a)	(d) 2nd Phase Increase 3 July 1967	(e) Adjusted Rate = (d) + (c)	(f) 3rd Phase Increase 4 September 1968	(g) Adjusted Rate = (f) + (e)	(h) Overall Increase
Maintenance Craftsmen	6/10d*	6½d	7/4½d	2½d	7/6½d	2½d	7/9½d	13.7%

†This agreement terminated on the 31st December 1968.

\*Assumes that the pre-Maintenance Agreement rate was equal to that in the Engineering Contract Shops Agreement.

(9) *Summary*

(i) In this case the most notable predisposing factor was the fact that the JCCEO and the ICTU were either unwilling or unable to co-ordinate their efforts so as to bring about a national settlement of claims for a shorter working week. As a result, the FUE had to face the brunt of such demands alone.

(ii) In attempting to deal with this issue, which was essentially a short term one, the FUE simultaneously sought to achieve one of its long term goals, namely, to gain some measure of control of the wage rates of maintenance craftsmen by breaking the link between them and contract craftsmen. To achieve this end the FUE set out to reform existing bargaining structures.

(iii) The first element in this reform was the creation of a new multi-industry bargaining level. This broadening of the employers' bargaining front was intended to enhance their bargaining power. But this new front had two serious limitations. It employed only about 10 per cent of all maintenance craftsmen and it had no common trade, industry or area bond to bind it together if it were to come under pressure in collective bargaining.

(iv) The second element in the FUE's reform was the creation of a multi-union bargaining unit. This type of bargaining unit is not uncommon at the national level or at company level, but it had no precedent in the context of

bargaining at a multi-industry level. This, of itself, may not be a reason to criticise it. However, when suggesting this unit, the FUE simultaneously proposed the total abolition of all existing inter-craft differentials and the levelling of all craft rates up to the highest existing craft rate, namely, the contract electricians' rate.

(v) A common rate for a broad occupational group has the obvious attraction of neatness. Usually, however, such neatness can be introduced only by levelling up to the highest of the pre-existing rates. But in this case the highest of the pre-existing contract craft rates remained outside FUE's control. Yet neatness was pursued at the expense of control, notwithstanding the fact that the latter is the more important factor from an employer viewpoint.

(vi) The scope dimension of the bargaining structure had some important aspects. The first of these related to the fact that the employers paid a very substantial wage increase in order to achieve what they believed was a permanent reduction in the scope of collective bargaining on behalf of maintenance craftsmen. In short, the employers thought that the craft unions were agreeing to forgo the right to bargain in respect of hours and fringe benefits for all time. The unions, by contrast, felt they were forgoing these rights for the period of the agreement. Thus, in effect, the employers made a permanent concession (a wage increase) in return for a temporary gain. It may therefore be worth restating the rather obvious principle that it is usually unwise to make permanent concessions in order to achieve temporary gains in collective bargaining.

(vii) A second aspect of the scope of collective bargaining is the fact that the FUE explicitly introduced the question of the duration of the agreement to the traditional list of bargaining topics. It is difficult to avoid the conclusion that the federation was not entirely clear about the implications of the end-date negotiated for this agreement.

### THIRD CASE STUDY

#### *The Electrical Contracting Agreement—July 1968*

##### (1) *The parties to the negotiations*

Two unions were involved in this instance. These were the Electrical Trades Union (ETU) and the Irish Engineering, Industrial and Electrical Trade Union (IEIETU). The latter was moving towards a merger with another engineering union to form the National Engineering and Electrical Trade Union (NEETU).

There were two associations on the employers' side. The Association of Electrical Contractors of Ireland (AECI) was formed in April 1968 when electrical contractors, who had previously operated as an autonomous section of the Electrical Industries Federation of Ireland, broke away to establish a separate Association. This association was registered as a trade union and held a negotiating licence. It had about 120 electrical contracting firms in membership. The Electrical Contractors' Association (ECA) is a British-based association which caters mainly for the larger contractors and has a membership of about 25 firms. It never held a negotiating licence in this country. In addition to these two associations the Electricity Supply Board was also a member of the National Joint Industrial Council (NJIC).<sup>1</sup>

##### (2) *The trade unions and predisposing factors*

*ETU:* Neither the occupational nor the industrial dimensions of this union altered in any significant way between the maintenance negotiations of 1966 and the electrical contracting negotiations in 1968. In the latter period there was again no evidence of any intra-union rivalry. However, inter-union relations were by now rather disturbed mainly because the other unions representing electricians were involved in a merger dispute. Employer/union relations were deteriorating, slowly but steadily, mainly because of employer dissatisfaction with the workings of the NJIC.

*IEIETU:* In 1962 the IEIETU, an electrical and engineering union, and the NEU, an engineering union, opened informal talks to consider the possibility of a merger. As a result, the members of both unions voted for amalgamation. The rules of the new union (NEETU) were presented to the Registrar of

1. Joint Industrial Councils can be set up under Sections 59-65 of the Industrial Relations Act 1946. The essential objective of such councils is the promotion of harmonious relations between employers and workers.

Friendly Societies in December 1966 and the union was registered as such at the end of that month. In view of objections to the merger from eleven members of IEIETU the registrations of the IEIETU and NEU were not cancelled at that time. The objectors were speaking for a group of electricians in IEIETU who believed that the engineering trades already had undue influence on the Executive of their union. The objectors obtained an injunction at the High Court in May 1967, restraining the trustees of the IEIETU from transferring either union funds or property to NEETU, thus effectively blocking the merger. In May 1968 the High Court ruled that the merger was void on the grounds that the ballots which allegedly sanctioned it were not carried out in accordance with the relevant statutes [1]. The net result of this legal battle was that both IEIETU and NEETU had to withdraw from the crucial final stages of the negotiations which led to the key wage bargain considered in this case study.<sup>2</sup>

(3) *The employers and predisposing factors*

There is no evidence of any intra-association rivalry in either of the two employers' associations involved. However, inter-association relations were not entirely harmonious. Each association believed that a merger would be to everyone's advantage. Despite this it had proved impossible to reach agreement as to the form such an amalgamated association might take. At this time the ESB, which had been a member of the NJIC for many years, was engaged in a rationalisation of its own wage structure and it was becoming clear that it would leave the NJIC before the negotiations considered here were finalised. As such rationalisation almost invariably involves some measure of levelling up, the private sector electrical contractors, who competed with ESB in this field, realised that competition for scarce electricians would almost certainly be intensified by these ESB moves. This inevitably made them more receptive to demands for exceptional wage increases.

(4) *The origins of trade union wage policy*

*ETU:* Electricians had always considered themselves to be the most highly skilled craftsmen. In the early 'sixties they believed that their differential over other crafts was being eroded and they made persistent and strenuous efforts to restore it. One of these efforts led to a major strike in 1961. This was settled by a wage increase which was substantially above the average then being paid under the eighth wage-round. However, this increase was subsequently criticised as inadequate [2]. This dissatisfaction resulted in a claim for an increase of no less than 25 per cent at the end of 1963 [3]. In response, the employers offered the terms of the National Wage Recommendation—namely, an increase of

2. They had to withdraw because the ETU would not agree to allow both unions to participate in the negotiations. For, if they did, the ETU could have been outvoted by two to one given that the normal practice was for voting on the basis of one union one vote.

12 per cent to cover a two and a half year period. Because the ETU was not affiliated to Congress at this time it had not participated in any of the Employer/Labour Conference discussions which had produced these proposals. Understandably therefore, the Union's Executive was most reluctant to put the terms of that recommendation to a ballot vote. In March 1964 when the ETU-REC reluctantly agreed to hold a ballot the result was an overwhelming rejection of the national proposals [4]. Notwithstanding this rejection the union later accepted the 12 per cent though it is clear that this was regarded as an unsatisfactory outcome [5].

In September 1965 the union submitted another claim for an increase in wages ". . . based on increased cost of living and additional skills and responsibilities required due to the expansion of the trade" [6]. At the next NJIC meeting the union spokesmen stated their case as follows:

. . . even after the 1961 strike, the union's claim was not met to their satisfaction. The executive was very worried that even since 1961 the electricians had fallen behind other skilled and semi-skilled workers. They were determined to restore the electricians to their former position relative to other categories. They expect the electricians to continue to lose out under national agreements and they cannot accept this . . . The union could show that it would take 16-17 per cent to restore them to the position they held in 1960 *vis-à-vis* other workers [7].

Replying to these points at the next meeting the employers "agreed that electricians were the *premier tradesmen* and that some other tradesmen had got improvements which they (the electricians) had not got . . ." [8]. Eventually the employers offered to improve certain fringe benefits. These proposals were accepted but they failed to bring lasting satisfaction to the trade [9].

Early in 1966 the unions raised the issue of a wage increase as the tenth wage-round was expected to get under way about that time. The ETU emphasised that "the contractors were losing men to industrial employers who pay higher wages" and that "electricians were losing status" [10]. Before the wage claim could be formalised certain new proposals emerged from the ICTU which recommended a maximum increase of one pound per week. This was considered by the ETU-REC which deplored the fact that:

. . . this union had not been consulted in any way by any of the responsible bodies, including the government, during all the discussions on the present economic situation and the effects of wage claims. It was also emphasised that a pound a week was no incentive to an electrician, particularly if all other categories achieved the same amount [11].

When the ETU-REC resumed discussion of these proposals it was argued:

. . . that we could not ignore what all other classes and crafts were claiming. Boiled down it meant that if we as a union succeeded in achieving a rate of 8/6d per hour, all others would immediately seek the same rate. This would mean that an increase of two or three pounds per week would not be advantageous to our members because the cost of living would increase and the purchasing power of our members would remain static and could even be lowered. However, it was finally agreed that what was required . . . was to improve the status of electricians by way of increases . . . and that it might be more advantageous to wait until a national pattern had emerged. It was felt that a figure should be struck bearing in mind the contribution of the electricians to the economy; the higher standard of education required; the continuing expansion of the trade; the requirement for continuing study and the fact that productivity had practically trebled [12].

Shortly after this the ETU-REC heard that the IEIETU had claimed an interim increase of one pound per week. At first the ETU flatly refused to consider such a settlement [13]. Later it decided to make such an interim claim pending settlement of their status claim. When this offer of an interim settlement was made it was put to the ETU members and was rejected by 701 to 650 votes [14]. But even before this the ETU-REC was severely criticised by some of the Dublin Branches for daring to suggest that the foregoing proposals be put to a ballot. The fact that building craftsmen in Dublin were on a higher hourly rate (see Appendix F) was thought to be sufficient reason to reject the proposals without any ballot. On this occasion the officials were also criticised on the grounds that they should have been aware of these facts and on the grounds that the NJIC was "fooling the union" [15]. When the IEIETU accepted the offer of a wage increase of a pound a week the ETU-REC decided to accept it "on behalf of the members" in conjunction with a reduction in working hours from  $42\frac{1}{2}$  to 40 [16].

This further postponement of the electricians' status claim caused considerable unrest in the branches. No less than eight provincial branches sent letters and telegrams demanding that the members of the REC be brought before the National Executive Committee (NEC) to justify their decision to over-rule the ballot results [17]. In one case an entire branch committee resigned in protest. At the next NEC meeting the REC members were accused of having made "an error of judgment" [18]. Clearly then, the day of reckoning in regard to the long-standing and frustrated status claim could not have been postponed again. No union Executive would have been prepared to take such

a risk. It was at this juncture in the summer of 1966, when serious negotiations concerning the status claim at last seemed imminent, that the FUE proposals for a maintenance agreement were put to all the craft unions. Understandably, the ETU rejected these proposals. Furthermore, the union's subsequent failure to influence the course of the maintenance negotiations (as seen in the previous case study) made it more determined than ever to restore the electricians' status in the contract negotiations which were about to begin. While it is abundantly clear that the ETU wanted a major status award, there is no evidence that it formulated any precise objective prior to the negotiations concerning that claim, although an ETU spokesman had referred to the British ETU-ECA Agreement (1966) as a possible guideline [19].

*IEIETU:* This union represented only about 10 per cent of the electricians employed by the private contractors. Nevertheless, it played an important part in these negotiations. Like ETU it had been a party to the 1961 strike, in 1964 it had accepted the National Wage Recommendation (12 per cent) in a settlement of a claim for 25 per cent and in 1966 it had demanded the national increase of one pound a week as an interim wage settlement.

When the interim claim for one pound a week was being discussed by the NJIC in 1966 an IEIETU spokesman said that "the members of his union felt that the claim should be for £3 per week and that it would not come out of the employers' pockets". Before that meeting ended, the ETU went so far as to match this suggestion and stated that "if the increase of £1 per week is not given the union will go ahead with the claim for £2-£3 per week" [20]. This is a typical example of the way in which one union feels obliged to emulate its more militant peers in group negotiations.

However, the officials of IEIETU did not share the ETU view concerning increased differentials for electricians. As it was a multi-craft union its policy was to achieve one craft rate for all craft members. This policy had given rise to considerable discontent in the electrical section of IEIETU. This, in turn, helped to prompt that group of electricians to oppose plans to amalgamate with the NEU. The officials of IEIETU were therefore well aware that their lack of interest in preserving the electricians' differential over the engineering trades might prompt a mass movement of its electricians to the ETU, unless the rate for both electricians and engineers could be substantially raised. In the circumstances it is not surprising that IEIETU ultimately proved to be more militant than the ETU. This was the only way in which it could hope to offset internal dissent and discourage thoughts of defection among its electrician members. Understandably the two unions did not collaborate in the preparation of their status wage claims. The IEIETU simply accepted the interim increase of one pound per week and waited for the ETU to make a more

specific demand. This left IEIETU with the option of surpassing the ETU claim as soon as this latter claim became known.

(5) *The origins of employer wage policy*

Having faced a major strike in 1961 the employers were happy to accept the national level settlements of 12 per cent in 1964 and £1 per week in 1966. In 1965 the ECA gave the first indication that the employers were considering a major overhaul of the existing agreement [21]. It was about this time that the employers agreed that the electricians "*were the premier tradesmen*" but they nevertheless stated that "they could not increase the basic (wage rate) mainly because they feared the possible repercussive effects on other craft wages." It was suggested that improved supplementary payments "would help to retain men in the contracting business as they were losing men to (manufacturing) industry"<sup>3</sup> [22]. This point was made again at the next AEC Annual General Meeting, when its Chairman said:

I am concerned by the serious loss of business by our members due to the short supply of qualified labour. The considerable amount of work which they (the employers) could normally handle is getting done by handymen and electricians already fully employed [24].

Later that year in a letter to the unions, the Chairman of the NJIC indicated that the employers were very dissatisfied with the NJIC as it had repeatedly failed to resolve disputes at site level. They therefore suggested that it should either be disbanded or reformed. They believed reform might be achieved as a *quid pro quo* for the substantial wage increase which now seemed inevitable. On this occasion the employers again referred to:

. . . a shortage of electricians for many years, with the inevitable bidding between employers for their services and just as inevitable, a general loss, be it great or small, in productivity. Mention may also be made of the fact that nowadays there are far more employers of electricians outside the contracting trade than in it [25].

The last point reflected the growing anxiety among electrical contractors concerning their ability to retain their electricians in the face of growing

3. Walsh found that "net (labour) mobility did not appear to be very responsive to start-of-period wage differentials" [23]. This appears to conflict with the idea, frequently expressed by craft unions and craft employers, namely, that increased differentials would shift craftsmen from contract to maintenance employment or vice versa. These two viewpoints are not inconsistent. Walsh's work is based on the total number employed (i.e. all occupations) in each industry. The views which we report refer to craftsmen only—by tradition among the most mobile of all occupational groups.



competition from the many new manufacturing and service industries which were being set up in the early and middle 'sixties.

At the next NJIC meeting an ECA spokesman said that the stage had been reached where it was felt that "a new and comprehensive agreement should be drawn up". He also suggested that the employers should be allowed to recruit electricians who were not members of either of the two Irish electrical unions; that is to say either non-union members or members of the British ETU. Predictably, however, the Irish unions were totally opposed to this idea [26]. Before negotiations on the new agreement could get under way the question of apprentice intake to the trade was raised. The employers and the Apprenticeship Board wanted to raise the annual intake to 600 but the unions refused to accept more than 480. The ETU argued that there were about 3,000 electricians in the country at that time and that, if the employers' intake figure was accepted, there would be 3,000 more in a few years time.<sup>4</sup> Thus, the ETU argued, the proposed number of apprentices would flood the trade. Furthermore, and this was an equally important objection, the ETU believed that the existing training facilities could not cope with 600 new apprentices each year [28]. Despite the foregoing exchanges the employers did not make any determined effort to include apprenticeship intake in the negotiations concerning the proposed comprehensive agreement.

A drafting sub-committee was set up in March 1967. However, it was not until six months later that the ECA stated that it was its policy to seek a three-year agreement similar to that between the British ECA and ETU [29]. This policy was accepted by the AEC and there is no evidence of any subsequent disagreement between the two associations concerning this general objective. Before serious negotiations started, after a further six months delay, the ESB indicated that it was withdrawing from the NJIC [30].

#### (6) *The process of collective bargaining*

When serious negotiations got under way in the spring of 1968 the employees were primarily concerned to restore their differential over unskilled grades and their differential over other crafts which had recently been wiped out by the maintenance agreement. The employers, on the other hand, were anxious to stop the drift of electricians from contracting to maintenance work, to set up effective disputes procedures and to increase the intake of apprentices. Both sides referred to the British ECA/ETU agreement as a possible objective, though the employers' reference to that agreement was much more positive than the unions'.

4. The ETU argument that there were about 3,000 electricians can be compared with the fact that the 1966 Census indicates that over 8,000 respondents classified themselves as gainfully occupied electricians and electrical fitters [27]. The 1961 Census gave a total of 5,500 and the 1971 Census gave a total of 10,500. (Totals rounded to nearest hundred.)

When the Dublin Branch of the ECA met in May 1968 to consider the final settlement proposals all those present expressed their approval but some members were anxious to avoid the inclusion of an escalator clause and to make it clear to the unions that the proposed wage increases were "conditional upon increased productivity" [31]. When the agreement was about to be signed two claims, for even larger increases, were submitted on behalf of the IEIETU electricians. Replying to these claims an ECA spokesman said:

. . . the (proposed) agreement was a rather costly one for the employers and had caused rather an uproar (i.e. among other employer bodies). Unless it was signed in the appropriate and legal form (i.e. by all the parties concerned) it would leave them in a very awkward position. If the FUE or any others claimed that the old NJIC agreement was the official one then they (the electrical contractors) may not be able to recover the extra costs involved [32].

This clearly reflects the electrical contractors' anxiety about the implications of their proposed agreement for other employers. This considerable anxiety was also based on a fear of criticism by the JCCEO. However, the contractors did not have a clear appreciation of the fact that, as the first maintenance agreement was based on the old NJIC wage rate, the next claim for maintenance craftsmen would almost certainly be for parity with the proposed new electrical contracting wage rates.

The AEC Executive Committee agreed to the final proposals which emerged in May 1968 and to revised proposals of September 1968 [33]. We have seen no evidence in the records of the association that there was any significant opposition to either of these sets of proposals from the member firms.

When finally the IEIETU called a strike, in protest against the new wage rates and the three-year duration of the agreement, both the ECA and AEC agreed, following conciliation, to certain adjustments of the original settlement terms [34].

The employer proposals, which emerged in May 1968, were put to a ballot by the ETU Executive with a recommendation that they be accepted. The results of this ballot were as follows: Total votes 245, Valid votes 243, For 159, Against 84. Following this the ETU-REC voted unanimously to inform the employers that the proposals were accepted [35]. However, the IEIETU position was quite different. For its merger dispute had resulted in its withdrawal from the final stages of these negotiations. When the settlement terms first emerged (these offered to increase the hourly rate to 9/9d over a three year period) but before they could be balloted on by ETU members, the following letter on NEETU notepaper was received by the Secretary of the NJIC:

Our Executive has considered the Draft NJIC Agreement and has obtained the views of our members concerned. We are instructed to inform you that our members seek a basic hourly rate of 10/- per hour and that the duration of the new Agreement be for a period of one year [36].

At the next meeting of the NJIC a spokesman from IEIETU claimed that the foregoing letter was from the Executive of his union [37]. At the following NJIC meeting a spokesman for the group of dissident electricians also attended; he too stated that they rejected the proposals and were claiming a rate of 10/- per hour [38]. Thus, there were two spokesmen claiming to speak for the IEIETU electricians. One was a member of the executive of IEIETU who favoured the merger; the other had been appointed by the dissident electricians who were opposed to the merger. It is difficult to escape the conclusion that each of these spokesmen saw the rejection of the employer offer and the claim for an even higher increase as a means of winning the allegiance of the IEIETU electricians. These demands finally led to a strike. The resulting settlement terms further increased the cost of the agreement, mainly by cutting six months off its intended duration. The result of the ballot vote of IEIETU electricians which brought this strike to an end was as follows: For 58, Against 21 [39]. The ETU refused to become officially involved in the strike but this caused some embarrassment as some members did not want to pass the IEIETU pickets.

(7) *The dimensions of bargaining structure*

(i) *The level dimension:* The Electrical Contracting NJIC had been in existence as an industry level forum since the late nineteen thirties. It was one of the oldest bodies of its kind. With the withdrawal of the ESB, one of the largest single contractors in the country, the NJIC no longer operated at industry level. The ESB decision to opt out so as to establish a single scale for both its operations and contract electricians was understandable. Indeed, as its primary mandate is to concern itself with the operations side, it is natural that its operations electricians, rather than its contract electricians, should have the more important rôle in the negotiation of the wages for the Board's electricians generally. Furthermore, this independence in collective wage bargaining was subsequently endorsed by the report of the Fogarty Committee on Industrial Relations in ESB. That report also stated that the ESB would be quite justified in any moves towards "fully competitive standards of pay and conditions". It also emphasised that "it is useless to expect any one undertaking such as the ESB to hold the incomes policy line on its own" [40]. The idea that major employers should break away from the practice of trade rating (that is, following

the contract rate) has also been encouraged by the National Board for Prices and Incomes in Britain [41].

However, having said all this, it is worth considering whether or not the ESB was serving its own or the country's best interests by remaining active, even to a limited extent, in the type of routine contract work commonly done by private contractors. It may well be the case that such work should be left entirely to private enterprise. The justification for higher pay for ESB electricians, engaged on all the more complex type of installation and maintenance work, would then be more readily apparent. This would help to weaken the link between ESB electricians on the one hand and private sector contract and maintenance electricians on the other.

(ii) *The unit dimension:* The unit dimension of the NJIC bargaining structure was diminished as a result of the agreement, by all parties concerned, that the IEIETU and NEETU should withdraw without prejudice from the final stages of the negotiations. This meant that a small minority<sup>5</sup> of electricians employed by private contractors were deprived of their traditional right to representation at the negotiations which led to a settlement between ETU and the employers. Here, yet again, was an example of an ambiguous form of words which subsequently led to industrial conflict. While it is not clear what the expression "without prejudice" meant to the employers, they certainly did not view it as giving IEIETU and/or NEETU the right to demand better terms as soon as agreement was reached with ETU. Yet this is precisely what happened and as a result a strike ensued.

The lesson of this episode is simple. Unless union groups have formally agreed decision-making procedures any departure from unanimity may drive the settlement to the level demanded by the most militant union involved, even if that union only represents a tiny minority of the employees in question.

(iii) *The scope dimension:* The scope dimension did not alter in any observable way. However, it is worth noting that if the contractors had managed to negotiate an agreement similar to the 1966 UK agreement then employer/union relations would have undergone a subtle and important change. In Britain it was hoped to move away from the traditional NJIC, as a forum on which almost all relevant issues were the subject of normal collective bargaining,

5. ECA and AEI records show that the total number of electricians employed by the organised private sector contractors at this time was 982. These were distributed as follows:

	<i>ECA</i>	<i>AEC</i>	<i>Total</i>
ETU	431	435	866
IEIETU/NEETU	74	42	116
	505	477	982

to a National Joint Industry Board where many (if not all) of the major issues would become the subject of a joint problem solving exercise. This move would, it was hoped, lead to greatly improved productivity which would justify the very substantial wage increases specified in the agreement. The Irish agreement, considered here, conceded wage increases greater than those allowed under the British agreement but the latter's proposals to establish a Joint Industry Board were never seriously discussed in the Irish negotiations. Indeed, there was little in the Irish agreement which promised any substantial increase in productivity in either the short or the long term. Thus, the major wage increase provided a real (but short-lived) answer to the contract electricians' status claim, while the employers agreed to substantial increases for labour market reasons despite the fact that output per man hour remained virtually unaffected by the terms of the agreement.

One final aspect of the scope dimension deserves mention. Here again the duration of the agreement became a vital bargaining factor; so vital in fact that it was scarcely less important than the question of wage increases. By agreeing to sign a fixed term agreement of three years duration the parties implicitly set themselves outside the pattern of biennial wage-rounds. But even the inclusion of an escalator clause was not sufficient to sustain this endeavour. For the unions found that the increases which they achieved were emulated first by the maintenance craftsmen and then by industrial workers, generally in the context of much shorter agreements. Only a number of hurried supplementary claims enabled the contract electricians to keep up to the maintenance and building craftsmen. Any hope of again restoring their long-awaited but short-lived status differential was postponed by the advent of the National Wage Agreement in 1971.

#### (8) *The settlement*

The essential aspects of the settlement are set down in Table 21 while the relationship between these and other major craft wage rates can be seen in Appendix F.

#### (9) *Summary*

(i) Intra-union and inter-union tensions had a subtle but significant influence on the pattern of union demands in this trade during the 'sixties. The former tension was not helped by the fact that the Registrar of Friendly Societies allowed legal recognition to NEETU without a simultaneous cancellation of IEIETU and NEU registrations. There is a strong case for seeking to avoid any repetition of this departure from the standard procedure under which the registration of one union automatically cancels the registrations of the unions which have merged to form it. The latter tension was due to the fact that the two unions

TABLE 21: *The wage rate terms of the electrical contracting agreement 1968\**

Category		Date					Overall Increase	
		Pre-Agreement	1st Phase† 16th July 1968	2nd Phase‡ 6th Nov. 1968	3rd Phase‡ 6th Jan. 1969	4th Phase§ 1 July 1969		5th Phase† 1st July 1970
Contract Electricians	Increase		1/2½d	1½d	4d	9d	6d	39.4%
	Rate	7/4½d	8/6½d	8/8d	9/-d	9/9d	10/3d	

\*This agreement terminated on 31st December 1970.

†Negotiated as part of original agreement.

‡Negotiated as part of settlement of NEETU strike.

§Renegotiated in May 1969.

organising electricians were actively competing for members. It was accentuated by the fact that these two unions failed to establish adequate group decision-making procedures which would have enabled them to co-operate.

(ii) Employer thinking, before and during the negotiations, was pre-conditioned by their belief that they were losing men to maintenance employers who now had equally attractive wages and, of course, much more stable employment to offer. The departure of the ESB from the NJIC, in order to carry out an (upward) rationalisation of its wage structure, intensified these fears. So too did the failure to achieve a substantially increased apprenticeship intake.

(iii) The unions' demand was manifestly a status demand. Though this demand had been articulated with growing persistence since the early 'sixties, it became irrepressible when the first maintenance agreement obliterated the last remaining vestige of the electricians' differential, even though by that time this differential had fallen to a mere penny an hour (or marginally in excess of one per cent) over the next highest hourly craft rate which was payable to the engineers. The ETU was gravely concerned by these developments.

(iv) The contract employers were primarily concerned with their diminishing ability to attract and retain electricians. This fear ultimately overcame their apprehensions about the cost of the proposed wage increase. It also encouraged them to risk criticism by the other employer bodies. The cost of the settlement carried relatively little weight. This was understandable as the demand for electrical contracting work is inelastic with respect to price and hence the cost could be shifted forward to the customer leaving profit rates unimpaired.

(v) The employers' thinking, as just outlined, highlights the need for employers' associations to co-operate and to act in the light of each other's intentions. For exceptional wage increases would only help to retain electricians in the electrical contracting trade as long as industrial employers did not pay similar increases. The electrical contractors certainly did not expect that that would happen. But they were subsequently proved quite wrong in this regard. The contractors agreed with the union contention that electricians were the premier craftsmen and agreed that they were entitled to a substantial wage differential on this account. The maintenance employers, by contrast, established a single rate for all maintenance craftsmen and thereby implied that all craftsmen had equal status. This manifest divergence of employer views was to have quite remarkable consequences as will be seen in the next case study.

(vi) It is surprising to discover that the Electrical Contracting NJIC had no formal decision-making procedures. By default, the twin rules of unanimity and individual veto for each party applied. Despite this there had been no major conflict in the trade until 1961. But even then the two unions took industrial action together. The absence of agreed decision-making rules on the union side had consequences which emphasise the need for formally agreed group decision-making procedures.

(vii) The rather casual way in which the UK Electrical Contracting Agreement was adopted as policy by the employers must be remarked upon. The wage concessions which that agreement made presupposed a major reorganisation of collective bargaining in the industry with a view to achieving substantial productivity gains. No such developments were ever seriously envisaged in the Irish case. This suggests that the cost increasing contents of package agreements cannot usually be conceded first, in the hope that the proposed cost saving contents will subsequently materialise.

## FOURTH CASE STUDY

### *Second Maintenance Craftsmen's Agreement—March 1969*

#### (1) *The parties to the negotiations*

The employee side was much the same as it had been in the first set of maintenance negotiations in 1966. There had been some minor merger developments but they had no influence on the course of events in 1969. Once again we reviewed the parts played by the Amalgamated Engineering Union (AEU), the Electrical Trades Union (ETU), the National Engineering and Electrical Trades Union (NEETU) and the Amalgamated Society of Woodworkers (ASW). A review of the part played by the National Group of Maintenance Craft Unions (NGMCU) completed our review of the union side. This group had been founded by all the craft unions, except ETU, the day the first maintenance agreement was signed in October 1966. These unions took this decision entirely of their own volition, without reference to ICTU and without pressure from FUE, for the purpose of co-ordinating their activities. The group was informal. It had no rules or constitution. It was not formally connected with Congress in any way.

The FUE Maintenance Employers' Group was never formally established as a negotiating branch though the federation intended that it should operate like one. As indicated in the second case study the group was not strictly in accordance with the federation's rules (see page 102 above). In November 1967, however, the following clause was added to the rule book:

Rule 1A: The National Council shall also have power to establish any other branch or branches without reference to the foregoing classification as it may from time to time determine [1].

This addition was made in order to facilitate the formation of a General Industrial and Export Branch which was to include a variety of firms which had traditionally bargained in isolation. Efforts to achieve an agreed constitution for this latter group failed, apparently because the firms in question felt little affinity towards each other even though almost all were engaged in manufacturing. In these circumstances it is not surprising that the federation never tried to establish a constitution for the much more disparate Maintenance Employers' Group. The above-mentioned addition to the rules legitimated this group but this, of course, did nothing to bind it into a viable negotiating



branch. By the end of 1968 the group consisted of approximately 225 firms and these employed some 3,000 maintenance craftsmen [2]. Although many public authorities and non-FUE firms had agreed to implement the terms of the first agreement none of these bodies was invited to, nor did they express any interest in, participating in the negotiations for its renewal. At least two other employer associations in the JCCEO tried to influence FUE policy but to no obvious effect.

(2) *The trade unions and predisposing factors*

*AEU:* None of the factors considered under this heading in the second case study had altered materially. However, the first maintenance agreement had been approved by the AEU Divisional Office in the face of bitter and sustained opposition from the Dublin District Committee (DDC) which represented almost half of the entire membership in the Republic. Predictably, neither the Divisional Office in Belfast nor the Executive Committee in London showed much inclination to countermand the proposals of the DDC when the agreement came up for renewal.

*ETU:* None of the factors considered under this heading in the second case study had altered materially since 1966. The ETU had been a reluctant and belated signatory to the first maintenance agreement and there seemed to be little prospect that it would be any less unwilling to sign a second maintenance agreement.

*NEETU:* As indicated in the previous case study this union was going through a merger exercise in the latter half of 1968. In addition it had been reprimanded by the Construction Industrial Committee of Congress on account of its strike action in electrical contracting. There was, therefore, good reason to believe that this new union might adopt a forceful policy in regard to renewal.

*ASW:* The ASW had been well pleased with the first maintenance agreement. However, in 1968 the union's future seemed much less secure than in 1966. The union's newsletters reflected a growing anxiety about the growth of system building and prefabrication. It was noted that these trends "were a grave warning to us as a society" and it was argued:

. . . that unless we take all necessary precautions when anything new emerged we might well find ourselves in time with a very narrow field of employment available to our members. There is no doubt but that such fields of employment for craftsmen have given way to what people prefer to regard as skill instead of craft. The obvious danger is that there will be

less employment for skilled workers and for those who may be working, lower rates of pay. These trends, and the laxity on the part of our members and branches (in regard to them), have been the cause of our losing members, losing ground . . . [3].

Subsequent newsletters turned to the problem of inter-union rivalry which, it was believed, had assumed major proportions:

I have tried to warn our members against the dissipation of our strength because there is a much greater danger facing us, viz. a double attack on our Society from two different directions. More and more it has become evident that certain people who have used us in the past and again recently have tried the same tactics, carry on a campaign against us from a professed nationalist principle, but who in fact are merely playing politics (which) help to bring about a split between craft unions at a time when the existence of craftsmanship is threatened, and because of these politics their attitudes are extremely dangerous. Furthermore, these people are providing the opening for the attack on craft unions, by those unions who make no secret of their intentions, which if carried through will in time mean the end of craft unions. . . . If, when we find ourselves promoted, we decide that we must join a general union (we are) thereby lending our strength to the forces who are out to destroy Craft Unions. . . . One particular general union is mopping up all the "nons" they can find and have blatantly taken our own craftsmen. . . . The ultimate danger is the loss of the craft rate [4].

These are very brief extracts from circulars sent out by the ASW Dublin Office. They leave no doubt as to the leadership's grave concern for the union's future. On the one hand, prefabrication meant that an increasing amount of woodwork was being done by non-craft labour in off-site factories. On the other hand, some general unions and the Irish woodworking unions were becoming increasingly active in recruiting men who, in the normal course of events, would have joined ASW. As we shall see, this growing desperation was to be followed by the emergence of a most extraordinary wage policy. For ASW was determined to show that it could be as militant as any of its rivals.

*NGMCU:* When the first maintenance agreement had been signed, the group worked effectively to extend its terms to non-FUE employments, notably in the public sector. Now, for the first time, it was faced with the problem of formulating a coherent wage policy without any rules or constitution. Furthermore, the constituent craft unions and their members were well aware that,

while the first maintenance agreement had promised the prospect of an increased craft differential, the great majority of other groups of organised workers had virtually equalled (and many had surpassed) the increases achieved under that first agreement. As a result, both the unions and their members were disenchanted with the agreement and were eager to regain lost ground.

(3) *The employers and predisposing factors*

In general, our comments under this heading in the second case study were still applicable in the latter half of 1968. However, as we have just observed, the eleventh wage-round had given wage increases equal to those given by the first maintenance agreement. This had caused considerable concern among FUE member firms generally. Thus, the federation could not readily hope to adopt a very flexible attitude in its forthcoming negotiations with the NGMCU. Furthermore, it seemed certain that the JCCEO would be highly critical if the FUE and its leading members did not adopt a policy of strong resistance to any claims which threatened to set or encourage a new trend.

(4) *The origins of trade union wage policy*

*AEU:* The AEU-DDC was one of the first union bodies to develop a wage policy to be followed when the first maintenance agreement expired. It emphasised that there should be "no second class citizens" within the union and this required a return to the old practice of having a single engineering craft rate at district level [5]. It was not yet clear if the AEU-DDC preferred to negotiate "the district rate" with the contract or with the maintenance employers or with both together. It is abundantly clear however, that it was fiercely opposed to the idea of having to negotiate two different "district rates". It had no objection to claims for extra differentials at company level, as such settlements at that level were not considered to be divisive, provided there was only one "district rate" and no member of the union was paid less than that rate. At a subsequent AEU-DDC meeting it was decided that the next agreement should be at national, rather than at district level and the following resolutions were formally adopted:

That there be one agreement covering all our members presently covered by the maintenance and contract shops' agreements and those who follow the rates.

That we should request the formation of an engineering group distinct from the building section.

That when our aims were finalised we would request the Divisional Office to seek permission from the Executive Committee to hold a National Delegate Conference [6].

At first sight it seems extraordinary that the DDC, which was so acutely conscious of its prerogative to negotiate the "district rate", should now decide to seek a national agreement. But this paradox is easily resolved. It will be recalled that in the first maintenance negotiations the AEU-DDC had tried to retain its pivotal position as the sole AEU negotiating authority in regard to the Dublin District rate, but it lost that position to the Divisional Office. However, by deciding to adopt a policy of one national agreement with one craft rate the DDC regained the centre of the stage and pushed the Divisional Office back to its original secondary bargaining role. In effect the DDC became the district committee for the whole of the Republic.

It was not until the NGMCU held their first wage policy meeting that the AEU wage policy objectives were specifically stated to be a basic wage rate of 10/- per hour (i.e. an increase of 29 per cent) and a 40 hour week for all engineering craftsmen. The latter part of this claim ran directly counter to the FUE interpretation of Clause 2 of the original maintenance agreement under which the craft unions were presumed to have surrendered their right to negotiate in respect of working hours.

*ETU:* This union was fully preoccupied with negotiations in the electrical contracting industry and so it never formulated any independent policy in regard to the possible renewal of the maintenance agreement. Nor did it send representatives to any of the initial wage policy meetings called by the NGMCU [7]. At first sight this lack of interest is startling, as many of its members would inevitably be adversely affected, if the federation again refused to apply the terms of any new agreement to the members of unions which refused to sign it. On reflection, however, the ETU had much to gain if, as seemed possible, the employers decided not to renew the maintenance agreement. In that event there would probably have been a return to the old system of extending contract rates to maintenance employments. In all probability the increase of 39 per cent achieved in the context of a three year agreement by contract electricians a few months earlier, would then be won for maintenance electricians. The ETU would thus have restored its traditional differential over other crafts, at least in the short term. The union did attempt to carry out just such a policy in July and August 1968, but this met with very limited success, at least as far as FUE firms were concerned [8].

*NEETU:* It was not until the NGMCU called a meeting to formulate wage policy that the NEETU-REC met to consider this matter. Having done so, the Executive "mandated delegates to attend the NGMCU meeting and to seek a new rate of 12/6 per hour (an increase of 61 per cent) and a 40 hour week for all the union's maintenance craftsmen" [9]. Thus, once again, the

NEETU-REC adopted a policy which reinforced the idea of a single craft rate for both its electricians and its engineering members. This exceptional claim also promised to silence, or at least to diminish, any further criticism from the electrician members whose belief in a status differential was being overruled yet again.

*ASW:* When the NGMCU met to formulate group wage policy the ASW representative stated "that it was his union's policy to seek a new rate of 15/- per hour while preserving existing differentials" [10]. This constituted a demand for an astonishing 83 per cent increase which was so unrealistic that it would be very difficult to explain in normal circumstances. However, the union's position was far from normal. First, it firmly believed that its job territory was under attack from both the general and the rival woodworkers' craft unions. Secondly, it was well aware of the growing criticism of the building craft unions generally by the engineering unions. The latter believed that the building unions were a weight round their necks and, for this reason, were threatening to break away from them. But the advantages to ASW of staying with the engineering unions within the NGMCU were very considerable. The ASW claim was intended to impress the engineering unions and to impress any of its own members who might have been tempted to move to other unions. As to the origin of this claim, it was, as is usual, an average of the claims submitted by the branches. While in normal circumstances the officials would have been anxious not to proceed with such an impossible mandate, on this occasion they made no protests to the branches on this account.

*NGMCU:* When the NGMCU met to formulate wage policy the following proposals were put forward by the various unions:

<i>Union</i>	<i>Rate</i>		<i>Percentage Increase</i>
AEU	10/- p.h.	—	29 per cent
ASBSBSW	10/- p.h.	—	29 per cent
ASW	15/- p.h.	—	83 per cent
BWTU	10/- p.h.	—	29 per cent
NEETU	12/6 p.h.	—	61 per cent
NUSMW	8/9 p.h.	—	13 per cent (interim)
NUVB	10/- p.h.	—	29 per cent

INUW, ASPD and INUPD made no specific proposals at this stage. ETU was not represented at this meeting [11]. Thus, with the exception of the ASW claim, only one union, NEETU, suggested a claim in excess of 29 per cent. The NEETU claim was safely above that of its nearest competitors in both the engineering and electrical trades. The group's policy did not emerge until after the first conference with the employers. When it did, it was to claim a sub-

stantial list of benefits including (what the FUE later reckoned was) a 41.5 per cent wage increase [12].

(5) *The origins of employer wage policy*

In April 1968 the FUE began to gather information concerning the numbers of maintenance craftsmen employed by its member firms [13]. However, it was not until early September that the FUE called a meeting of its Maintenance Committee to consider the following possibilities:

- (a) A possible attack on the agreement by ETU and AEU, with the former seeking parity with the electrical contracting wage rates. If this were to occur it would be necessary to consider the total breakdown of the fundamental concept of the agreement
- (b) A possible renewal of the agreement for two years
- (c) A possible renewal for a shorter period, with the subsequent negotiation of a framework agreement which would be worked into individual industrial and plant level agreements
- (d) The possibility of negotiating comprehensive plant level agreements covering all grades. It was believed that it was too late to implement this [14].

When these possibilities were considered at a general meeting at the beginning of October the Maintenance Committee recommended that the agreement be renewed as this seemed to be the best policy to follow in the circumstances. The maintenance employers were invited to make any other suggestions. While some suggestions were made they had little bearing on subsequent events. But, and this is a most important point, the Maintenance Employers' Group declined to take any firm decision as to whether or not it should seek renewal of the agreement.

Later in October, the various employer bodies met under the aegis of the JCCEO and a serious difference of opinion emerged between CIF and FUE. One member of the JCCEO suggested a special CIF-FUE meeting on the grounds that these organisations did not know "what was in each other's mind". The FUE replied that this suggestion was premature, but in summing up, the Chairman suggested a dialogue between FUE and CIF in regard to craft workers [15]. Subsequent exchanges between these parties indicate that their differences in this respect were never finally resolved.

Early in December the FUE held a general meeting of maintenance and

contract employers. The Director General and the Vice-President of the federation suggested that there was a "strong possibility of a confrontation". This meeting, attended by 78 representatives, passed a vote of confidence in the Maintenance Committee. The meeting also approved the wage policy which had been adopted a short time before by the Executive, namely, that increases should be similar to those granted under the eleventh wage-round generally [16]. That round had given flat cash increases of 38/- per week on average. Thus FUE wage policy did not finally take shape until six weeks after the negotiations had opened with the unions.

(6) *The process of collective bargaining*

Negotiations opened about the middle of October 1968. At the close of the first meeting both sides expressed an intention to re-negotiate the agreement though neither side had given any indication as to the possible range of settlement terms [17]. Nine days after this the unions submitted a written claim for a wage rate of 11/- per hour, a 40 hour week and certain other fringe benefits, all in the context of a 12 month agreement [18]. The size of this claim convinced FUE that the forthcoming negotiations would be extremely difficult.

The manner in which the FUE policy decision to renew the agreement emerged foreshadowed the anticipated difficulties. The Maintenance Committee recommended renewal to the Maintenance Employers' Group but the group declined to take any firm decision. Next the Executive Committee passed a cautious resolution in favour of renewal [19]. Finally, the group endorsed the Executive's decision at a meeting attended by no more than 78 representatives from the 225 companies involved [20]. Thus, the group was committed to renewal by representatives from little more than one third of the companies involved. In the light of the foregoing points it seemed appropriate that the relationship between the three decision making bodies in FUE (namely, the Maintenance Committee, the Maintenance Employers' Group and the Executive Committee) should be considered in some detail.

Shortly after the Maintenance Employers' Group had adopted a policy in favour of renewal the federation wrote to the Managing Director of each member firm concerned, indicating that a strike might occur and urgently seeking advice on "the degree to which your company will undertake to support a common resistance of this exorbitant demand". The circular emphasised the need for "an unequivocal decision on your company's support for a policy designed to achieve a reasonable settlement of the current claim, lest existing plant agreements for general workers be placed in jeopardy by too high a rate of increase being conceded to maintenance craftsmen". It also noted that "as from the 1st January the unions would be free to pursue any course of action which they deem fit in order to achieve concession of their

claim" [21]. Of the 225 companies involved, only 94 replied and of these 73 offered support, 14 were undecided and 7 said they were unable to offer support [22]. In the circumstances this level of response was disappointing, for although the majority of those replying promised support, the remaining two-thirds of the group remained uncommitted. But even if the federation had wished to reconsider its policy decision in favour of renewal, it was now too late to alter course. For the original agreement was due to expire some two weeks later and so the federation felt it had little option but to continue to negotiate for renewal.

Eleven days before the agreement expired the federation called the Maintenance Employers' Group together. Again the attendance was disappointing as only 81 of the 225 companies in the group sent representatives. The meeting adopted the following resolution:

That this meeting endorses the actions of the Committee so far, directs it to proceed with negotiations with the unions in the manner which seems best to the committee and pledges support for any collective action which may prove necessary to bring about a reasonable settlement which will not undermine the Eleventh Round Agreements already made [23].

This resolution became the corner-stone of the federation's subsequent policy of resistance to the unions' claims. In the middle of January another meeting, attended by 124 representatives, specifically approved lock-out action in the event of any selective picketing [24]. Two weeks later, when the unions had taken strike action, another meeting of 121 representatives transferred the authority of the Maintenance Employers' Group to the Executive and Maintenance Committees by resolving:

. . . fully to support whatever forms of collective action as may be determined by the Executive and Maintenance Committees of FUE . . . to preserve order in our collective bargaining procedure [25].

The group took no further action of consequence except to endorse the final settlement terms when they emerged early in March [26].

When the Maintenance Employers' Group did not take a decision about renewal the FUE's Executive Committee was more or less bound to act to resolve the position as best it could. But it then found itself saddled with the unenviable task of directing operations, while the Group continued to refuse to take further decisions as the strike developed. Of course, the EC is elected by the National Council which in turn is elected by *all* the member firms. Normally the Council delegates effective operational authority to its Executive. But, in



the normal course of events, this does not involve the conduct of wage negotiations on behalf of individual groups. The EC's role is more that of an overseer or co-ordinator between groups. Its job is to persuade individual branches to avoid settlements which might be prejudicial to other members of the Federation. Above all, branches cannot be forced to face a strike or lock-out, unless the majority of their members want to follow such policies. In principle, member firms and even entire branches could be expelled if their reluctance to fight resulted in prejudicial settlements, but, in practice, this is an extremely unlikely eventuality since they might be expected to behave in an even more prejudicial way if forced to leave the FUE. What this means is that the federation's strength lies within its industrial and trade groups rather than in its Executive. The former must embody and seek to develop such degrees of common purpose as exist between member firms in individual dispute situations. The trouble was that in this instance the strength and unity of the Maintenance Employers' Group was very much open to question. The implication of this fact is an issue which we consider in detail in a later section.

The limits of the FUE Executive's authority and influence over member firms were clearly demonstrated during the maintenance strike. The Executive, acting on the basis of the last two policy resolutions quoted above, "decided to advise" firms which were not yet affected by the strike to lock-out all members of the two engineering unions [27]. Up to 82 firms could have responded to this call but in fact only a single company did so.<sup>1</sup> Thus, although 143 firms were prepared to face a strike at least for a time, the limits to the group's ability to take effective counteraction were now seen to be considerable.

The FUE Maintenance Committee was the third decision-making body involved on the employer side. It was, in effect, a negotiating committee consisting of two FUE officials and of volunteer representatives from 16 companies, but only three of the latter were chief executives. Initially, they looked to the Maintenance Employers' Group for their mandates. Later, when that group had effectively opted out of the proceedings, they relied on the Executive Committee for instructions. In December the committee referred the dispute to conciliation and when this failed they decided to refer the case

1. Some 225 FUE undertakings were covered by the maintenance agreement at this time [28]. The Murphy Report shows that labour was withdrawn from 143 of these leaving 82 unaffected by the strike [29]. The majority, but not all, of those 82 firms would have employed members of the engineering unions in a maintenance capacity. The one company which did lock-out, Cement Ltd., has already featured in our first case study where it was seen to threaten action which would have caused a major extension of the building dispute. Its lock-out action in this case involved it in the dispute and this of course threatened the entire building industry once again. This, in turn, raised the possibility that the numbers out of work as a result of the maintenance strike, might be increased from 30,000 to over 100,000 if the building industry were shut down. While such an outcome would have placed the building craft unions under immense pressure it would not have had any notable direct impact on the more militant engineering and electrical unions. Even if the lock-out had been completely successful it would not have had such an impact given that almost 90 per cent of all maintenance craftsmen worked in non-FUE firms.

to the Labour Court. The unions felt that both of these moves were premature and as a result refused to attend the Court. The Maintenance Committee took only one further important decision in the course of collective bargaining. The strike had been in progress for about three weeks and the Maintenance Committee had just been given a new mandate by the Executive Committee when the parties returned to conciliation.

When that conference closed the bargaining position was as follows:

TABLE 22: *Closing position at conciliation—19 February 1969*

	(a) <i>Revised Union Claim</i>	(b) <i>FUE Executive's Mandate</i>	(c) <i>Conciliation Compromise Proposal</i>	(d) <i>FUE Maintenance Committee's Offer</i>
<b>FIRST PHASE</b>				
Operative Date	1. 1/1/69	= 1/1/69	= 1/1/69	= 1/1/69
Increase	2. 9d p.h.	= 9d p.h.	= 9d p.h.	= 9d p.h.
<b>SECOND PHASE</b>				
Operative Date	3. 5/10/69	≠ Flexible	≠ 8/12/69	≠ 1/1/70
Increase	4. 6d p.h.	= 6d p.h.	= 6d p.h.	= 6d p.h.
<b>TERMINATION</b>				
Operative Date	5. 30/6/70	= 30/6/70	= 30/6/70	= 30/6/70

Source: *FUE Report on the Maintenance Dispute*, pp. 75, 76, 78.

It should be obvious from the above that there was a substantial degree of agreement at this point and the possibility of a complete settlement. So far as the first phase was concerned, the employers had a mandate to meet the demands of the unions, both on the amount of the claim and its operative date; indeed their Maintenance Committee had actually made an offer to this effect. A similar degree of agreement existed in relation to the amount to be paid in the second phase and in respect of the date of termination of the agreement. The sole difference that remained—as indicated by the box around line 3—was the date of the second phase. But even here, column (b) shows that there was the basis of an agreement, in that the FUE Executive's mandate to its Maintenance Committee was flexible and therefore it was within reach of the unions' final demand.

Yet, in the event, the FUE Maintenance Committee decided not to exercise its mandate in full, either directly or indirectly through the conciliation officer, although the remaining difference represented a mere pound per week for an extra nine weeks for each of 3,000 maintenance men. Indeed, the *total* extra

cost could not have exceeded a once-and-for-all payment of £27,000 spread over 225 companies. And there can be little doubt that had the FUE negotiators used their mandate in full the union negotiators would have unanimously recommended the proposals. There would also have been a very good chance of acceptance (a) because the strike committee had not yet taken up a recalcitrant position and (b) because the employees concerned might have been favourably disposed to end the strike and cut their losses. In the event, the Maintenance Committee's offer fell marginally short of the claim, the unions' negotiators refused to recommend it and it was rejected. It is said that the reasons why the Committee failed to exercise its mandate in full were (a) it felt it would be throwing good money after bad and (b) as the Executive had been very cautious in giving it this mandate, the Committee felt it should not exhaust it at its first subsequent bargaining session.<sup>2</sup>

As a result, the strike continued for another eight days until the FUE negotiators finally decided to go to the limit of their mandate at renewed conciliation. But, by this time, their offer was unacceptable to the union side for, as the strike progressed, the union strike committee had gained in influence and importance and it recommended against acceptance [30]. From this point on the retreat of the employers became virtually inevitable and they were ultimately forced to raise their offer to meet the unions' minimum demand to secure a settlement [31]. The eventual cost to the maintenance employers and to the national economy was very considerable. For, as the FUE itself later argued in regard to the twelfth round that followed:

The present round represents a much too large and completely inflationary increase for incomes. This increase must be regarded as stemming directly from the terms of the maintenance strike of last year. FUE Executive, at the time, warned of the consequences to all employers of failure to hold out until a reasonable and just settlement could be obtained [32].

It is difficult to disagree with this verdict. Its only limitation is that it fails to go on to draw one final lesson: warnings there were in plenty, but they were not enough. The fact is the maintenance employers were not sufficiently united, or well organised, to heed such warnings. They also lacked adequate procedures to mobilise what unity existed. Their strength and influence was not adequate

2. During this conciliation conference the general secretary of one of the general unions appeared on the scene. He apparently berated some of the most intransigent craft union officials and demanded that they lift their pickets on a large industrial firm in the Dublin suburbs. This incident cannot have failed to encourage the FUE in its belief that a major confrontation between the craft and general unions would soon occur and that the resulting pressure would undermine the position of the craft group. The employers' refusal to improve their offer at this point indicates that they still believed that they could get a better settlement. At this point it is worth recalling that it may sometimes be wiser to go for a quick settlement and to worry about the precise cost later than to be so concerned with the precise costs of every possible offer that the chance of settlement is lost.

to meet the immense task which was set for them by the new bargaining arrangement.<sup>3</sup>

Decision-making procedures on the union side were even more inchoate than those of the employers. In fact, the group of unions (NGMCU) had virtually no agreed decision-making procedure when the negotiations started. In the 1966 negotiations the FUE had insisted that there could be no agreement unless and until all the unions agreed to sign. When, at first, the ETU refused to sign, NEETU sought guarantees that the FUE would not negotiate any separate and more favourable agreement with ETU. Such assurances were given and the ETU ultimately had to sign the group agreement, albeit unwillingly. Unfortunately these events were later interpreted by NEETU as implying that a rule of *unanimity* obtained, giving it the power to veto any renewal of the maintenance agreement if the terms offered were unacceptable. In an effort to avoid any misunderstanding on this account NEETU wrote to the NGMCU immediately after the first conference with the employers to state:

Our Executive Council feel we cannot be bound by a majority decision taken on the basis of one union one vote, as the original maintenance agreement was on the basis of all parties being agreeable, and this is our policy [33].

Unfortunately, no reply was received from the NGMCU. One month later, NEETU again complained that "no arrangements had been made to discuss (this matter)" [34]. Yet there is no evidence that the problem of voting procedure was discussed subsequently and it is clear that it was never resolved in a satisfactory way, though a number of subsequent decisions, which were apparently unanimous, helped to sustain the illusion that no real problem existed.

It was not until the strike had been in progress for some weeks that the unions finally agreed among themselves to the following voting procedure: fifteen building unions, one union one vote; two engineering unions, joint ballot—one man one vote; the one electrical union, separate ballot—one man one vote [35]. This of course did nothing to alter the fact that the level of settlement would still be dictated by the most militant of the three voting groups, namely, the engineers. It was not until the later stages of the dispute that these belated arrangements came into operation. At this stage it is sufficient to report the ballot outcome in regard to the last three offers. The results were as follows:

3. One commentator summed up the consequences of the fact that both the employer and union sides were totally disparate very succinctly, by saying that "there were no industrial relations in this case". The resultant lack of mutual industrial interest made collective bargaining, as it is usually understood, virtually impossible. In the circumstances it is not surprising if the struggle sometimes seemed to be dominated by a vendetta between the most recalcitrant personalities on each side.

*AEU:* It was not until the final stage of these negotiations that the AEU put an FUE offer to a ballot vote. In a joint ballot with NEETU, on conciliation proposals dated the 19th February 1969, the result was rejection by 386 votes to 271 [36]. Revised proposals emerged eight days later. These were recommended by the union officials but condemned by the strike committee. The ballot result was again for rejection, this time by 378 votes to 62 [37]. It was not until the employers agreed to the revised union demands in full, and thereby conceded parity with the contract electricians, that the AEU membership voted to accept.

*ETU:* The first ETU ballot, which coincided with the first ballot mentioned above, resulted in rejection by 100 to 74 [38]. The second ballot rejected the new offer by 62 to 57 [39]. Again, it was not until the revised claims for parity with the contract electricians had been conceded in full that the members voted to accept.

*NEETU:* The foregoing commentary on AEU applies equally to this union.

*ASW:* The building craft unions, including ASW, also voted on the offer of the 19th February. The ASW result was rejection by 60 votes to 52 [40]. The ASW members also voted to reject the proposals of the 26th February but no details of that ballot are available [41]. When the employers conceded the revised union demands in full the ASW negotiators accepted on behalf of the union. They were later reprimanded on this account and told that, even if the employers' offer exceeded the claim, the offer should have been referred back to the Management Committee before acceptance [42].

(7) *The dimensions of bargaining structure*

(i) *The level dimension:* The level dimension gave rise to certain difficulties long before the agreement was due for renewal. Each side offered differing interpretations of those clauses in the original agreement which specified its coverage [43]. The federation believed that companies covered by the original agreement could decide unilaterally to opt out of it. The unions flatly opposed this viewpoint. The problem was resolved by Clause 15 of the new agreement which stated that new domestic agreements could only be negotiated if both sides were agreeable.

Given that the federation felt obliged to adopt a new and more forceful policy in response to union pressure and the prodding of some of its more important member firms, the creation of a new "multi-industry" bargaining level appeared to offer a viable solution. But it is important to analyse why this was thought to be the best option available and how it was supposed to work. Essentially the employers hoped to raise the level of bargaining to a

point where they could create a new and more extensive "common front" against the craft unions. In this they were successful and by the end of 1968 this front embraced some 225 companies. But the logic of a more extensive front of this kind is that it should increase the cost of disagreement to the unions, more particularly in the form of increased strike pay. Yet costs of this kind are only likely to result if the new front has a reasonable expectation of enduring industrial action itself, i.e. if the firms who make up the front are sufficiently united with perceived common interests. It was in this respect that the proposed multi-industry grouping was most suspect. First, it covered a totally disparate group of employers whose interests and priorities were so divergent that they had no common bond to bind them together when threatened with industrial action. Secondly, the firms included in this front employed only 3,000 of an estimated total of 25,000 maintenance craftsmen at work in the Republic.<sup>4</sup> The rest of these maintenance craftsmen, to the great majority of whom the terms of the first maintenance agreement had been extended, were employed by firms which were not members of FUE. Such firms had no particular interest in facing industrial action to preserve FUE policy in regard to maintenance craftsmen's wages. Thirdly, and most crucially, the new front did not include any of the contract craft employers, whose alleged lack of backbone in wage negotiations had prompted the FUE move in the first instance. The contract employers remained free to negotiate "unreasonable" wage increases before, during or after the maintenance negotiations. Therefore, we would argue, the FUE move to create a maintenance employers' group made sense only if the federation believed that it could negotiate maintenance craft rates which would be substantially *lower* than contract craft rates. This in fact was its critical assumption. But it meant that the federation was prepared to confront a craft union principle with an iron tradition. *That principle was that there should be one, and only one, "rate for the craft"*.<sup>5</sup> This was the rock on which the federation's desperate and remarkable endeavours perished. For the craft unions regarded a split in "the craft rate" as a major threat to their survival. The maintenance employers, by contrast, lacked an equally solid tradition to which they could appeal. They were not even resisting the unions' demand for a retention of the concept of the single "craft rate" because of the immediate and direct cost involved. This was accepted as negligible by all concerned. Their resistance rested on some undefined prediction of massive overspill effects in manufacturing generally *sometime after the settlement*. In the circumstances it is not surprising that once the strike looked as if it was going to be both effective

4. In fact there were over 50,000 members in the craft unions at this time.

5. Craft unions do of course welcome extra differentials over "the craft rate" for individuals or small groups. However, they would never willingly tolerate a situation in which "the rate" for one large group, namely, maintenance craftsmen, settled and remained below "the rate" for contract craftsmen. The logic of this principle is considered in detail in Chapter 5.

and prolonged they began to concede one by one. The certain and substantial costs of continuing conflict soon overwhelmed the fear of possible, but as yet by no means certain, overspill effects. Indeed, some employers may even have thought that their own collapse would produce a Government wage freeze to halt the spread of the settlement to the general body of workers in Irish industry and trade.

This is not to suggest that the FUE had any easy alternatives; far from it. It has been suggested that the FUE should have opted out before the end of the first maintenance agreement and given notice that they did not wish to continue negotiations at multi-industry level. It seems to us that this is an implausible proposition. It assumes that the unions, which had done very well out of their first bargaining encounter at this level, would acquiesce in such a course.<sup>6</sup> But neither side will willingly forgo an advantageous bargaining position, particularly when its opponent has offered it that position in the first place. So unilateral disengagement was not an easy way out.

It could also be argued that the federation might have opted for a smaller and less disparate maintenance employers' group. Again this is far from certain. It also presupposes that, if the unions did agree to such a policy, the cost of any conflict to them would be greater than the cost to the companies involved. It is far from obvious that this would have been the case even if other employees were prepared to pass the craft pickets.

In the last analysis therefore, once the federation had chosen its ground, it seemed to have little option but to fight on it. Of course, this was a high risk strategy. First, because even if all the employers involved backed the federation the craft unions only had a small minority of their membership involved, i.e. 3,000 out of 50,000. In such circumstances a strike levy on those members who were not affected by a strike might have been expected to sustain the maintenance craftsmen for a considerable period. On the other hand, as the federation was also aware, a strike of these proportions was likely to place an intolerable financial burden on the *general* rather than on the craft unions. This was because their members could be expected to refuse to pass the pickets of the striking craftsmen, while subsequently claiming dispute benefit from their own organisations to offset their loss of earnings. It was indeed this fact, rather than the direct losses of the craft unions involved in the dispute, that eventually came close to forcing a compromise. As it was, it gave rise to great bitterness within the union movement before the employers finally retreated.

Secondly, in deciding to make a stand the federation had to face up to the fact that its bargaining group, being extremely disparate, was unlikely to hold together without some inducement. The trouble was that the only inducement

6. As we have seen they had all gained parity with the highest contract craft rate.

available was a negative one, namely, the threat that, if the employers concerned conceded the amount demanded to the maintenance craftsmen who constituted about 6 per cent of their workforce, they would most assuredly be forced to make equally large concessions to the other 94 per cent of their workforce [44]. But in working up resistance in this way the federation heightened the risk of being hoisted on its own petard if that resistance failed. Yet once again the high risk strategy might have paid off and, if it had, the gains might have been considerable. If it had produced a reasonable settlement for maintenance craftsmen the general body of industrial workers might well have settled equally reasonably at a similar level.

In the event, although the unions may be said to have won this dispute, their final settlement represented no lasting advantage in one sense at least. It is true that the craft unions could claim to have restored parity with the contract electricians' basic rate and to have widened the differential between themselves and non-craft workers, but the latter advantage proved to be ephemeral. For as virtually every other group in the economy achieved equally large increases following the settlement of the maintenance dispute, the craft differential was soon reduced to its pre-strike proportions.

This leads us to a consideration of the only reasonably plausible alternative available to the FUE. The federation might have decided to concede the craft unions' claim on the grounds that the comparison between contract and maintenance craft wage rates was the single most coercive comparison in the entire process of wage determination. The direct cost of the settlement would not have been intolerable as maintenance craftsmen usually constituted less than one-tenth of a company's labour force. The federation might then have made its stand against an extension of the craft wage increase to the general body of workers. In such a stand the bargaining balance would have been much more equal.

However, there were two major problems to be overcome in operating such a policy. First, it would have required unprecedented co-ordination between the FUE's many bargaining branches. Secondly, any hope that this strategy might succeed had been weakened by the introduction of the first maintenance agreement. For, as the FUE itself reported, that agreement "had forged a link" between maintenance craftsmen and general workers. It ensured that craftsmen agreed to work the same (i.e. longer) hours as general workers at factory level [45]. Such a link could not be easily dismantled when the next round of wage claims came to be negotiated and it helped to ensure that, in future, movements in maintenance rates would come to dominate the Irish collective bargaining system. Nevertheless, there can be no doubt that the link between craft rates in contracting and maintenance is still far more coercive than that between maintenance craftsmen and general production workers. In our opinion then,



an employer stand designed to break the latter comparison stood a far greater chance of success, even in 1968.

(ii) *The unit dimension*: The multi-craft unit dimension remained in the second maintenance agreement. But in the negotiations for renewal the federation decided to seek a common wage increase rather than a common wage rate for maintenance craftsmen. The idea of a single rate was abandoned, because, as the federation put it, the common basic rate had become a "near fiction" [46]. The uneven reduction of working hours across industries had been the main reason for the breakdown of the "common basic rate". This development precluded the possibility of setting down a craft wage structure in the new agreement which might have diminished inter-craft tensions. It also meant that the federation had little prospect of enforcing control by trying to ensure that the basic operated as a maximum.

(iii) *The scope dimension*: The curtailment of the scope of collective bargaining which the unions had agreed to in 1966 was set aside in 1968 when the unions demanded a 40 hour week for all maintenance craftsmen, regardless of the actual hours worked in the various industries employing them. While the craft unions continue to concede the principle that maintenance craftsmen should work the same hours as production workers, at company level, they clearly do not consider themselves bound by this principle in a general way. In seeking the most reasonable settlement possible, the employers found that they had to accept an agreement of 18 months' duration. Agreements of this length subsequently became common-place. This represented an expensive departure from the pre-existing convention of two year agreements.

#### (8) *The settlement*

Details of the wage provisions of the second maintenance agreement are set out in the following table. Details of other craft rates operating at this time are given in Appendix F.

TABLE 23: *The wage rate terms of the second maintenance agreement\**

Category	Old Rate	1st Phase 1st Jan. 1969	Adjusted Rate (c) = (b) + (a)	2nd Phase 1st Oct. 1969	Adjusted Rate (e) = (d) + (c)	Overall Increase
	(a)	(b)		(d)		
Maintenance	(1) 7/9½d	1/3d	9/0¼d	6d	9/6¼d	22.5%
Craftsmen	(2) 8/3d	1/3d	9/6d	6d	10/-d	21.2%

(1) This assumes that there had been no reduction in hours during the currency of the 1st agreement for this category.

(2) The calculation for the second category assumes that the normal working hours had been reduced to 40 between October 1966 and December 1968.

\*The second maintenance agreement terminated on the 30th June 1970.

(9) *Summary*

(i) Both intra-union and inter-union rivalries were significant predisposing factors in this case.

(ii) The procedures for formulating wage policy and for obtaining policy mandates were inadequate on both the union and the employer sides.

(iii) The substantial union claim was revised downward to an irreducible minimum which was for parity with the contract electricians, but the FUE Executive's policy shows that they felt that this should not be conceded. This meant that the federation believed it would be possible to split "the craft rate" in two and thereby place maintenance craftsmen on a lower rate than contract craftsmen. Because of the fundamental craft union principle that there should be only one "rate for the craft" some of these unions came to regard the fore-going FUE policy as the thin end of a wedge which might ultimately threaten their survival.

(iv) In the confrontation which ensued the bargaining limitations of the federation's Maintenance Employers' Group became apparent. The group was an extremely disparate one and therefore had no common trade or industry bond. It employed only about 3,000 of the 50,000 craftsmen in the Republic and therefore could not inflict very severe financial losses on the craft unions by standing up to a strike.

It also had to operate alongside the contract employer groups whose attitude to craft wage claims differed from the attitude of maintenance employers. Thus, wage rates negotiated for contract craftsmen could, and did, give rise to similar demands from maintenance craftsmen.

(v) In order to stiffen the resolve of the maintenance employers the FUE repeatedly argued that a high settlement for maintenance craftsmen would lead to equally high settlements for the general body of employees. In the end the maintenance employers began to concede one by one, as the certain substantial costs of continuing conflict came to outweigh the fear of such possible, but as yet uncertain, overspill effects. In the event the federation's prediction was to become a self-fulfilling prophecy.

(vi) There is no question but that the FUE was justified in its attempt to minimise the rate of increase in wage costs. However, it can be argued that the policy chosen to achieve this end was not the best available policy, even

allowing for the fact that the federation could not easily disengage from the new bargaining structure which it had created.

(vii) The link forged (between maintenance and general workers) by the first maintenance agreement in regard to hours was bound to work in reverse in regard to wages. But the hours problem was a short-term one and one which recurred only once every 10 or 20 years. The wages problem, by contrast, recurs almost every year.

(viii) The maintenance agreements did not break the coercive comparison between contract craft and maintenance craft wages. They reaffirmed it twice. But this endeavour to break that link created a new coercive comparison between maintenance craftsmen and the general body of production workers. While this latter is undoubtedly stronger than the informal link which it replaced, it is still undoubtedly weaker than the first-mentioned coercive comparison.

(ix) The fact that the federation could not sustain a single wage rate for maintenance craftsmen in the second agreement denied it the possibility of enforcing a common rate as a maximum.

(x) The craft unions still maintain that they are entitled to a higher differential over unskilled grades. The experience of the 'sixties suggests that it will be futile for the craft unions to seek this end, either individually or as a group, unless and until they have the express or implied approval of all other bargaining groups. This comment neither adds to nor takes from the merit of their claim.

(xi) The maintenance agreement still exists, albeit in a state of limbo for the duration of the present series of national wage agreements.

## FIFTH CASE STUDY

### *The Building Industry Agreement—September 1969*

#### (1) *The parties to the negotiations*

The employee side was represented again by sixteen unions which were involved in the 1964 settlement. Although there had been some moves towards amalgamation they had no direct bearing on the negotiations considered here. As in the first case study we considered the parts played by the Amalgamated Society of Woodworkers (ASW), the Operative Plasterers and Allied Trades Society of Ireland (OPATSI) and the Irish Transport and General Workers' Union (ITGWU). We also examined the role played by the Construction Industrial Committee (CIC) which had been formed by the ICTU.

By the time serious negotiations opened in April 1969 the collective bargaining arrangements in the industry had altered radically since, and partly as a result of, the 1964 settlement. First, the parties had established a Joint Industrial Council in May 1965. Secondly, the Building Agreement had been registered in March 1967.<sup>1</sup> Thirdly, the Construction Industrial Committee of Congress had adopted a constitution and had become the sole bargaining group operating on behalf of the building unions.

As in the first case study the employers were represented by the Construction Industry Federation (CIF).

#### (2) *The unions and predisposing factors*

*ASW:* On the occupational side skill disintegration continued as a result of the growth of prefabrication. For this reason the ASW felt compelled to open its doors to a growing number of non-time-served craftsmen but this, of course, added to the problem of skill dilution. The union's industrial dimension had not changed to any notable degree since 1964 and employment in building and maintenance remained at a high level.

The union's leadership was aware that membership was more inclined to fall than to rise. It believed, as indicated in the previous case study, that the union's territory was under attack both by rival craft unions and by the general unions. It was further aggravated by its belief that the closed shop agreements with general unions and labour-only sub-contracting would militate against ASW to a growing extent. Thus, in sharp contrast to its position in 1964, the ASW's future looked increasingly uncertain.

1. Collective agreements can be registered with the Labour Court. This gives legal effect to the wages and conditions specified in the agreement. The relevant statute is the Industrial Relations Act 1946, Sections 25-33.

*OPATSI*: The OPATSI still faced almost all of the problems which had confronted it in the early 'sixties. Membership figures suggest slow but steady growth but, when members in arrears are discounted, the position is far less satisfactory [1]. (The affiliation fee to Congress, for example, suggests that membership was 30 per cent lower than the registry returns in 1970.) Indeed at one stage, as far back as 1963, it was reported to the Executive that the "income represented only 415 members" [2]. Technological change, which led to an increasing use of alternative materials, now threatened the union to such an extent that an auxiliary members' section was permitted and allowed to expand slowly. The union began to define its territory as including all work with plaster or plaster-based products. The Annual Report for 1966 observed that "Every effort must be made to claim any work which necessitates the use of plasterer's tools. If we do not, others will come in with lesser rates of wages and we will lose control" [3].

Internal conflict, if it existed at all, is not reflected to any extent in the records of the union. Externally, the union's territory seemed more secure than ever as in July 1968 the British National Association of Operative Plasterers had merged with a large general union in Britain but its members in Ireland had joined OPATSI [4]. This meant that the union faced no competition from rival craft unions; furthermore, there is no evidence that it felt threatened by the recruitment activities of the general unions. But all these reasons for satisfaction were overshadowed by the cause of one of them. The disintegration of the NAOP in Britain was believed to be due, above all, to the spectacular growth of labour-only sub-contracting. Although this practice had a long history in this country it was not until the nineteen sixties that it began to spread rapidly. Thus in 1966, the Secretary of OPATSI said: "This system is becoming a cancer that will destroy all preconceived ideas regulating trade agreements between workers and employers in regard to conditions of labour" [5]. In 1968, the same official said: "There will soon be no plasterers' union unless this practice is curbed" [6]. This factor prompted the union to make repeated but unsuccessful demands for a closed shop for the building industry as a whole [7].

*ITGWU*: The ITGWU had shared in the general growth of unionisation. As before, it was not unduly threatened as an organisation by the changes in the nature of the work done by its membership. Equally its losses resulting from the secular decline in employment in some sectors were offset by secular growth in other sectors.

It had not experienced any major internal problems since the NBU was set up in 1964 but the memory and the lessons of that breakaway group had not been forgotten. The union's relations with certain craft unions were also

strained by its active recruiting policy and by the introduction of a number of closed shop agreements. The relationship between the general unions and the craft unions had also been strained by the maintenance strike and settlement which we have just reviewed.<sup>2</sup> In short, the union's position was not so secure that it could afford to take the same placid attitude as it had taken in 1964.

(3) *The employers and predisposing factors*

On the employers' side the CIF had made dramatic progress since the early 'sixties in terms of membership, income and reserves. Furthermore, the various sub-contracting groups, some of which had traditionally been reluctant to cede any of their autonomy, were showing an increasing interest in affiliation to the Federation. Like all other employer associations it had little reason for anxiety as to its future existence or autonomy as the proposals for the establishment of a single National Industrial and Business Organisation had by now succumbed through lack of support from the associations themselves. In short, the Federation had greatly consolidated its position since the early 'sixties.

(4) *The origins of trade union wage policy*

*ASW:* Shortly after the eleventh round negotiations had been completed it was emphasised at a meeting of the ASW Management Committee in Dublin that "in future more serious consideration should be given to the demand as the final offer was influenced to a considerable extent by the original claim" [9]. In July 1968 the Management Committee decided ". . . to seek an immediate meeting of the Joint Industrial Council for a review of the wage structure . . ." [10]. When the Committee met to formulate the unions' policy it was decided to "seek a wage rate of 15/- per hour (an increase of 83 per cent) for workers employed in the construction industry". This was identical to the claim ASW had put forward on behalf of its maintenance members. As will be seen below, this claim on the building employers was matched exactly by the union's leading Irish rival (INUW). This was yet another example of a union feeling that it must match its rivals' demands no matter how unrealistic they appear to be.

*OPATSI:* When the OPATSI Executive considered the wage claim proposed by the Construction Industrial Committee the union's original claim, which had been significantly larger, was modified to match the general consensus reached by the other unions. However, it was urged that they should not accept any phasing of the increases [11].

2. That strike had thrown almost 30,000 general workers out of work and the dispute benefits paid to these men had cost the general unions some £380,000. The craft unions, who had started the strike, spent only £55,000 on strike pay to less than 3,000 members [8].

*ITGWU*: This union was the first to write to the *CIC* concerning a wage claim. Its letter stated that the *ITGWU* had been directed on behalf of its members to request "a substantial wage increase common to all building operatives" [12]. This claim underlined the vital bargaining link between craft and non-craft workers in the building industry.

*CIC*: In June 1968 the *CIC* first suggested a review of the wage agreement, which was not due to expire until September the following year. It was argued that "a review of the agreement would have the effect of preventing a build-up of (unofficial) pressures" [13]. When asked to clarify the meaning of the term "review" the unions said that "what electricians had already achieved and what maintenance craftsmen and engineering craftsmen will achieve was going to affect building craftsmen. In time the maintenance plasterer or carpenter may have as much as two shillings per hour more than his colleague in the building industry" [14]. It was finally agreed to postpone negotiations until the start of the new year.

In December 1968 the annual tripartite review of the industry's progress was initiated by the Department of Finance. This process, which had originally been suggested by the *NIEC* some years earlier, enabled the parties to discuss a series of detailed statistical reports on the state of the industry. The review made no reference to the possibility of increased wage costs (in fact it gave no breakdown of costs at all) nor did it attempt to quantify the consequences of wage cost increases for employment, by making appropriate assumptions as to the probable aggregate level of finance available to the industry [15].

Although negotiations were to have opened in January 1969 there seems to have been a tacit agreement all round that it would be best to await the outcome of the negotiations concerning maintenance craftsmen. At the beginning of 1969 the *CIC* finally adopted a formal constitution which outlined its functions and provided that all decisions would in future be taken by means of a weighted voting system [16].

When the Committee met to formulate wage policy the following claims were proposed:

<i>Union(s)</i>	<i>Claim</i>	<i>Equivalent percentage Increase</i>
ASW, INUW	15/- p.h.	83
INUPD, OPATSI, BWTU	11/- p.h.	34
ASPD	10/3 p.h.	25
ATGWU	10/- p.h.	22
ITGWU, WUI, PTU, ISWM, USHPDTU	9/6 p.h.	16

NEETU, ASTRO, AGEMOU and MPGWU were absent. After very lengthy discussions at this and at a subsequent meeting:

It was unanimously agreed to seek a variation order as follows: An increase of  $1/9\frac{1}{2}$  p.h. (an increase of 22 per cent) on all wage rates operative from 1.3.69 as contained in the first schedule of the current employment agreement, to be paid as from a date to be agreed [17].

This was in effect a decision to follow the terms of the second maintenance settlement but it is important to note that no reference was made to the duration of the proposed settlement.

(5) *The origins of employer wage policy*

It has already been suggested that three factors predominate under this heading: control of labour costs, guarantee of labour supply and conflict avoidance. The genesis of employer wage policy on this occasion can be traced back at least as far as 1965. It was noted then that a survey had shown that a substantial number of employers were experiencing difficulty in filling vacancies for skilled men. The main reasons for this were said to be emigration, union restrictions on apprenticeship intake and more attractive employment conditions in other industries. These shortages inevitably aggravated the problem of controlling excess wage rates [18]. The steady growth of labour-only subcontracting was also believed to be a reflection of the shortage of skilled labour [19]. There is little doubt that the need to ensure an adequate labour supply outweighed both cost and conflict considerations in this instance. It was felt that a substantial wage increase was essential to retain potential emigrants and attract maintenance building craftsmen from manufacturing and service industries. Though understandably, the CIF believed that such a wage increase could not be conceded without every effort being made to offset the cost, in part at least, by productivity gains.

When the unions and employers met in September 1968 to discuss the claim for a review of the agreement the CIF insisted that the existing agreement, which still had one year to go, should be allowed to run its course. The employers' spokesmen made it clear however that other developments in the labour market would be examined in the meantime. The employers, it was stated, "had no interest in downgrading building workers" as this would be "commercial suicide" [20]. At the end of the year the CIF circulated a draft agreement to its members which centred on two main points. These were first, the need to ensure that building workers had a wage which compared reasonably with other industries and which gave reasonable progression in increasing real income and secondly, the need to offset the inflationary effect of wage increases by measures designed to increase productivity. Under the latter



heading the CIF draft suggested the following objectives: (a) a major reform of trade union organisation to establish a single "Building Craftsmen's Union"; (b) the abolition of traditional craft boundaries and the institution of a new category known as "building craftsmen" who would be entitled to do any craft work, in return for which the industry would endeavour to rely on retraining rather than redundancy; (c) the introduction of detailed changes in working practices, namely, agreement on such items as the use of new machinery, travelling arrangements, travel allowances, acceptance of dilutees, abolition of tool money, abolition of "Mass time" in some provincial areas where it still applied, the introduction of a half-hour lunch break, overtime tea-breaks to be at the employees' expense, payment by cheque to be accepted, shuttering to be done by semi-skilled workers, accelerated vocational training to be used when there were shortages of particular crafts; and (d) the reform of union balloting procedures [21]. It can be seen from the above that the building employers were approaching the unions with a novel set of proposals, some of which went far beyond the conventional subject matter of "productivity bargaining" as it is usually understood. In effect they suggested that union structures and procedures were a significant constraint on improved efficiency, so much so that the employers were justified in seeking to make the pace of wage improvements to some extent contingent upon progress in both these areas. The CIF now decided to retain an independent economist to report on the implications of a substantial wage increase in the building industry [22].

(6) *The process of collective bargaining*

The unions submitted their wage claim in the latter half of March 1969 [23]. However, they were eventually persuaded that their existing agreement, which still had six months to run, could not be shortened to such an extent.

When both sides met, under the auspices of the NJIC, the employers stated that they did not want the position of their workers to be worse than that of other workers. As against this however, they said they had to consider the dilemma of mass unemployment. The unions replied that that argument had been put forward by the employers time and time again and, despite increases over the years, the industry had survived. To support their case the employers put forward the following points from the consultant economist's report:

- (a) The claim would increase wage costs by 25 to 26 per cent.
- (b) Together with other benefits already conceded this would raise total costs by 15 per cent.
- (c) Employment would be reduced by as much as 10 per cent.

- (d) There were indications of a tightening of money in both the public and private sectors.
- (e) Such concessions would have serious repercussions on other sectors.

Replying to these arguments the unions accepted what the employers said in good faith but argued that:

They could not lose sight of the trend set in recent months. . . . The figures quoted would mean nothing to the workers, who, seeing the realities around them, would have no interest in reports of consultant economists. The history of the industry was one of instability and the workers were aware of the setbacks that had occurred. When increases of pence and half-pence were being negotiated there had been talk of setbacks. At the present time, relativities and comparisons with similar workers in other industries could not be ignored. The unions knew what offer they could go back with to the workers and they had no intention of going back with anything which would reflect adversely on them as negotiators.

In the course of their reply the employers noted that the industry "was bedevilled by ups and downs". The unions seconded this view but suggested that neither they nor the employers could alter this as the "responsibility rested with politicians, civil servants and the Government". Both the employers and the unions referred to the implications of the recent maintenance settlement and each side offered differing interpretations of excess rates. The employers suggested that incentive bonus schemes were the best way of dealing with the latter problem and they also insisted that "productivity be tied up with potential increases". The meeting concluded without agreement [24].

At this stage the CIF secretariat submitted a memorandum to the general sub-committee of the JIC in which it pointed out that "the realities of the recent wage developments cannot be ignored and the indications are that a substantial wage increase will result. Consequently, it is most important that building costs should not increase if large-scale unemployment is to be avoided, and the only way to achieve this is to improve productivity" [25]. Specific productivity proposals were put forward at this meeting but, despite detailed discussion, only modest progress was made in this respect and most items raised were deferred for future consideration.

When the full Joint Industrial Council met again the unions:

. . . complimented the Federation on the consultant's report. They were not attempting to answer it or refute it from the economic point of view but it had to be realised that the wage pattern had already been set by

forces outside the control of the building industry. In reply the employers said that they realised that a substantial increase was unavoidable so that the position of the building workers would not deteriorate *vis-à-vis* that of other workers. The employers queried the claim for equal increases for craft and general workers, and in reply it was stated that even the craft unions were fully behind this part of the claim [26].

In a letter to member firms the Director of CIF now explained that:

... the unfortunate facts of the situation are that the (wages of) craftsmen working in the industry are very considerably out of line with maintenance craftsmen both in public and private employment and with other craftsmen, e.g. fitters, electricians, welders, structural steel erectors etc. The basic trade union answer to arguments about the state of the industry is that they appreciate this but their members will insist on preserving their relative position [27].

The first offer made by the employers was 12½ per cent over 15 months from October 1969 but this was rejected. After three further NJIC meetings agreed settlement terms finally emerged.

When these terms were presented to the CIF membership the Director gave a detailed account of recent wage developments outside the industry and indicated that the proposals at hand would bring the building workers into line with other craft workers. After a discussion a ballot was held as directed by the Council. The results were not announced pending the unions' decision. After some further unsuccessful attempts to ensure that the painters' unions would accept the use of rollers as their contribution to productivity the employers indicated their acceptance (despite the very modest productivity gains achieved) and the agreement was signed and implemented.

It was not until the final proposals emerged that the CIC held its first ballot. The result was as follows (each union's weighted voting strength being given in brackets):<sup>3</sup>

*Acceptance: 20 votes: ASW (3), ASPD (2), PTU (2), BWTU (2), OPATSI (2), INUW (2), INUPD (2), ISWM (1), UHSPD (1), AGEMOU (1), ATGWU (2).*

*Rejection: 7 votes: ITGWU (3), WUI (2), MPGWU (1), NEETU (1) [28].*

3. As the unions did not have accurate figures for paid up membership when this weighted voting system was being devised the number of votes allotted to each union reflects no more than a best guess as to the relative membership in building. It seems clear however that the smaller unions are "over represented" and that the larger unions are "under represented" by this system.

Thus, the negotiations ended with the craftsmen's claim being conceded and in acceptance by the craft unions. The general unions, however, had to accept a result which overruled their members' rejection of increases slightly less than those paid to craftsmen. Details of voting procedures used by the individual unions do not appear in the CIC or JIC records. However, the ITGWU gave the following reason for its rejection of the proposals, namely, the difference of three pence per hour in the offers to craft and non-craft workers [29]. Only 848 ITGWU members voted in this ballot and those voting against were a majority of almost six to one [30]. The low ballot reflects the considerable difficulties involved in balloting a widely scattered and mobile labour force. Finally, it should be noted that, when the employers suggested that the agreed increases would not be paid unless the painters' unions agreed to certain productivity changes, the union side indicated that it would reserve the right to re-open negotiations notwithstanding the CIC majority vote for acceptance [31]. The unions resisted what they regarded as a CIF attempt to play unions off against each other and eventually the employers withdrew their proposals.

(7) *The dimensions of bargaining structure*

(i) *The level dimension:* The negotiations considered above were carried out at the industrial level and, in contrast with the first case study, no efforts were made by either side to break the negotiations down to a regional level. The balance of bargaining power at this level was such that neither side appeared to have a disproportionate advantage over the other.

(ii) *The unit dimension:* The unit dimension was notable in that the building industry is by far the most important case in which craft and unskilled unions negotiate together. It was commonly believed that craftsmen were in very short supply and this was evidenced by the widespread concern with excess rates and lumping. Unskilled labourers, by contrast, were in plentiful supply for almost all of the nineteen sixties, particularly in the building industry. Geary and Hughes show for example that this grade had unemployment rates of 20.9 per cent and 18.1 per cent in 1961 and in 1966 respectively [32]. A recent paper by Walsh shows however that fewer school leavers entered this occupation in the latter half of the 'sixties [33]. In these new circumstances the foregoing judgment must be kept under continuing review. But in 1969 there was little labour market justification for incurring the extra costs which would be involved in "equal increases" for craft and unskilled building operatives.

(iii) *The scope dimension:* The scope dimension of bargaining structure shows a most unusual effort on the part of employers to include job definition, trade union organisation and voting procedures as bargaining topics. Perhaps the

initiative is mainly interesting because it is unusual—not least in respect of union structures. The fact is that it is traditional in collective bargaining to accept that the organisation and decision-making processes of the other side are their business not yours. One may mention them as common problems from time to time, even round the bargaining table, but they are not normally thought of as fit subjects for negotiation. And, in the case of union structure, it is easy to see why this is so. It is difficult to see how any group of employers could offer trade union officers a sufficient incentive for them to embark on a policy of amalgamation and constitutional change, unless they were already heavily committed to such a policy in advance for reasons of their own. In the circumstances it is difficult to believe that the CIF was entirely serious about these parts of their counter-offer. It is certainly not surprising that they played little part in the subsequent negotiations and were not referred to in the final settlement. Finally, the scope dimension is of interest because this agreement constituted a new precedent by having a specified duration of only 16 months. This precedent was followed by almost 25 per cent of subsequent twelfth round agreements. The agreed termination date also had the effect of keeping the building industry among those major craft groups which have since come to constitute the vanguard, in temporal terms, in more recent wage-rounds.

#### (8) *The settlement*

The essential features of the wage clause of this agreement are summarised in the following table. Details of other craft rates operating at this time are given in Appendix F.

TABLE 24: *The wage rate terms of the building industry's twelfth round agreement\**

Category	Old Rate (a)	1st Phase 1st Sept. 1969 (b)	Adjusted Rate (c) = (b) + (a)	2nd Phase 6th Jan. 1970 (d)	Adjusted Rate (e) = (d) + (c)	3rd Phase 1 July 1970 (f)	Adjusted Rate (g) = (f) + (e)	Overall Increase
Building Craftsmen	8/2½d	1/-	9/3d†	6d	9/9d	3d	10/-	21·8%

\*This agreement terminated on the 31st December 1970.

†Includes ½d per hour adjustment on the introduction of European Standard Time.

In the final analysis the only productivity gains were in regard to: (a) elimination of "Mass time", (b) operation of a half-hour lunch break, (c) payment by cheque for country work, (d) prompt attendance for work, (e) non-abuse of tea-breaks and (f) travelling arrangements for sub-contracting sections.

#### (9) *Summary*

(i) Inter-union tensions were again reflected in the initial demands from the individual unions in the group. One woodworkers' union emulated the demand

made by another and one general union emulated the demand made by another general union.

(ii) The general unions specifically demanded that their members should get the same wage increases as the building craftsmen. The employers successfully resisted this demand. This is a question of considerable importance because the building industry is the largest single industry in the country and it has an unusual arrangement whereby craft and general workers negotiate simultaneously. The latter are a primary reference group for other important unskilled manual groups. The existing bargaining framework is probably the best that can be devised at industry level, provided the radically different labour market backgrounds of craft and general workers are given continued recognition and that the relationship between craft and general workers' wages remains flexible.

(iii) This case provides a dramatic example of the force of comparison. The employers' position is rarely, if ever, thought out as thoroughly as it was in this case. The independent consultant's economic report stated their case with clarity if not with conviction. When the possibility of "mass unemployment" was specifically raised by the employers it was dismissed by the unions who made it perfectly clear that wage relativities were far more important in their eyes than the risk of higher unemployment.

(iv) When they became convinced that substantial increases would have to be conceded to retain skilled men who were thought to be drifting toward maintenance employments the employers endeavoured to offset part of the cost by means of productivity clauses. But the net gains under this heading were very modest.

(v) This was the first major agreement which had an agreed duration of less than 18 months. By breaching that short lived standard the building agreement gave the inflationary wage spiral another dangerous twist.

(vi) The employers made an unusual, but unsuccessful, effort to bring union organisation and union voting procedures within the scope of collective bargaining. It seems unlikely that such issues can be resolved in this way.

As a general concluding note to this series of case studies it is appropriate to review the chain-like link between them. The first-mentioned building settlement (1964) undoubtedly spurred the FUE towards making its proposals for the first maintenance agreement (1966). That agreement in turn obliterated

the small, but jealously guarded, differential which electricians had long enjoyed over other crafts. The next time the (contract) electricians engaged in wage negotiations they were determined, above all else, to restore, and indeed to increase, their traditional differential. This they did in 1968. But as parity with the rate for contract electricians had been the corner-stone of the first maintenance agreement, so a return to parity with the electricians' newly achieved and substantially improved wage rate became the touchstone for all other crafts in the second maintenance agreement (1969). Finally, the building employers, having seen the wages of their craftsmen fall far behind those of the contract electricians and maintenance craftsmen, felt constrained to concede a return to parity with those two groups:

## Chapter 5

### *A Thematic Review*

#### (1) *Introduction*

THIS Chapter analyses some of the more important themes emerging from the study so far. The emphasis is on practical considerations that are likely to help in the formulation of the policy issues discussed in the final Chapter. In the two sections that follow we consider the implications of our study for the general debate about the role of economic and non-economic factors in the process of wage determination. (This debate was summarised in Chapter 1.) To this end more extensive use is made of the survey of leading union spokesmen which was briefly referred to in that Chapter. The next two sections are devoted to an analysis of the main factors affecting the major parties to our case studies. We deal first with the underlying motives of union wage demands and their institutional expression and go on to consider employer responses to these demands. In Section Six we discuss the most important single issue in dispute in all our case studies: the search for a mutually acceptable standard rate for craftsmen. The final section concerns the changing role of third party intervention.

#### (2) *Economic factors and wage determination under collective bargaining*

##### (a) *Key wage bargains and economic factors*

On the assumption that the rate of economic growth provides a general guideline for the warranted rate of increase in wages, it is clear that the level of wage settlements in the 'sixties exceeded this level. The question is how far were wage demands affected by general economic conditions during this time, i.e. how far did trade unionists feel that they were constrained by the macro-economic indicators such as growth, employment, inflation, the balance of payments, the level of industrial production, earned incomes and so on. In theory, such economic factors can make for either moderation or militance; in practice, there is some indication that wage bargainers feel able (or obliged) to ignore them, even when they appear to suggest the need for moderation. In an attempt to find out more about the restraining effect of market trends in the 'sixties we asked the spokesmen of the unions involved in our case studies if they had felt constrained by factors of this kind. In every case their reply was quite emphatic: either such factors had no influence or they had had a



marginal influence which was overwhelmed by other factors. We also asked these officials if, in their opinion, their members felt constrained by such considerations. The reply was that in each case the members were even less concerned with economic generalities than they were.

Of course this constitutes no more than indirect evidence but it does come from those best placed to judge. Some may be surprised to hear that union officials openly assert that they are not influenced by factors that they should take into account if they have a regard for the "national interest". Some may say that they believe that, despite what union leaders protest, they *ought* to be so influenced. We discuss these issues further below. At the moment we merely recall that, if one accepts the definition of "trade unionism pure and simple" quoted at page 56 above, such statements are not surprising.

(b) Key wage bargains and microeconomic factors

But it might be said that, even if little notice is taken of such macro factors, there are a number of more significant micro factors at the level of the individual bargaining unit that do have to be taken into account. In this respect it will be remembered that in Chapter Three a case was made out for considering the impact of three important economic ratios, i.e. (i) labour cost to total cost, (ii) elasticity of substitution between factors and (iii) price elasticity of demand for the final product. In this respect the three bargaining groups featured in our key bargains provide some interesting contrasts.

Thus, in the building industry the ratio of labour costs to total costs is relatively high but has been declining (Appendix D, Column *f*). This reflects a growing level of mechanisation, both on-site and off-site, in which machinery competes to an increasing extent with labour of all grades. Yet, despite this secular trend, the level of labour costs is still such as would lead one, other things being equal, to expect some degree of caution among the building trade unions when formulating and pursuing cost increasing claims.

Turning to the second ratio, it is important to note that skilled labour in the building industry may be potentially replaceable to some extent by machinery, though off-site prefabrication is apt to be more important than on-site mechanisation. As a result of the trend towards prefabrication, skilled labour is also threatened to an increasing extent by unskilled labour. Traditionally both types of labour have been seen as complementary but, in the absence of trade union pressure, the chronic shortage of the former and the chronic surplus of the latter should tend to reduce the extent to which this is so. Such labour market imbalance might even be expected to result in a situation where they became competitors rather than complements. This consideration alone might be expected to encourage skilled workers to exercise wage restraint, because one way of defusing the threat of increased competition from unskilled

workers would be to ensure that the unskilled did not fall too far behind in wage terms. In fact, as we have seen, the building craft unions have not opted for restraint. Instead, they focused on mounting an unsuccessful attack on the spread of prefabrication which is a necessary concomitant of an increasing reliance on unskilled labour. Meanwhile they demanded the same wage increases for themselves and unskilled workers—as evidenced in the final case study. Yet this move, which was motivated more by honest egalitarianism than by economic factors, also failed.

On the one hand, therefore, the building craft unions have been unable to halt the encroachment (via prefabrication) of unskilled labour on certain work areas which, by tradition, are part of the craft job territory; on the other hand, in seeking wage increases the building craft unions have to run the risk of widening the absolute gap between skilled and unskilled wage rates, thereby accentuating the problem just referred to. Thus, a consideration of the elasticity of substitution between skilled and unskilled building labour would also lead one to expect some measure of restraint among the building craft unions.

The third and final ratio, namely, price elasticity of final demand, is an important factor in most industries. However, its significance in building is clouded by the fact that the industry is dominated by the public capital programme which is a major variable in demand management. As a result, the industry believes that it often bears the brunt of changes in fiscal policy. Both employers and unions frequently deplore this situation, though more in anger than in hope of lasting redress. These considerations, too, might be expected to discourage the building craft unions from making claims which are exceptionally high by their own standards in the past. Yet, once again, as we saw in the final case study, the unions did not even bother to contest the logic of the employers' case. The spectre of "mass unemployment" was not so much denied as brushed aside. We conclude that, whereas microeconomic considerations in respect of all three ratios would lead one to expect a degree of restraint, in both our building case studies the unions appear to have felt they had to ignore them. By contrast, so called "institutional factors" appear to have had a much more decisive influence.

What then can be said about the maintenance crafts in respect of such ratios? Here there is a striking contrast. In the first place the ratio of labour costs to total costs is very low indeed. For this group seldom, if ever, represents more than 10 per cent of the labour force at company level. In many cases the proportion is substantially less than this. It is not surprising, therefore, that the maintenance craft unions never imagined that their substantial settlements in 1966 and 1969 would, of themselves, cause any financial embarrassment to their employers. (Indeed, the latter never seriously argued that this might be so.) Thus, there was nothing in this ratio to deter these unions; indeed the

reverse was almost certainly the case. In the case of the second ratio it is true that the elasticity of substitution between skilled and unskilled labour could in principle move against the craft unions if a large proportion of regular maintenance work was broken down so as to bring it within the competence of semi-skilled or even unskilled workers. However, this is not likely to happen in the foreseeable future, given that the most essential maintenance crafts (notably electrical and engineering) are organised by unions which still maintain a strong grip on their job territories. Then, again, the process of mechanisation, which poses a threat to the job territory of so many skilled groups, obviously works to enlarge rather than diminish the job territory of these two maintenance trades. Clearly they face no immediate threat under this heading in the maintenance field. Nor does the price elasticity of demand for the final product of maintenance employers impinge on the wage bargaining prospects of the maintenance crafts except to a marginal extent or in an indirect way. We conclude that, in the case of electrical and engineering maintenance workers, there were no microeconomic factors that counselled moderation. This is not to suggest that these groups acted as they did because economic factors appeared to be in their favour; we would prefer to say that they were more free than the builders to give expression to wage demands that were essentially institutional in origin.

Turning to the contract electricians we find that, while wages constitute a substantial proportion of gross output in this industry (Appendix E, Column (f)), the cost of electrical installations is only a small proportion of total building costs. So, once again, builders' resistance to increased electrical contracting charges is not usually a force to be reckoned with. Moreover, both the electrical contractors and the electrical unions fully appreciate this aspect of their situation. Elasticity of substitution as between skilled and unskilled labour is not really pertinent despite the fact that increasing prefabrication of fittings has diminished the skill content of the work. The reasons for this are two-fold. The electrical unions have so far effectively defended their job territory. They are assisted in this task by the general demand for expert attention for all electrical work. In short, any saving to be made by using unskilled labour, is usually outweighed by the risk that such workers might unwittingly endanger lives. Moreover, the demand for electricity is inelastic with respect to price, at least over any range likely to be experienced in the foreseeable future, and, hence, the one-off cost increases arising in regard to new installations have virtually no impact on the demand for such work. (Against this, of course, it must be noted that electrical contractors will inevitably feel the consequences of any downturn in building activity, though even this consideration is diminished by the ongoing task of repairing existing installations.)

Once again we feel that, on balance, microeconomic analysis suggests few

reasons for wage restraint though, once again, we would argue that the roots of wage demands were institutional in origin.

- (c) The significance (and insignificance) of labour supply in the process of wage inflation induced by wage leadership in Ireland.

One further microeconomic factor needs to be considered at this point—the influence of labour supply. The bargaining records of all three groups are marked by frequent employer reference to labour supply shortages and writers such as Mulvey and Trevithick have tended to regard this as a crucial factor in explaining and dealing with wage induced inflation in this area [1]. Here it is convenient to approach the subject through a consideration of their arguments. They argue, as we do, that wage leadership has been a significant force in Ireland in the 'sixties. But while our focus is on craft groups generally theirs is primarily on electricians. They suggest that there are two approaches to the problem of this form of inflation, namely,

- (a) act to reduce the significance of comparability as a criterion of wage determination and allow the wage structure to allocate labour in an efficient manner, or
- (b) employ an active manpower policy to allocate labour in an efficient manner within the context of a rigid wage structure [2].

They go on to dismiss the first of these possibilities and argue that the only hope of finding a solution to wage inflation resulting from wage leadership lies in an active manpower policy. By such a policy, they suggest, it would be possible to increase the supply of skilled labour until excess demand was eliminated in all labour sub-markets (thus presumably equating the craft unemployment rate to the national unemployment rate) so that "the rate of change of (craft) wages reflected the general circumstances of the demand for labour in the economy (as a whole)" [3].

It seems to us that this argument raises a number of controversial questions and assumes too readily that an easement of the labour supply position would affect union bargaining behaviour. Of course, there can be little doubt that a shortage of skilled labour has contributed to production bottlenecks and wage drift through employers bidding up local rates to encourage a movement of labour to them. But one is bound to ask, in the light of our case studies, whether wage drift is relevant, or whether an active labour market policy would help very much in regard to the kind of wage (and price) inflation under discussion.

To begin with one has to assume that the craft unions would permit the

supply of skilled labour to increase to the extent required. Are there any reasons we can think of why they should? One reason might be their fear that an excessive scarcity<sup>1</sup> of craftsmen might tempt significant numbers of their members to leave employment and become self-employed supply-and-fix sub-contractors. Again, if the scarcity of engineering fitters remained sufficiently acute, the unions might fear that employers would compete for them, not simply by paying excess rates, but by granting staff status and all that that entails—notably an attractive salary scale and greater security of employment. Similarly, the price of a continued excessive scarcity in the building trades does include the spread of lumping and the loss of job territory to unskilled and semi-skilled labour. It could be argued that, in each of the cases quoted, trade union membership would soon appear to be largely irrelevant. Thus, any union which persistently maintains an excessive scarcity of its particular type of skill may be said to run some long term risks. Moreover, union officials obviously have more to gain from an expansion of their total job territory than its continued and extreme contraction. Unions survive by maximising membership and membership dues; they have little direct interest in a situation which constricts membership unduly while encouraging those who remain to believe that they do not need the union's protection.

The trouble with these arguments is that they assume an unrealistic degree of control by union officials over union policy. The difficulty is that the membership of such unions, which is usually required to ratify such major changes in policy, takes a much more cautious and negative view. Expansion of the number of craftsmen in the trade is not so obviously in its interests and it is therefore neither realistic nor fair to expect full-time officials, many of whom must stand for regular re-election, to try to rail-road their members into radical departures from established practice concerning apprenticeship intake.

Of course this is not to deny that, were sufficiently strong guarantees to be given by both government and employers, it might be possible to persuade craftsmen to change their attitudes towards an increase in overall labour supply. But the guarantees they will require in this instance will relate to overall employment levels within an expanding labour market. Thus attempts to use increased training to undermine their bargaining position are likely to fail. We may therefore safely conclude that the craft unions will never acquiesce in policies designed to raise their unemployment rate to the national average or above.

And, even if labour supply could be increased against union wishes, one is bound to ask why it is assumed that this would significantly affect their wage bargaining behaviour. The evidence of our case studies is that it would not.

1. An excessive scarcity as defined here is one which persistently leaves significant numbers of unfilled and unfillable vacancies.

The problem is that Mulvey and Trevithick have failed to distinguish between the roles played by, and the processes which determine, the craft rate on the one hand, and wage drift, i.e. *payments in excess of the craft rate*—on the other. In the craft field in Ireland drift is but a secondary process. It may reflect general shortages or local labour market pressures but it plays no important role in generating the forces of wage leadership. It is true that the unions happily accept the process, and even seek to exploit it, but they regard their supporting role in this respect as being of secondary importance.

In contrast to this, the case studies clearly show that craft unions regard changes in the relative rate for the craft as being of paramount importance and consequently they see negotiations to re-establish or even widen craft differentials as *the most vital part* of their bargaining activity. Consequently, variations (increases) in labour supply which reduce or even eliminate drift are unlikely to affect their bargaining power or bargaining motivation in the slightest.<sup>2</sup> But if both bargaining power (which is related to strategic location in the economy) and bargaining motivation (which is based mainly on lost or diminished relativities) remain unchanged we cannot assume that it is less likely that craftsmen will negotiate key wage bargains in the future *even if the labour supply position alters quite substantially*. We conclude, therefore, that although an active manpower policy has much to commend it, it would be naïve to suppose that such a policy might somehow eliminate the type of wage leadership under discussion here.

This conclusion forces one to reconsider Mulvey and Trevithick's dismissal of the chances of affecting the forces of comparability. In this respect we suggest that our case studies indicate that they have overstated the difficulties involved.

For we cannot accept, as these authors imply, that one must necessarily "persuade (all) trade unions to abandon comparability (for all time)" [4]. What is required is to devise machinery whereby specific comparability links can be broken or weakened, for example, those between key bargains negotiated by major craft unions and the settlements of *other* groups, namely, the lesser skilled. Even more crucially, as we will be arguing in the next chapter, such a link may only have to be broken once—at least in the short term. Once this is achieved the leading groups may reasonably be expected to be more prepared to accept increases that do keep in line with other groups. And this may make it easier to agree overall increases that are more in line with national growth rates.

Before bringing this section to a conclusion, a brief comment may be made

2. Paradoxically they might increase the unions' power by placing an increased number of their members at work in strategic or sensitive industries. It might also increase their motivation as the loss of drift, resulting from increasing numbers at work, may increase membership pressure for even larger increases in the rate for the craft.

on the feasibility of econometric analysis at the level of the three groups considered above. Here it must be said that there are no statistical series whatever in regard to the maintenance group for the simple reason that no comprehensive list of maintenance employers exists. There are also no separate statistical series for the electrical contracting industry as the CSO has traditionally included that industry in its surveys of building and construction. (Of course, it should be realised that some such data have been abstracted by the CSO in relation to one or two recent years and that this unpublished data might provide the basis of a future cross sectional study.) Finally, the Census of Industrial Production for Building and Construction covers all sub-contracting, including electrical. Hence, the data do not refer to an industry which is *conterminus* with the bargaining group in question.

(d) Wage followers and macroeconomic factors

So far our attempt to assess the impact of economic factors on the bargaining process has indicated that they are relatively unimportant; but it could be argued that this is only what might be expected in the case of wage leaders themselves. Certainly, we are not justified in assuming that what we have discovered about the primacy of institutional influences also applies in the case of the far larger number of relatively passive "wage followers". To try to throw light on this part of the wage process we carried out a survey<sup>3</sup> of leading trade union spokesmen for 106 Dublin-based bargaining groups and asked about the extent to which macroeconomic variables had been a constraint on their wage bargaining behaviour in the eleventh and twelfth wage-rounds (1967-70). The replies are summarised in the following table:

TABLE 25: *Effect of certain macroeconomic factors as a constraint on the principal union spokesmen for 106 bargaining groups*

<i>Rating as a constraint</i>	<i>Macro-economic factors</i>			
	<i>The risk of an adverse change in:</i>			
	<i>Growth Rate</i>	<i>Unemployment</i>	<i>Inflation</i>	<i>Balance of Payments</i>
(a) Very considerable	2	7	6	—
(b) Considerable	17	15	19	4
(c) No opinion	1	—	—	5
(d) Slight	24	26	26	27
(e) Negligible	62	58	55	70
<i>Totals</i>	106	106	106	106

3. The procedures followed in this survey are described in pages 66-67 above.

These results speak for themselves. They clearly cast doubt on the idea that most of the bargaining groups in question felt constrained to a significant degree by any apprehension lest their wage demands might have an adverse effect on the national economy.

(e) The wage followers and microeconomic factors

A similar question was put to the 106 respondents concerning microeconomic factors. Only the risk of higher unemployment among the members of the bargaining groups which they represented influenced the union spokesmen concerned to a notable extent.

TABLE 26: *Effect of certain microeconomic factors as a constraint on the principal union spokesmen for 106 bargaining groups*

Rating as a constraint	Microeconomic factors		
	The risk of an adverse change in:		
	Profits	Sales	Unemployment
(a) Very considerable	8	12	23
(b) Considerable	13	19	17
(c) No opinion	—	—	—
(d) Slight	14	12	7
(e) Negligible	71	63	59
<i>Totals</i>	106	106	106

Here, as with the factors mentioned in the previous table, respondents remarked on the obvious inter-relationship between factors and a minority did not seek to deny that some micro-factors were important. But once again the overall impression is decisively against regarding economic considerations as major factors determining the behaviour of most wage followers in the late 'sixties. Like the wage leaders they sought to imitate, the evidence suggests that we will have to look elsewhere if we wish to understand the mainsprings of their action.

(3) *Non-economic factors and the process of wage determination*

The conclusions of the previous section naturally lead one to reconsider the influence of various so-called "non-economic" factors which are often said to motivate union claims and responses. These factors are grouped under many names including "structural", "institutional", "organisational", "social psychological", "cultural" and so on [5]. So far as our case studies were concerned much the most striking factor of this kind that emerged was social-psychological in origin, i.e. the influence of feelings of "relative deprivation", which manifest



themselves in the widespread use of "comparability" arguments and criteria in collective bargaining. In the next section we explore briefly the assumptions behind this notion.

(a) The theoretical assumptions of comparability arguments

Given that any bargaining group may achieve occasional wage increases that exceed existing norms and expectations one has to consider why it should be that other groups seek to use comparability arguments in an effort to emulate them. Here we feel there is no better beginning than the analysis first advanced by Ross in 1946 [6]. Ross noted that comparisons are important to the employee and thus to union members. In a competitive society it is an affront to his dignity and a threat to his prestige when he receives less than another worker with whom he can be legitimately compared. He therefore looks for guidance as to the legitimacy of various comparisons. The provision of such guidance is a major task for union officials. If a wage settlement compares favourably with that achieved by his members' chosen reference groups it strengthens the official's position in terms of re-election and promotion prospects, and in terms of potential inflow of new members. If, on the other hand, such comparison (be it legitimate or otherwise) is unfavourable, rival leadership may emerge within the union, other unions may become sufficiently active to attract part of the first union's membership or the membership may simply drift away.

But it is not only on the trade union side that comparability arguments have an appeal. Ross shows that the influence of such considerations is reinforced by the generally compliant attitude of both employers and mediators. For comparability considerations are influential with employers although they might be reluctant to admit it. Copying an existing settlement enables the employer to believe that he has not conceded too much. It also enables him to lay the blame for his behaviour elsewhere and helps to minimise the cost of negotiation, conciliation and arbitration. In many cases it also manages to avoid strikes and lockouts which might be anticipated if a determined effort were made to settle at a level significantly below that set by comparability criteria. Finally, comparisons are important to arbitrators. Indeed the going rate and the prevailing pattern are probably the most compelling criteria in arbitration and it is probable that all other criteria are subordinated to these and are used selectively as supporting rationalisations.

It seems to us that Ross's arguments apply with even greater force today now that the accumulation and dispersion of knowledge has made most groups involved in the bargaining process more aware of what is going on elsewhere. We also believe that in a period of unprecedented and sustained inflation, where other traditional touchstones such as the "fair wage" or the "reasonable

increase" tend to lose meaning and significance, what Ross termed "orbits of coercive comparison" have become increasingly influential. We even think they help to explain the continued existence of a multiplicity of competing unions both within the skilled trades and outside them. Of course it is possible to see multi-unionism as nothing more than an historical legacy, reinforced by desires for social separateness and the vested interests of union leaders but we regard this as an oversimple view.

It seems to us more plausible to suggest that nowadays competing unionism is at least fed and sustained by the forces of coercive comparison. For by belonging to separate unions workers are sometimes better able to express their desire to defend their relative position against all comers—including others in the same or rival occupations. Of course this means that workers must be assumed to have clearly identified reference groups which they use to test the success or failure of their own group or organisation. And when they observe an unfavourable change in traditional relativities they experience a sense of loss—or what Runciman has illuminatingly called a feeling of "relative deprivation". It may be remembered that this notion is defined by Runciman in more precise terms as follows:

A is relatively deprived of X when (1) he does not have X, (2) he sees some other person or persons, which may include himself at some previous or expected time as having X (whether or not this will in fact be the case), (3) he wants X, and (4) he sees it as feasible and right that he should have X [7].

Of course individuals may experience relative deprivation which has no general economic consequences if they have no means of taking remedial action. The point about the craft unions we have studied is that the process of collective bargaining provides them with an instrument which might have been specifically designed for such a purpose. Indeed, it is our opinion that the elimination of notions of relative deprivation was one of the prime objectives of Irish craft unions in the 'sixties.

(b) The relative importance of comparability as a bargaining argument

We also suggest that our survey of leading union spokesmen indicates that comparability arguments are at least as important in the case of the wage followers. Here we listed a comprehensive portfolio of potential arguments under fourteen heads. This was further divided into five general-type arguments and nine specific-type arguments. The former relate to the state of the economy and to the pattern of wage bargaining generally. The latter relate to the state of the plant, company, trade or industry covered by the bargaining group.

*List of bargaining arguments**General arguments*

1. The improvement in national growth and prosperity.
2. A wage-round is in progress and therefore a wage increase is due.
3. Similar workers in other employments have received a wage increase.
4. The group has lost ground in comparison with other groups generally.
5. The cost of living has increased.

*Specific arguments*

6. The Company (or industry) is very profitable.
7. The Company (or industry) is growing rapidly (employment, output, etc.).
8. The Company (or industry) can increase its prices without risk of losing business.
9. The group has lost ground *vis-à-vis* other categories of workers in the company (or industry).
10. The fringe benefits are poor (and must be balanced by better wages).
11. Working conditions are exceptionally difficult or unpleasant (and must be offset by better than average wages).
12. The union's position as the principal representative of the group is challenged by another union.
13. Industrial relations are poor (and can only be put right by large wage increases).
14. Productivity has increased significantly and therefore a wage increase is due.

It would clearly be a very difficult cognitive task to rank such a large number of items. For this reason the leading spokesman for each of the 106 bargaining groups was not asked to attempt this. Instead each respondent was asked to rate each of the arguments in terms of their importance in the negotiations which led to the group's eleventh and twelfth wage-round settlements. A five point scale (running from "very important" to "of no importance") was used for this purpose. Then the respondent was asked to review a list of all bargaining arguments, whether general or specific, which he had rated as being very important and to select and rank the three arguments which were most important overall. The results are set out in the following table.

Several points of significance emerge. First, general arguments appear to be far more important than specific arguments, i.e. each of the four highest scoring general arguments surpasses every single specific argument, apart from one exception in the case of third preferences. Second, although "the cost of living" is the highest scoring single argument it should be noted that over two-

TABLE 27: *Ranking of bargaining arguments used in the period 1967-70 by the principal union spokesmen for 106 bargaining groups*

Bargaining Argument	Number of times ranked as:					
	Preferences			Total No. of mentions	Total weighted* score	Per cent of maximum score†
	(a) 1st	(b) 2nd	(c) 3rd			
<i>General Arguments</i>						
1. National growth	1	4	5	10	16	5.0
2. Wage-round	19	15	10	44	97	30.5
3. Similar workers outside	17	28	11	56	118	37.1
4. Other workers generally	10	17	16	43	80	25.2
5. Cost of living	37	14	15	66	154	48.4
Sub-totals	84	78	57	219	465	
<i>Specific arguments</i>						
6. Company (or industry) profitability	7	5	4	16	35	11.0
7. Company (or industry) growth	—	4	5	9	13	4.1
8. Inelastic product demand	—	1	3	4	5	1.6
9. Internal relativities	5	8	9	22	40	12.6
10. Poor fringe benefits	1	—	2	3	5	1.6
11. Difficult working conditions	2	3	7	12	19	6.0
12. Challenge by rival unions	1	1	1	3	6	1.9
13. Poor industrial relations	—	—	—	—	—	—
14. Productivity	6	6	18	30	48	15.1
Sub-totals	22	28	49	99	171	

\*A first preference carried a weighting of three points, a second preference two points and a third preference one.

†If all respondents plumped for one item only as being most important overall, its total weighted score would have been 318 (106 × 3). The figures given in column (f) are derived by expressing the actual weighted score for each argument as a percentage of the maximum possible weighted score (318).

thirds of all respondents (i.e. 69 out of 106) ranked it as of less than primary importance. Indeed over a third (i.e. 40 out of 106) did not think it deserved to be ranked in their top three arguments at all. Moreover, this was at a time (i.e. between 1967 and 1970) when prices were increasing rapidly relative to previous experience (See Appendix A, Column (d)). It is also worth noting that the cost of living is by far the most important "economic" argument. By contrast the other economic arguments, such as profitability and productivity, which are often used as explanatory variables in the wage equations of econometric models, are not found to be very significant.

Table 28 summarises the results of Table 27 in a form that allows a direct comparison to be made between the relative importance of economic and

TABLE 28: *The relative importance of economic arguments and comparability arguments in the period 1967-70 as seen by the principal union spokesmen for 106 bargaining groups*

<i>Bargaining arguments</i>	<i>Number of rankings:</i>		
	<i>Number of 1st preferences</i>	<i>Number of 1st+2nd+3rd preferences</i>	<i>Total weighted* preference</i>
<i>Comparability arguments</i>			
2. Wage-round	19	44	97
3. Similar workers outside	17	56	118
4. Other workers generally	10	43	80
9. Internal relativities	5	22	40
<i>Totals</i>	51	165	335
<i>Economic arguments</i>			
1. National growth	1	10	16
5. Cost of living	37	66	154
6. Company (or industry) profitability	7	16	35
7. Company (or industry) growth	—	9	13
8. Inelastic product demand	—	4	5
14. Productivity	6	30	48
<i>Totals</i>	51	135	271

\*Weighting as in Table 27.

comparability factors. The totals in the final column indicate that comparability is the most important overall factor for bargainers, although the importance given to the cost of living ensures a "tie" in the first column. Leaving aside the importance of keeping pace with cost of living movements the bargainers, on this evidence, place about three times as much emphasis on comparability as on other economic arguments.

Our respondents were also asked whether or not they felt that the use of comparability arguments in negotiations had changed in importance over the last decade and how they saw it developing over the next five years. Almost 75 per cent believed comparability had become much more important (or more important) in the last decade, while 15 per cent believed it to have become much less important (or less important); 7 per cent saw the situation as unchanged and 3 per cent had no opinion. Slightly more than 65 per cent expected comparability to increase in importance over the next five years, 18 per cent saw it becoming less important, while 10 per cent believed it would be unchanged and the remaining 7 per cent had no opinion. We consider that this evidence complements and reinforces that set out above in respect of wage leaders. Both leaders and followers appear to place great and growing emphasis on the need to keep up in the comparability race. As we have seen, struggles to establish, or re-establish, perceived relativities lay at the heart of all our case studies. It now seems that the ripples they caused were also touched off, and

largely justified, by comparability factors as well. Of course we accept that past and anticipated increases in the cost of living will continue to play an important and even crucial rôle in determining the size of overall union wage claims—much more than the level of profits or the extent of unemployment. But it seems obvious that even if policies could be devised to deal with these and all other economic factors, so that there was no justification for wage movements above the level of the national growth rate, the force of unstable or disturbed relativity would remain a powerful inflationary factor in Ireland.

(c) Orbits of Coercive Comparison

One of Ross's aims was to explain why it was that some comparisons were felt to be more coercive than others within the context of the American system of plant and intra-plant bargaining. He employed the term "orbits of coercive comparison" to suggest links between relative pay movements that were especially influential. Some of our questions to union spokesmen were designed to tell us more about this concept in the framework of the Irish system of collective bargaining. We began by trying to discover the most important reference groups of each of our respondents to see how far they lay inside or outside their own bargaining sector, as defined in our previous analysis. Table 29 presents the results in terms of degrees of introversion.

TABLE 29: *Degree of introversion of bargaining sectors\* in the period 1967-70*

Sector referring	Sector referred to					
	Clerical Per cent	Craft Per cent	Distributive Per cent	Manufacturing Per cent	Service Per cent	Technical/ Professional Per cent
Clerical	92	1	—	—	—	6
Craft	3	79	—	8	5	4
Distributive	13	18	45	18	5	—
Manufacturing	6	29	—	54	10	1
Service	6	19	3	18	50	4
Technical/Professional	47	7	7	—	—	40

\*This table was derived as follows:

- (1) Each of the 105 respondents was asked to name his three most important reference groups.<sup>4</sup> Each time a group was ranked as first it scored three points; if ranked second it scored two points and if ranked third it scored one point. A group named by any of the twelve "automatic followers" scored three points for each such mention.
- (2) The foregoing exercise gave a weighted score for every group which had any followers. Taking each sector in turn we calculated (a) the total score awarded to all of the 202 groups in Appendix B. Each of these sectoral totals was then divided into (b) scores awarded to the sector itself and (c) scores awarded to each of the other sectors. Finally, by expressing (b) as a percentage of (a) we obtained the values in the main diagonal above, while (c) expressed as a percentage of (a) gave us the remaining values in the table.

4. In this and in the following three tables the results are based on replies from 105 respondents only. This is because one respondent stated that he never used comparability at all in collective bargaining.

These results can be interpreted as follows. If each sector made comparisons within its own sector only the main diagonal in this table would show 100 per cent throughout and all other entries would be zero. In fact, it indicates that the clerical and craft sectors are much more introverted than any of the others.<sup>5</sup> At the other extreme there are two sectors which are less than 50 per cent introverted. The groups in the distributive sector turn to the craft, clerical and manufacturing sectors for a major proportion of their comparisons, while groups in the technical/professional sector who are the least introverted of all, look mainly to the clerical sector. The manufacturing and service sectors are shown to be moderately introverted and turn to craft and service, and craft and manufacturing respectively for a considerable number of their reference groups.

If one assumes that comparisons are most coercive where job specifications can be most accurately matched and workers have a common occupational identity one would expect a high degree of introversion. This seems to be the case in the clerical and craft sectors which is not perhaps surprising. But we have to explain why other groups are rather less introverted. One possible answer we sought to test was the notion of hierarchical significance, i.e. the idea that groups can be concerned with higher paid and lower paid groups, as well as those that they expect to be as well paid as themselves. In search of hierarchical significance, groups might well look for their reference groups outside their own sector seeking to support or re-establish existing relativities with such groups.

To discover how far this was so respondents were asked to rank three types of comparison: comparisons with (a) higher paid groups who had moved further ahead of them, (b) similarly paid groups who had moved ahead of them for the first time or (c) lower paid groups who had caught up with them. From the replies tabulated below (Table 30), it is clear that although officials are most concerned with maintaining the position of their group relative to other groups who have traditionally been paid the same wage as themselves, they are also concerned to prevent any deterioration in relativities below groups which have traditionally been more highly paid. The table also indicates that they are least concerned to make comparisons to justify the maintenance of their position ahead of groups which have traditionally been paid lower wages.

To test more directly how far comparisons were made outside particular industries or companies we also asked respondents to rank three types of comparison in terms of their relative importance. These were: (a) comparison

5. Craft unions clearly had little regard for what clerical groups were getting by way of salary increase. However, the notion of salary scales for craftsmen has attracted growing attention—but mainly since 1970.

TABLE 30: *Ranking of types of comparison, used in the period 1967-70, by the principal union spokesmen for 105 bargaining groups*

Comparison with:	Rank					
	1st	2nd	3rd	Total No. of mentions	Total weighted score	(e) as a percentage of maximum obtainable score
	(a)	Preferences (b)	(c)	(d)	(e)	(f)
Higher paid groups	36	27	16	79	178	56.5
Similarly paid groups	51	36	5	92	230	73.0
Lower paid groups	18	19	20	57	112	35.6

- (1) In this and in the next two tables only the first column adds up to 105 as some respondents ranked one item only.
- (2) In this, and in the following two tables, to arrive at the weighted score, 3, 2 and 1 points were given for 1st, 2nd and 3rd preferences respectively.
- (3) Column (f), in this and in the next two tables, represents the percentage score achieved by each item relative to the maximum score of 100 per cent, i.e. relative to 105 1st preferences which would give a total weighted score of 315. Thus, for example, the 1st figure in column (f) is calculated as follows:

$$\frac{178 \times 100}{315} = 56.5\%$$

with different workers within the same company or industry, (b) comparison with different workers employed elsewhere, and (c) comparison with similar workers employed elsewhere. Table 31 shows clearly that comparison with similar workers employed elsewhere is the most common form of comparability argument.

TABLE 31: *The relative importance of forms of comparison, used in the period 1967-70, by the principal union spokesmen for 105 bargaining groups*

Comparison with:	Rank					
	1st	2nd	3rd	Total No. of mentions	Total weighted score	(e) as a percentage of maximum obtainable score*
	(a)	Preferences (b)	(c)	(d)	(e)	(f)
Different workers employed in the same company	17	29	14	60	123	39.1
Different workers employed elsewhere	29	38	15	82	178	56.5
Similar workers employed elsewhere	59	19	11	89	226	71.8

\*See note (3) Table 30.



Finally, we asked respondents to rank the *kind* of comparative data they thought most important in negotiations—i.e. comparisons of basic rates, total earnings, wage movements or overall conditions. The results are set out in the following table:

TABLE 32: *The relative importance of comparability criteria, used in the period 1967-70, as given by the principal union spokesmen for 105 bargaining groups*

Comparison with:	Rank			Total No. of mentions	Total weighted score	(e) as a percentage of maximum obtainable score*
	1st	2nd	3rd			
	(a)	Preferences (b)	(c)	(d)	(e)	(f)
Basic wages	57	16	13	86	216	68.6
Increases in basic wages	23	30	15	68	144	45.7
Total earnings	20	21	17	58	119	37.8
Overall conditions	5	32	25	62	104	33.0

\*See note (3) Table 30.

This indicates that more or less crude money wage comparisons are the basis of most comparability bargaining—rather than more sophisticated attempts to compare “net advantages” or what modern labour economists term the “total benefit package”.

Without wishing to draw many very firm conclusions from all that has been uncovered about the prevalence and nature of comparability arguments in this chapter so far, it seems to us that a number of broad points can be made that are of considerable significance to policy-makers in the field of incomes policy. First, comparability in various forms and over a variety of orbits functions as a major test of relative failure or success in the bargaining process. It is unrealistic to believe that one can ignore the coercive force of certain kinds of shifts in relative pay levels—especially those that appear to disturb long-standing links between work thought to be of equal value or skill when expressed in terms of a movement in basic rates. Even if one can produce adjustments in pay that appear to compensate workers for movements in the level of prices—by far the most important economic criteria—the potentially inflationary forces of disturbed comparisons lay wait for the policy-maker and their boundaries and the extent of their impact may differ in different cases and be difficult to assess in advance.

Second, although at first sight the complexity of the process uncovered may lead to pessimism and even discouragement, on reflection the way to tackle it seems relatively simple—though it may be difficult to implement in practice.

One has to find ways of avoiding sharp and sudden feelings of relative deprivation which sweep through more and more of the bargaining structure in reaction to major and well-advertised departures from current trends—most especially if these involve basic rate movements expressed in money terms. In this regard Tables 17 and 18 (pages 68 and 69 above) give some indication of the key groups most likely to carry others in their wake once they are successful in obtaining an “exceptional” increase. They reinforce the view, which emerged from our studies, which points to the overwhelming importance of the craft groups at the present time—although they cannot give any precise indication of the chain reaction of secondary effects in any particular case. Moreover, even groups unlisted in these tables and unmentioned by our case studies could cause such a reaction, though it would almost certainly be a much slower and less extensive one.

Given the nature of the comparative process it seems to us that three broad options are available to the government. The first is to do nothing and allow this self-defeating process to continue. And, of course, this has been the most common reaction in the past—notably in the seventh, eighth, eleventh and twelfth rounds. The second option is to try to control and limit the comparative process by voluntary agreement. This would entail accepting that there is a case for awarding certain groups exceptional treatment on defined grounds, while ensuring that other groups make do with the appropriate rate for “general” settlements. The third option is to seek to control the scope of collective bargaining by law, whether or not one allows scope for exceptional treatment. We discuss these options further in our final chapter.

(4) *The underlying causes of increased trade union pressure*

We have already noted that 1959 saw the Irish economy move into a period of sustained economic growth. In such circumstances it is not surprising that the rate of increase in average earnings rose. What is notable is that the rate of increase escalated (to a peak of 18.7 per cent in 1970) despite the fact that unemployment never fell below 4.5 per cent in this period. The argument of this study is that a crucial part of the explanation lies in the effects of a relatively small number of interrelated craft settlements motivated by comparability considerations. This section considers why the members of the craft unions adopted this aggressive posture.

(a) *The rationale of union wage policies*

Survival is the *sine qua non* of the trade union world. Each threat to survival tends to induce a response which is out of proportion to its immediate consequences. The best guarantee of survival is a contented and expanding

membership, so it is not surprising that unions are especially concerned to avoid the growth of forms of dissidence which result in membership loss. In Ireland these concerns are made more pressing by the absence of major areas of potential union growth amongst non-unionists. A loss by one union almost inevitably means a gain by another, which is likely to be a close and sometimes bitter rival.

This is not to suggest that most union officials spend their time trying to poach another union's members; rather it is to argue that even the best-intentioned officials can be driven to extreme measures by those aspects of structural change that menace their traditional membership base. And in the craft field relatively minor changes in occupational and industrial structure can have this effect.

It is our opinion that developments of this kind have significantly affected union behaviour in the 'sixties. Three examples arise in our case studies. The first concerned the group of ITGWU members who left to form the National Busmen's union in 1964. McCarthy suggests that it is possible that the formation of this breakaway union affected the behaviour of ITGWU leadership to a considerable extent in the subsequent building dispute<sup>6</sup> [8]. Then there was the very considerable tension between the Dublin District of the AEU and its Executive Committee in the negotiations that led to the first maintenance agreement. This led to a veiled threat that the Dublin members would secede from the union if they did not get satisfaction and this had a notable effect on the Executive's willingness to disagree with them in the 1968 maintenance craft negotiations. Finally, we may recall the proceedings which led to the formation of the NEETU. Once again the record shows that fear of membership disintegration prompted union officials to adopt a much more militant line than they would otherwise have done.

But, of course, in the case of craft unions bargaining behaviour may be affected in a much more general way by the mere existence of potential competition between unions. Thus, in the building industry dispute we noted a long-standing and deep-seated rivalry, between the Irish and British-based unions, which took the form of divergent bargaining strategies that were partly designed to enable each group to get the better of the other. Inter-union tensions also played a critical part in the work of the National Group of Maintenance Craft Unions, resulting in its failure to develop common attitudes towards the use of strike action. Then again, in electrical contracting we observed how union rivalry prevented the establishment of common bargaining objectives, resulting in separate claims backed by separate strike threats. One

6. The bitterness which this break gave rise to still endures as was amply evidenced by the tenacity of both the old and the new unions in the prolonged (inter-union) bus strike in Dublin in the summer of 1974.

is forced to conclude that occupational and institutional rivalries are an endemic feature of craft unionism in Ireland, materially affecting the readiness of union leaders to resist any claim based on real or imagined movements in relative positions.

(b) Labour and Product Market Pressures

Of course we are not suggesting that union competition and fear of membership loss were the only factors making for increased wage pressure in the 'sixties. All the product markets concerned shared in the general prosperity of the period and this must have had an effect on their respective labour markets. Shortages of all categories of craftsmen were a more or less permanent feature of the period. One does not have to believe that the price of labour is a *result* of market factors alone to accept that this fact exercised an influence on union expectations and management willingness to resist them. Moreover, some of the building craft unions, notably the plasterers and bricklayers, who were least threatened by inter-union rivalries, were subject to a special kind of product and labour market pressure in the form of labour-only sub-contracting.<sup>7</sup>

This practice has a long and unhappy history which is not our concern at this point. Suffice it to say that by the mid-'sixties it was becoming increasingly common in Ireland. Indeed, the best estimate of its extent, which was provided by a CIF survey, suggested that some 20 per cent of the skilled labour force in construction was affected at this time [10]. More recently the Secretary of the Plasterers' Union has said that he doubts his union's ability to survive if lumping is not cured, while the Secretary of the Bricklayers estimates that some 80 per cent of his membership is now "on the lump".

The importance of the lump for union officials can hardly be exaggerated. It is true that many lumpers tend to keep up their trade union contributions, at least for a time, but it soon becomes clear to them that their union is having little if any influence over their level of pay while they remain "on the lump". Knowledge that this is so has a disastrous effect on union security and officials come to feel that they must find a way of "fighting back". Of course union conferences can always be persuaded to pass resolutions demanding the legal abolition of the lump, and may even be able to sponsor modifications of existing law to ensure that lumpers pay more of their share of income tax. (For example, the representations made by the NJIC secured such modifications which are now set down in Section 17 of the 1970 Finance Act.) But measures of this kind are never completely effective and fail to prevent the continued

7. This is a system of production in which "the main contractor himself provides the materials and most of the equipment required for some part of his task and pays the sub-contractor for carrying out the work". That the sub-contract is for labour only distinguishes it from the predominant form of sub-contract, known as "supply-and-fix" in which the sub-contractor himself provides the materials and equipment as well as the labour needed to perform a specified part of the whole task under the main contract [9].

growth of lumping. Meanwhile the building unions are forced to try to retain their remaining members by demanding wage improvements that appear to at least match some of the levels obtainable by lumping—even after tax has been paid.

(c) The Rôle of the ICTU

It is against the background of the pressures described above that one must begin to analyse the rôle of the ICTU in relation to wage demands. Here it is worth noting at the outset that the ICTU exists to facilitate the general advance of organised employee groups through the improvement of wages and conditions. In this sense its basic purpose is to be contrasted with that of central *employer* bodies, since it may be reasonably supposed that they were founded, *inter alia*, to actively mobilise and further the cause of wage containment. In the case of the ICTU it is only when advances achieved by one union, or a group of unions, are thought to be achieved at the expense of other groups of organised employees that Congress can be expected to intervene and even suggest restraint. What we have to consider is whether it is equipped to play such a rôle even if it wants to do so.

In this respect the 1959 Constitution gives us a clear indication of its strengths and weaknesses. It is a precondition of affiliation that a union's rules, objects and policy should be in harmony with the Constitution of Congress and a union must undertake to abide by the provisions of the Constitution [11]. However, individual unions may decide not to affiliate and some effective and powerful unions have chosen not to do so. The governing authority of Congress is its Annual Delegate Conference [12] but the Executive Council is responsible for the implementation of day-to-day decisions [13]. In the present context it is sufficient to consider the part played by the ICTU in intra- and inter-union disputes which are likely to affect the bargaining activities of member unions [14].

To deal with intra-union disputes the ICTU has an Appeals Board. Groups of members in good standing can appeal if they feel they are not being adequately served by their union. If the Board finds for the members, and their union fails to take the measures it recommends, then the individuals concerned are free to join another union. On the other hand, if the Appeals Board finds in favour of the union there is no right to transfer unless the parent union agrees. It cannot be doubted that the existence of this Board reduces the risk of intra-union disputes and so helps to prevent splinter group activity. But it should also be remembered that it can provide a further form of pressure on union leaders to keep in step with membership demands.

To deal with inter-union disputes the ICTU has a set of rules not unlike the British TUC's "Bridlington Principles". Under these rules the Executive can

investigate inter-union differences on its own initiative. This has resulted in the resolution of many disputes but it is not without serious limitations. For example, where workers lapse before joining another union or where they are non-unionists joining a union for the first time, the procedure is not effective and in these circumstances competition remains intense. More important still, even if the Executive does manage to provide a firm ruling, the offending union may still decide to ignore the instructions of the Disputes Committee. In theory this allows Congress to expel the defaulting union but it is usually thought that such a course would encourage further recklessness rather than repentance.

The direct authority of Congress over the collective bargaining activities of member unions is still more limited. Major disputes of the 'sixties have only served to highlight this fact. In response to the indiscriminate use of pickets, the following resolution was adopted by Congress in 1968:

Congress is concerned with the failure of some unions in certain cases to give adequate consideration to the rights and interests of other workers when deciding the action to be taken in pursuit of claims on behalf of their members. Congress considers that in all cases where the conduct of a dispute on behalf of workers in any employment may involve a stoppage of work involving substantially greater numbers of other workers not directly concerned with the dispute, it should be normal and good trade union practice for the union prosecuting the claim to consult with the unions representing all the other workers affected by the dispute prior to any stoppage of work [15].

In the event this decision had no impact on the course of industrial action reported in our third and fourth case studies, though it was not without influence somewhat later, when a small number of workers in public transport and electricity supply took action which threatened to put thousands of others out of work.

Finally, we may note that the control of the ICTU over negotiations by particular groups of unions is weaker still. It is true that unions with "established joint working agreements" are supposed to notify the Executive Council of "the terms of such agreements" [16] but Congress has no authority to influence the course of negotiations and, if there is no agreed constitution, groups may operate without any reference to Congress at all. Congress has no formal general power to decide whether particular group arrangements are to be permitted or not, for example, in respect of voting rules or procedures for securing a "balanced" representation of different occupations and/or groups. Yet mention should be made of one recent innovation arising out of the establishment of "Industrial Committees" on the British TUC model. One of the most successful

of these appears to have been developed in construction, where member unions have managed to evolve and operate a weighted voting procedure. However, progress of a similar kind has not, as yet, occurred among the electrical contracting and maintenance unions.

We conclude that Congress is not at present in a position to provide the kind of co-ordination and leadership that would be needed to prevent the continuance of inter-union competition and competitive wage bargaining in Ireland. If there is to be any chance of a less sectionalised and more ordered approach to these matters in the future the move will have to begin with a desire within the appropriate union executives. This brings us to a further theme of our case studies which is worth exploring in more detail at this point.

(d) Trade union decision-making procedures

It will be remembered that none of the bargaining groups in our case studies had a formal constitution to help to regulate the different kinds of decisions they were required to take in regard to wage demands. These may be conveniently classified under three heads: (a) decisions concerning the amount to be claimed, (b) decisions as to the amount to be accepted and (c) decisions on whether or not to employ industrial action. Let us consider what is involved in each kind of decision and how they were carried out in the cases considered in this study.

In all unions the individual member was free to state his views on future wage claims at branch meetings. The consensus that emerged was forwarded to the Executive Committee which formed a view on the appropriate amount to be claimed in the light of its appraisal of the organisational position of the union. Final decisions concerning the acceptance of management offers lay formally with the membership, but union rules usually gave the officials and/or executives the right to decide which management offers to put to a ballot. Naturally, employers argue that union negotiators should refer their best offer to the members with a recommendation for acceptance. But our experience indicates that officials are most reluctant to authorise any ballot where proposals fall far short of their original mandate. Yet we know of no evidence that union officials have abused their prerogative in this respect. In our five case studies there was certainly no indication that union members, balloting in secret, would have been less militant than their officials. Indeed, such differences between officials and members as came to our notice indicated that the members were usually more militant and less inclined to compromise than their officials.

What we feel we can criticise are a number of decisions concerning the timing and conduct of particular strike ballots. In 1964, for example, while the most militant union, OPATSI, undoubtedly had a genuine mandate from its membership to call a strike, some of the other unions became involved without

recourse to a ballot. The same comment applies to the electrical contracting strike of 1968. Then, again, the 1969 maintenance strike was decided upon by the unions concerned prior to a ballot of members and this reversal of normal procedures was heavily and properly criticised in the Congress report on the strike [17]. Congress also made a number of justifiable criticisms of the use of pickets in the maintenance strike and as a result some progress has been made in the operation of a standard procedure for consultation [18].

Another aspect of balloting procedure that has been criticised is the fact that it has often been unclear which members were entitled to vote. Sometimes unions have appeared to take the view that only those expected to strike should participate. At other times other members of the unions have been included and this procedure has been justified on the grounds that their subscriptions would be needed to finance strike action. We know that this is a difficult issue and appreciate that there are often practical problems involved in separating strikers from non-strikers. Nevertheless we feel that *some* practice should be decided before any settlement proposals are put to ballot.

Of course, all these problems are accentuated where common responses are required from a relatively large number of unions involved in a common claim. To reach agreement on the first type of decision—the amount to be claimed—there must be a readiness to compromise. This will always be difficult to achieve while the decision-making processes of unions in respect of claims remain totally divorced from each other.

Of course, it may be argued that differences at this stage are not all that important so long as there are group procedures for achieving a common view on management offers—most notably those that involve a breakdown on negotiations. In this respect it must be admitted that the unions in our case studies had developed a variety of ways of seeking common agreement. Thus the building unions, before 1964, voted within their negotiating committee upon the basis of one union one vote. More recently the Construction Industrial Committee of Congress devised a more complex “weighted” voting system, designed to avoid the over-weighting of small unions. It is reassuring to note that this procedure survived its first test in 1969 and seems likely to continue. However, the maintenance unions have failed to devise an equivalent procedure, which is not surprising given their widely different priorities as exemplified in the case studies. The same problems are observed in an even more striking form in electrical contracting, where the one union one vote rule failed decisively during the 1968 dispute and produced a situation in which the two unions took opposite views on a major issue. Not surprisingly, still more difficult problems have arisen in the case of decisions involving the actual use of strike action. Indeed here the position has sometimes been made still more chaotic by the premature release of individual ballot results. This has inevitably



and understandably led to charges of bad faith and suggestions that this information was designed to prejudice the results of later ballots in other unions—most notably in the case of the 1969 ballot of maintenance craftsmen.

We may summarise what has been said about the underlying causes of union pressure by suggesting that the crucial factor appears to have been the response of union leaders to membership demands for the maintenance or re-assertion of traditional craft differentials against the background of labour and product market pressures which encouraged record claims. In the absence of effective procedures for regulating the effects of inter-union competition, and without the will to operate or improve joint arrangements for developing and agreeing common bargaining policies, the reaction of leaders and executives has inevitably been sectional in character. Whether any alternative is open to them, and whether we may expect any different reaction in the future, is a matter best judged in the light of our final chapter.

(5) *The employers' response to increased union pressure*

Given the system of multi-employer bargaining which dominates the craft sector the task of finding new ways of coping with increased union pressure in the 'sixties has inevitably fallen to employers' federations. In this section we consider what can be said about their various initiatives and end by making a number of points about their decision-making procedures which contrast with what has been said about unions.

(a) *The rôle of individual associations*

Given the fact that unions had their initial successes in organising urban workers it is not surprising that the employers' federations are strongest in towns and are, without exception, based in Dublin. This concentration on the capital has important implications for collective bargaining, since it enables the unions to confine industrial action to the Dublin area and finance this by a levy on members in provincial firms. Thus in the case of the 1964 building strike the CIF had little option but to tolerate this state of affairs, mainly because their provincial membership was still limited and in no mood to widen the conflict. Since 1964 a number of factors have encouraged more firms to join the CIF—most notably the registration of the agreement in 1967 which gave legal effect to the terms of future building agreements. Nevertheless, these employers still face similar, if less acute, bargaining disadvantages and must continue to do so while a substantial proportion of union members work for non-federated firms.

In electrical contracting the threat to solidarity comes from a different source; the presence of two separate associations in the private sector and the existence of an independent employer in the public sector. Relations between

the two associations have been marked more by tolerant co-existence than enthusiastic co-operation.

The formation of the Maintenance Employers' Group (MEG), on the FUE's initiative, was undoubtedly the most ambitious attempt to provide for a more unified form of employer response in our period. Because of its pivotal importance it seemed advisable to comment on its many unique characteristics in some depth in the case studies. The first point to remember is that companies did not "join" the MEG in the normal way. Each FUE company which indicated that it employed maintenance craftsmen was assumed to be a member, unless it specifically objected or already had a plant level agreement for maintenance craftsmen. In the event very few companies came into either category. More important still, perhaps, is the fact that, whereas other FUE branches usually arranged meetings of all, or almost all, companies to consider union wage claims, the representatives of *all* the 225 firms on the FUE mailing list of MEG members *never* met as a group. In the course of negotiations the average number of companies attending group meetings was only slightly more than half of this total.

It might seem surprising that more efforts were not made to cultivate greater commitment to common action on the part of FUE. In fact, it will be remembered that the request for an "unequivocal decision" from member companies was not made until December 1968, when the existing maintenance agreement had only a few weeks to run. Against this, the Federation had to weigh the risk that the MEG might dissolve prematurely if the constituent companies were given too early an indication that their acceptance of the FUE initiative could lead them into a major confrontation. Faced with this prospect many firms might well have rushed to the cover of separate company agreements *on the unions' terms*. (After all, this is what happened in many of the larger firms after the 1969 strike.) If this had happened the FUE's more militant members would have protested strongly to FUE officials.

The truth is that these men were caught in the dilemma which is apt to face any minority that tries to engender greater unity and commitment on the employers' side. *It simply cannot afford to pose the problem in a way that suggests that the policy it urges may well result in conflict*. This inevitably leads to some form of desertion amongst the faint-hearted while there is still time! As a result it is necessary to suggest that the very assembly of the armada, if it is large enough, will be sufficient to deter the enemy. But this brings us to a consideration of the general rôle of central employer bodies in their own right. This is the subject of the next section.

(b) The rôle of central employer bodies

In our period the most ambitious attempt to foster unity and co-operation

on the employers' side was the FUE initiative in 1963 which resulted in the formation of the JCCEO. Commenting on this move in its Annual Report the FUE stated:

The outstanding feature of the year was, without doubt, the successful initiation and establishment by FUE of the National Employer Labour Conference. . . . The project has also resulted in a most important development on the employers' side, namely, the formation of an employers' equivalent to the ICTU—the Joint Consultative Committee of Employers' Organisations—a body which, under the chairmanship of the President of the FUE, has serviced the employers' side of the National Employer Labour Conference and which shows every sign of functioning effectively and supplying a long-felt need in the field of collective bargaining. . . . The successful formation of this National Body of Employer Organisations with the State Companies for the purpose of consultation, mutual exchange of views and more rapid inter-communication of information on the course of events and trade union activity is a most desirable development. An instrument is now in existence which can effectively counter the old tactic of playing off one employer organisation against another in industrial negotiations [19].

But the belief that the mere formation of the JCCEO provided employers with an effective counter to such trade union tactics did not survive for long. Six months later the FUE was reporting to its members that while the new organisation had "undoubtedly been a noteworthy success" a number of problems remained. As they put it:

If this whole project had achieved nothing else but the coming together of this body for the quick and mutual exchange of information amongst Employers on trade union affairs coupled with the agreements on joint policy and eventually (it is to be hoped) joint action to implement such policy, it would be a matter of gratification. It is to be hoped, however, that the activities of the body can be even further extended and developed. Never more so than today has joint action on the part of employers been so imperative. The difficulty, of course, is to give effective edge to this Joint Consultative Committee as the mere exchange of information and agreement on policy, desirable though they are, do not in the final analysis guarantee the practical implementation of those policies [20].

In the light of subsequent events this was a penetrating commentary. Unfortunately for the FUE, none of its subsequent actions proved capable of

overcoming the difficulties it had articulated so accurately in this statement. As our case studies show, time only confirmed the validity of its essential pessimism.

Moreover, the reasons for the failure of the JCCEO to live up to its early expectations are not difficult to enumerate. It was totally informal in structure, it met at irregular intervals and had no power over its constituents. Even the frank and full exchange of information which it was expected to induce did not always materialise; for example, in the 1964 building industry dispute. In 1966, the outline of the Maintenance Craftsmen's Agreement was agreed in principle between the FUE and the unions before it was discussed by the JCCEO. In 1968 the electrical contracting negotiations reached a point-of-no-return before details emerged at the JCCEO. Later, when the re-negotiation of the Maintenance Agreement was under consideration, certain alternatives were debated by FUE but their implications were not fully discussed by the JCCEO until after the event.

It is possible to argue that adequate advance discussion through the JCCEO might have altered at least some of these decisions but it is obvious why they did not occur. The JCCEO was intended to counteract the trade union tactic of playing off one employer against another. This tactic operates through the union's ability to select one employer, or federation, who is more eager than the rest to concede the substance of a union's claim. These benefits are then demanded by other groups from other employers on comparability grounds. Now it is inevitable that from time to time there will be employers in this position. It may be because of the state of their product and labour markets, it could be because their workers are unusually strike-prone, or reasons of profitability, or as a means of raising productivity. Whatever the reason, the employers in question will decide that in their case an exceptional settlement is justified for *good management reasons* which may be private to the firm or industry. (This is exactly what happened at one point in our second, third and fifth case studies.) The problem is that the protagonists of what others regard as a sell-out will normally be extremely reluctant to argue their case in front of their respective peers, if only because the results may be unpleasant and require them to reveal at least some of their business objectives and methods. In any case the chances are that their peers will merely reply that what is proposed is too embarrassing to be countenanced or approved.

To avoid this kind of impasse each member firm or federation which is contemplating a separate settlement is disposed to keep quiet about the details for as long as possible, so that it can reasonably argue that its negotiations have already passed a point-of-no-return. This is precisely what seems to have happened in at least three of our case studies. We conclude that unless a central employers' body is required by its constitution to meet regularly and frequently,

and unless each constituent is required by rule to present detailed accounts of all planned negotiations, the foregoing pattern is bound to repeat itself. Yet we can discern no real desire amongst employers for changes in this direction.

We also conclude that there is no practical way forward along the lines of the proposed National Industrial and Business Organisation (NIBO). The prolonged discussion of this idea by a distinguished working party was a predictable waste of time. Understandably enough the notion did not appeal to many who were playing a prominent part in existing organisations. Officials seldom enthuse about proposals which at best would reduce their status and at worst might make them redundant.

The failure of the JCCEO and the non-event of the NIBO led ultimately to the formation of the much looser and less ambitious Irish Employers' Confederation (IEC) but this organisation has, as yet, little more than a legal presence. It has no offices, no full-time officers and no financial resources of consequence. Its only decision-making power lies with a Council that meets annually or at irregular intervals. It can suspend members, but has no other forms of power over existing federations who retain their existing functions and identity within its overall umbrella. This is not to say that the IEC might not develop into an important institution in time. (Even as at present constituted it can play a useful rôle in the context of a National Pay Agreement.) It is to suggest that the present IEC is not designed to fare any better than the JCCEO when it comes to the task of co-ordinating and controlling employer responses in the face of sectionalised trade union pressure.

#### (c) Employer federations and their decision-making procedures

Before ending this section on employer attitudes and responses a brief discussion of the general adequacy of decision-making procedures in employer organisations is in order. Here the contrast with trade unions is most marked. By comparison with trade unions, employer procedures seem at first glance to be exceptionally inchoate and informal. Even in the simplest type of situations, where employers are homogeneous and members of a single federation (as in the building industry) their only basis for voting, and the normal practice, is to allow each company one vote. While this has worked well enough so far, it could lead to obvious difficulties in time of crisis. In electrical contracting there is the additional problem that there are no procedures for bringing together the two separate associations if they should take divergent views.

In the FUE branches voting normally takes place at branch meetings by a show of hands and consensus is most readily obtained when all the firms involved belong to a single industry or trade. (In such circumstances firms face approximately the same proportionate rise in total costs and fairly similar product market considerations.) However, it will be remembered that the MEG lacked

any common industry or trade bonds of this kind and depended on relatively badly attended branch meetings to reach what consensus it could. The varying cost implications for member firms in different industries and trades meant that they inevitably rated the costs of resistance or concession in widely different ways.

But this was not the only problem facing the MEG. There was a wide geographic dispersion of companies, which discouraged some from sending spokesmen to group meetings. It was also never quite clear whether those who did attend were acting as mere observers or mandated delegates with authority to commit their companies. Then there was the fact that, even when ballots were authorised, difficulties arose concerning the form they should take. In the event virtually all decisions taken at group meetings were by a show of hands. But this device naturally attracted criticism when used to obtain the opinion of such a large group of delegates on vital issues affecting the future of their companies. On the other hand, secret ballots, the obvious alternative, might have been equally criticised on the grounds of their excessive formality or slowness. Postal ballots were never attempted, perhaps because the response to past requests for written commitment to federation policy had been so discouraging.

In the event both the federation and the MEG were bowing to these difficulties when the latter agreed to transfer effective authority to the FUE Executive Committee. But while this body was reasonably well placed to assess the national implications of further resistance it had little claim to command an influence over the group as a whole. In any case its only important decision was to recommend a concession of the revised union claim in full. And the only alternative to this course would have been to accept the disintegration of the maintenance bargaining group in a welter of sectional settlements.

While it is easy to criticise the decision-making procedures of the MEG it is difficult to suggest effective reforms. Given the disparate nature of the group one might be disposed to suggest federal groupings, based on particular industries, coupled with a form of weighted voting. But we are by no means certain that reforms of this kind would lead to the emergence of a greater degree of commitment to more common action amongst employers. (In this respect it is worth recalling what happened when the FUE introduced a simple form of weighted voting into their proposals for a General Industrial and Export Branch.) The fact is that employers have no tradition of voting to decide issues of any kind. When they disagree with each other they expect to be consulted and considered until some kind of consensus emerges. In this respect the mores of their collective life are very different to those of even the most sectionalised unions. It may be that those who set out to lead employers must be allowed to rely on their own judgement and flair in interpreting the various signals they receive. Perhaps it is wrong to try to think of ways of

formalising and clarifying these signals. This might only result in fewer employers belonging to associations and less willingness to subscribe to the decision-making procedures that do exist. Certainly we gained the impression that some employers exaggerated the difficulties inherent in the voting procedures of the MEG because it suited them to do so. We decided they were looking for excuses for remaining silent and preserving their options.

In summary it may be said that the main trend observed on the employers' side was an attempt to create wider bargaining units and procedures to meet growing union pressure. The most that can be said for these experiments is that they were brave but had only mixed success. At sub-national level the federations found it very difficult to devise and sustain common policies and on several occasions they failed publicly. It is tempting to ascribe this to incoherent and informal decision-making procedures, coupled with the continued existence of rival federations and the absence of a fully representative national body—such as the still-born NIBO. We have said why we would regard this as an oversimple view. It seems to us that the roots of employer division and disunity lie far deeper. Their problem is that they constitute a diverse collection of different interests and preoccupations. In principle they appear to have an overriding interest in resisting attempts by the unions to pick them off one by one. In practice a wide variety of factors combine to undermine their unity in action. The danger is that the more ambitious and diverse the front they erect to prevent sectional bargaining the more likely it is to crumble at the first assault.

(6) *The district, basic or standard rate for the craft*

(a) *Its origins*

So far this chapter has mainly concerned itself with the underlying factors which produced the struggle over craft differentials in the 'sixties, together with the responses of the major parties to this situation. It is now time to say something about the origin and the nature of union demands for various types of craft rate. One of the more obvious themes running through our case studies was the strength and importance of these notions to rank and file union members. We believe that an understanding of this matter is essential to an appreciation of the process of wage leadership in Ireland today.

The Webbs devoted a full chapter to the subject of standard rates and their origins in their classic study of union objectives and methods, "Industrial Democracy" [21]. We consider that much of what they wrote is still extremely relevant and it provides the basis for our discussion below. The Webbs appreciated the fundamental importance of the notion of the standard rate to craftsmen and craft unions. They showed that the defence of the standard rate in the

craft societies could be traced to the earliest beginnings of worker organisation, where it pre-dated the development of collective bargaining. The early craft societies sought to establish appropriate standard rates unilaterally, through their embodiment in union rules. When members came to negotiate individually with employers they were expected to refuse to work for less than the standard rate, on pain of expulsion. Those who found themselves out of work as a result could rely on support from the society while their search for employment continued.

(b) The logic of the trade union position

The Webbs also pointed out that behind addiction to the standard rate was a fundamental article of trade union faith. It was thought to be impossible, in a system of competitive industry, to prevent degradation of the standard of life unless the conditions of labour were settled, not by individual haggling but by some "common rule". Without insistence on the uniform application of the common rule all forms of collective settlement would prove to be impossible. Moreover, in the case of craftsmen the notion of the standard rate has additional advantages. It offered the prospect of security and mobility in a way that preserved traditional craft exclusiveness. As Phelps Brown has noted:

He (the craftsman) would expect to change his employer from time to time, and not infrequently he moved from place to place, but always in the same craft; so the conditions in which his craft were working elsewhere were of more interest to him than those in which men were doing other jobs beside him [22].

The Webbs also noted that the concept of the standard rate has often been attacked because it is said to prevent payment above the rate to the more industrious and productive. There are two trade union answers to this. First, the standard rate should not prevent extra payments in the form of a bonus where unions are convinced that this is not a prelude to attempts to undermine the enforcement of the standard rate. Second, employers are always free to make certain kinds of payment over and above the standard rate if they wish to attract and retain the best labour available.

These answers are not entirely disingenuous but they are a trifle over-simple. By and large unions will allow premium payments if increases in the volume of output or intensity of the job can be measured, and the bonus that results makes possible substantial increases in pay. This is particularly so if it is difficult to re-negotiate time-rates to deal with significant changes in job content. If, on the other hand, such changes are small, or difficult to measure, they may prefer to oppose moves to systems of "payments by results" or other



methods of premium payment. In the end a balance will tend to be struck between the benefits to members and the need to preserve a viable form of collective bargaining.

Attitudes to payments above the rate tend to be complex. General payments that represent overall improvements for all craftsmen in a particular firm may be welcomed, especially if they are the result of local pressures at shop floor level. On the other hand, if employers wish to select a minority of "above average" performers for some form of "merit payment" this will normally be opposed—especially if the payment made is said to be non-negotiable. Any employer who is able to operate such schemes will usually find that union pressure will be deployed to extend their scope to more and more workers, while standardising the criteria used and subjecting it to some form of collective regulation. In effect the union will be trying to universalise the operation of all forms of selective treatment which they will tend to regard as instruments of management control.

These attitudes can be seen operating in all our case studies, where they help to explain much that took place on the union side. They explain why craftsmen in electrical contracting and building have traditionally opposed the introduction of systems of payment by results and insisted on the pure milk of the craft rate doctrine. They also help us to understand why some engineering craftsmen have taken a more flexible view, especially when working alongside semi-skilled workers who were already enjoying the benefits of bonus schemes. Addiction to the craft rate concept in building also helps to explain rank and file resistance to labour-only sub-contracting where it continues to exist. "Labour-only" appears as a cover for managerial desires to introduce under-bidding during the next recession. The trouble is that this argument only appeals to those who regard the depression as a real threat. For the younger worker the present reality is very different and the immediate benefits of "labour-only" include a level of take-home pay which is far in excess of that obtainable by collective bargaining.

But the most vital connection between the case studies and the standard rate concept as it has developed in craft unions is that it helps to explain why it is that craft unions are likely to resist employers' attempts to *impose* variations in basic rates upon them, especially those that are rooted in managerial initiatives at district or national level. These appear to offend against the essence of the craft tradition and look like attempts to divide one section of the membership against the other. They also offer union leaders the certain prospect of a disaffected and vocal protest group, which may be a majority or a minority, which is able to argue with considerable force that their chosen leaders have accepted a settlement that is unfair to them and is aimed at destroying the very notion of the "craft rate". It also helps to explain why, even when craft union

leaders appear to agree to go along with innovations of this kind, they regard them as no more than temporary expedients. This was exemplified in the case of the second craft rate introduced by the first maintenance agreement. In this instance the employers' proposals were only thought tolerable by some unions because they offered a chance to lever up rates to the level of the highest contract rate. For the unions believed, and they were right, that once this was done they would soon be able to lever up any lower contract rates to the new higher (maintenance) level. In this way they returned to the ideal of one rate for the craft.

But an understanding of the notion of the standard craft rate also helps us to understand why it is that craftsmen are so obsessed with the maintenance of differentials between crafts. For these express much more than mere purchasing power or the maintenance of relative living standards. They are the benchmarks and symbols of craft status itself, expressed in the most visible and tangible form for other craftsmen to see. To allow differentials to narrow too noticeably over a period, as was the case in electrical contracting before the 1968 dispute, is to invite an explosion. And the chances are that when it comes this will result in over-correction, i.e. the creation of a new and unstable hierarchy of rates. Action will then be taken by the unions, as in the second set of maintenance negotiations, to correct this new anomaly.

(c) The logic of the employer position

Employer attitudes towards standard rates are understandably different. Often an employers' federation, as in building, wishes to see the standard rate enforced as both a minimum and a maximum. The first objective is usually rooted in weak organisation on the employers' side, especially in relation to small employers. Here the federation fears undercutting by a coalition of non-unionists and non-members. It was fears of this kind that led the building federation to sponsor the registration of the building agreement along with the building unions.

The enforcement of the standard rate as the maximum, which is a basic objective of the building and electrical contractors, has its roots in fear of over-bidding. Where there is a continuous labour shortage, unrestricted over-bidding does nothing to increase labour supply and merely puts some firms out of business. (Indeed employers' associations often argue that over-bidding actually reduces labour supply since it tends to penalise firms who operate expensive apprenticeship schemes.) Yet it may be impossible to effectively control over-bidding, especially where, as in electrical contracting, the position is made worse by the existence of two federations. A spokesman for one of them told us that in the latter half of the 'sixties it became increasingly common for

employers "to buy electricians from each other" by offering higher and higher supplements to the basic rate.

In contrast to the above-mentioned employers the maintenance employers never managed to develop any clear-cut attitude towards the question of excess payments. When the first maintenance agreement lifted all maintenance craft rates to the level of the highest existing contract rate it was hoped that this would avoid the need for supplementary payments. But many, if not most, employers were already paying excess rates and far from being eliminated or reduced such practices became more widespread and more varied as working hours were reduced (without loss of pay) in an erratic fashion under the terms of the new agreement. In time this process led to such a complex pattern of rates and allowances that the federation itself came to accept that the notion of the basic rate as an effective rate was "a near fiction" [23]. Because of this situation the second maintenance agreement simply listed the standard increase to be paid and did not refer to basic rates at all.

In adopting this policy it is important to point out that the federation effectively withdrew from any attempt to seek to determine craft wage standards. The right to do this for employers generally reverted to its original holders, i.e. building, electrical, engineering and other contract employers. The irony was that the very creation of the MEG was justified by references to the need to exert control over matters of this kind. Certainly, it was argued at the time of its formation that the settlement of craft rates was too important a matter to leave to the weak and divided contract employers. Yet, from this time on, the maintenance employers virtually accepted the need to take the results of contract negotiations as a starting point for their own deals with the unions.

Summarising what has been said about employers and the craft rate we may point once again to the contrast with trade unions. Employers adopt a much more contingent attitude towards the enforcement of standard rates, especially as effective maxima. In all three cases they proved to be unequal to the task of controlling their members and once again the reasons for this are not difficult to discern. In extreme cases, firms are prepared to risk expulsion rather than see their production halted by a strike or by a production bottleneck caused by labour shortages. In general few employers see it as a priority of their business to set an example to others in regard to wage restraint.

#### *(7) The Changing Role of Third Party Intervention*

Up to this point the themes we have sought to draw out of this study have mainly concerned the reactions and initiatives of the parties themselves and their natural allies. But disputes of this size and importance inevitably affect the community at large, if only because of their disruptive effect on employment

and production generally. It is for this reason that a continuing theme running through the study is the rôle of third party mediation in attempting to provide the basis for a settlement. In Ireland the government sets out to provide a comprehensive mediation service in the interests of preserving industrial peace. By far the most important institution in this field is the Labour Court which became involved in the negotiations leading to three of our key settlements. It is therefore appropriate to begin this section with an analysis of its changing rôle.

The Court's original terms of reference, as set out in Clause 68 (1) of the Industrial Relations Act, 1946, constituted a formidable mandate which read as follows:

The Court, having investigated a trade dispute, shall make a recommendation setting forth its opinion on the merits of the dispute and the terms on which, in the public interest and with a view to promoting industrial peace, it should be settled, due regard being had to the fairness of the said terms to the parties concerned, and the prospect of the said terms being acceptable to them.

The ordering of the priorities which this implies is best regarded as a tribute to the exuberance of the draftsmen rather than a workable directive. In practice it is often impossible to decide between the four objectives it contains. As a matter of general principle the Court will not recommend concessions which might set a substantially new trend in wage settlements though it fully appreciates that recommendations that are unlikely to be acceptable are, at best, futile and, at worst, counter-productive.

The first dispute in our studies which involved the Court was the 1964 building dispute. Following unsuccessful mediation by the Conciliation Service the building unions referred their claim for a forty-hour week to the Court.<sup>8</sup> In their submission the unions ignored the terms of the current National Wage Recommendation (NWR) and relied on the special conditions which they claimed obtained in their industry. Surprisingly enough the employers did not reply by arguing, in specific terms, that the union claim was in direct conflict with the NWR. They preferred to rely on "domestic" arguments—notably the direct and inevitable cost of the claim to them. It was the FUE which drew attention to the fact that when the NWR was being negotiated—"the employers' representatives had emphasised that the agreement on a percentage increase in wages postulated a stabilisation in hours of work, as a result of which a special provision . . . had been included in the Agreement" [24]. This was

8. The Court's mediation service is divided into two sections. In the first instance disputes are handled by the Conciliation Service. If this fails to bring about a settlement the dispute may then be referred to the Labour Court proper for investigation and recommendation.

a reference to the controversial Clause 5 of the NWR, which read "This recommendation is made in the context of existing hours. . . ."

The question is whether Clause 5 was meant to imply that there should be *no* reduction of hours during the period of the agreement, even where there were special circumstances, for example, the lodgement of a claim, as was the case in building, almost a year before the national agreement was signed. The reply of both the unions and the ICTU was that this was not the meaning they had placed on Clause 5 at the time. As the ICTU put the point "there was nothing in the National Agreement to preclude the concession of the claim"[25]. The unions were able to show that they had received repeated re-assurances from the ICTU to this effect.

There was, in fact, a fundamental disagreement between the ICTU and the FUE on the meaning of Clause 5; yet the Court did not attempt to resolve it by a direct ruling giving its own interpretation. In its decision, it preferred to rely on the absence of "special circumstances" within the meaning of Clause 3. Yet taken at its face value this clause, which is quoted in full below, only applied to wage and salary claims:

While the majority of claims for increased wages and salaries and proposals for the settlement of such claims shall take place within the context of the terms of this Recommendation it is recognised that special circumstances do exist where the position cannot be wholly related to the terms of this Recommendation but, nevertheless, in these special cases the terms of this Recommendation should be fully borne in mind.

It is difficult to avoid the view that the Court could have discovered grounds for a decision in favour of the building unions if it had been so minded. No doubt it was impressed by the FUE argument that a concession to the building workers would touch off a general reduction of hours which they would be powerless to resist.<sup>9</sup> The trouble with this decision was that it was bound to strike the building unions as unfair and unacceptable. The result was a prolonged and bitter strike which ultimately led to Ministerial intervention and further conciliation. This finally produced a compromise settlement covering the entire industry providing for a phased reduction in hours. Quite inevitably the terms of the settlement represented a justification of the union's argument that building was a special case, indeed the agreement itself opened as follows: "Having regard to the particular features and circumstances of the building industry. . . ." Moreover, a Commission, established to settle an outstanding issue arising out of the settlement, noted this preamble with

9. Some employers took a more flexible viewpoint and, despite Clause 5 of the NWR, reduced hours were negotiated in the Printing Industry and in the Dublin Licensed Trade [26].

commendation, thereby giving further recognition to the special conditions in the building industry. Armed with the gift of hind-sight one is bound to wonder whether it might have been better if the Court itself had grappled with the task of defining the sense in which the building industry claim was a special case.

A rather different set of difficulties faced the Court during the second maintenance dispute. The unions considered that the decision of the FUE to refer their rejection of the employers' offer to conciliation constituted indecent haste. They only agreed to attend on the understanding that it would be regarded as a continuation of negotiation under the chairmanship of a Conciliation Officer. After a few inconclusive meetings the FUE further annoyed the unions by referring the case to the Labour Court (or to some other impartial body). As one union spokesman put it, they were determined not "to be taken to the Labour Court" and so they refused to attend. Consequently the Court had to decide whether or not to invoke its statutory power (under Section 21 of the 1946 Act) to summon witnesses, to examine them under oath, to require documents to be produced under pain of fine, or, in default, of imprisonment. Given the past experience of the rather ineffective use of these powers the Court decided on an alternative course. Only the FUE made a formal submission and the Court held informal discussions with the unions.

When the time came to decide the case the Court used this fact to avoid making a recommendation, stating that "as the workers' side has not been prepared to make a full submission in the case, the Court regrets that it does not find itself in a position to issue a recommendation, nor does it consider that any useful purpose would be served by its doing so"[27]. Not unnaturally this disclaimer was received with surprise and dismay on the employers' side. For the Court's responsibility, under section 68 (1) of the above-mentioned Act was quite clear: "having investigated a trade dispute (The Court) *shall* make a recommendation". In the past it had done so, despite the fact that only one party had made a formal submission. The reasons behind the disappointment of the employers were clear from their evidence. As they put the point:

Our members have, through the Federation, adopted a very firm and reasoned approach to the wage negotiations because of their anxiety to prevent a settlement of a repercussive nature. We trust that their firmness will not be undermined by the Labour Court's recommendation and that equity between maintenance craftsmen and the very many thousands of workers whose two-year Agreements entitle them to increases in the range of 30/- to 40/- per week will be uppermost in the minds of Labour Court Members when deliberating upon their proposed recommendation [28].

This is not to say that the employers were naïve enough to believe that if the

Court decided in their favour the unions would accept the decision. What they hoped for was an effect on public opinion. They wished to demonstrate that their cause was a just one before they began the fight.

Yet it is hard not to sympathise with the dilemma of the Court. Once again they were being faced with a challenge they were not equipped to face. This time they could be certain that if they did not decide for the unions—in the form of an increase for craftsmen way above the level of the eleventh round—there would be a strike of unimagined dimensions. Yet there were few readily recognisable grounds on which they *could* decide in this way. To do so, in the circumstances, would look as if the major instrument of public mediation had given way to a show of naked force. One might well wonder whether the Court's authority could survive a decision of this kind.

It is only reasonable to view the Industrial Relations (Amendment) Act of July 1969 as the inevitable postscript to this non-decision. Instead of requiring the Court to make a recommendation, regardless of the circumstances, the new Act stated:

19.—The following subsection is hereby substituted for section 68 (1) of the Principal Act: “(1) The Court, having investigated a trade dispute, *may* make a recommendation setting forth its opinion on the merits of the dispute and the terms on which it should be settled.”

20.—(1) Where the workers concerned in a trade dispute or their trade union or trade unions request or requests the Court to investigate the dispute and undertake or undertakes before the investigation to accept the recommendation of the Court under section 68 of the Principal Act in relation thereto then, notwithstanding anything contained in the Principal Act or in this Act, the Court shall investigate the dispute and shall make a recommendation under the said section 68 in relation thereto.

(2) Where the parties concerned in a trade dispute request the Court to investigate a specific issue or issues involved in the dispute and undertake, before the investigation, to accept the recommendation of the Court under the said section 68 in relation to such issue or issues then, notwithstanding anything in the Principal Act or in this Act, the Court shall investigate such issue or issues and shall make a recommendation under the said section 68 in relation thereto and, for the purposes of this subsection, subsection (1) of the said section 68 shall have effect as if the references therein to a trade dispute included references to an issue or issues involved in a trade dispute.

These provisions mean that the Court is no longer bound to make a recommendation in circumstances where *unions* have not agreed to accept the results

in advance. Obviously, the intention is that in circumstances where union agreement is forthcoming the Court's recommendations would be binding on both sides. It is, as yet, unclear what would happen if a recommendation so made was not found to be acceptable—say to a union's members. The conflict could then conceivably move into the Law Courts. But, of course, the most important innovation concerns Section 19. On the one hand, the Court is now given the clear option of standing aside. On the other hand, it also has a clear and unambiguous mandate if it wishes to intervene: it is supposed to set forth both "the merits of the dispute and the terms on which it should be settled". Presumably this means that in these circumstances the Court no longer has a duty to take other possible or probable consequences into account—such as the possible inflationary effects of its recommendation.

It is far too early to be able to make any final judgement on the importance of these new provisions. In any case the situation has been complicated recently by the fact that the National Employer Labour Conference has voluntarily given the Court an adjudicating rôle in respect of the current series of National Wage Agreements.

One final feature of the Court's rôle in the 'sixties is worth raising here. The Court was, as often as not, the forum through which employers in general sought to argue against union claims on the grounds that they constituted coercive comparisons. In effect they used the publicity given to Court hearings to try to build up support for their general position, suggesting that, quite apart from the merits of a particular case, the effect on comparabilities constituted a decisive argument against any movement from the employers' offer. This was a natural enough development and very often the employers turned out to be right. But in the light of what usually happened one is entitled to ask the question: was this tactic always a wise one?

In the first place it helped to justify the unions in their rejection of any Court decision they did not like, for they could always allege that the Court had been unduly influenced by matters which they regarded as outside its terms of reference. Second, while the Government may have been embarrassed, and as a result may sometimes have issued a worthy warning, it hardly ever went any further. (Indeed, one may doubt how well disposed it was towards the source of its embarrassment.) But it may be argued that the statements of the employers were not addressed primarily to the disputing unions and their members or to the government, rather they were aimed at the public generally and, through them, at the other groups who were likely to use the settlement in question as a basis for claims of their own. This may well be the case but we doubt if the justification is a good one.

For example, take the case of a set of closely related groups such as craftsmen who are accustomed to compare their own position with that of the leading



craft groups. Given the tradition of cross comparabilities which dominate their thinking it is difficult to see why a public statement by *employers* should have any effect on them—except to make them marginally more determined to obtain a similar settlement when their time comes. But what of other less formally related groups—such as semi-skilled workers or public servants? Surely the danger here is that links will be generated, or assumed, where none exist to begin with. For what the employers will seem to be saying is that there really is some kind of link between the general level of pay and a particular case. Indeed, the more dire their warnings and the more general their fears, the more they will appear to be implying that the link is both justifiable and irresistible. In effect they will be giving voice to what one might term the “domino theory” of the wage-round. The trouble with this theory is that it is apt to encourage and discourage the wrong people. Other workers are encouraged to raise their sights, while other employers are discouraged from taking a stand when their time comes. But if this happens the theory turns into a self-fulfilling prophesy once the first “domino” falls. Of course, this is not to deny that when employers have recourse to this type of argument they may obtain both a good press and widespread “public sympathy” of a general kind. What has to be questioned is whether this has been purchased at too high a price.

Having dealt with the problems of the Court we must now say something about the related activities of the official Conciliation Service. Under the appropriate statute the service is charged with a duty to assist the Court. The chairman of the Court may appoint a conciliation officer to act as a mediator before the Court holds an investigation. The mediator’s job is to try to affect a settlement or to bring about “such temporary settlement as will ensure no stoppage of work during the investigation of the dispute”. Under the 1969 Act the conciliation officer shall “perform any duty assigned to him by the Court”.

In practice the service appears to have operated on traditional lines—that is to say it has placed a premium on dispute resolution, without reference to the consequences in terms of inflation or the effect on the economy. This has sometimes made it look as if its rôle was in conflict with that of the Court. Thus in 1964, in the building dispute, the parties were allowed to use the conciliation service to patch up a settlement which was contrary to the recommendation of the Court. In 1968 the Conciliation Service helped to settle the strike of electrical contracting workers, when its officers devised and passed on the details of a compromise offer which compounded the problems that faced the Court when it came to deal with the subsequent maintenance negotiations. And when the Court stepped aside from that challenge, and decided not to make a recommendation, it was the Conciliation Service which was used to effect a final settlement.

However, in that instance what happened is worthy of consideration in its own right. In this case conciliation had to operate under the cloud of a strike threat in circumstances where the employers felt that *any* concession would be interpreted as a sign of weakness. At six o'clock on the morning when the strike was due to begin, certain settlement proposals appeared to emerge. These, together with a statement to the effect that the strike would be suspended pending reference to the various union executives, were read out twice to the conference. When no dissent was expressed the conciliation officer, along with the employers present, assumed that agreement had been reached. It subsequently transpired, after a confused and embarrassing sequence of events, that this was not in fact the case. Two of the union representatives had no power to suspend strike action on behalf of their organisations. They were bound to take what had been proposed back to their executives first, as a result of which no agreement could be reached that day and the strike began.

It seems only reasonable to suppose that this unfortunate sequence of events could have been avoided if the draft statement had been presented to the unions in a side conference and if each representative had to confirm or deny acceptance. However, it seems doubtful if this would have helped to prevent the strike taking place, given the attitudes of the parties at the time.

A more reasonable hope of settlement emerged during the course of the strike but, once again, a misunderstanding occurred. In this instance the chance of a settlement was lost because the Conciliation Officer was unaware of the full extent of the FUE Maintenance Committee's final mandate. If he had known this he would, undoubtedly, have refused to let the conference end until they had allowed him to put forward their final offer—either directly or indirectly as his own proposal. But it was partly because the Committee feared that this might be done, in circumstances where it was not required to extract a settlement, that the Committee did not reveal just how far it was authorised to go. (It also probably felt partly restrained by the rather guarded mandate it had received from its own executive.)

In the event the cost of hesitation to employers generally was very considerable. On the assumption that FUE firms employed 3,000 craftsmen the extra cost of the difference between the unions' claim at this point and the conciliation proposals (which were approved by the FUE negotiators) was a once-and-for-all payment of about £27,000 (i.e. £1 a week  $\times$  9 (weeks)  $\times$  3,000 (men)). The final settlement, by contrast, cost an extra pound per week per man. This amounted to about £156,000 a year in perpetuity (i.e. £1 (per week)  $\times$  52 (weeks)  $\times$  3,000 (men)). But if, in addition, one accepts the subsequent FUE view that the wage terms of the maintenance agreement accrued to all employees, then the indirect cost per year exceeded £36 million in perpetuity (i.e. 700,000 (employees)  $\times$  £52 (per year)).

This contrast helps to draw out another point; the very limited use made of once-and-for-all payments in lieu of further additions to normal wage offers. It is true that the very notion is repugnant to employers, as there may be short-term difficulties in meeting the cost of such payments, but a more pragmatic reconsideration might show that this approach, whether disguised or not, could be advantageous in certain situations. The terms of the third National Pay Agreement demonstrate considerable ingenuity in this regard.

In the Irish system of industrial relations considerable use has been made of one further form of third party intervention; the appointment of an "independent" committee of inquiry. The parties have used this device in the past to propose ways of dealing with particular disputes and to suggest long range reforms (for example, the Fogarty Committee on Industrial Relations in the ESB). So far as our case studies are concerned the most important use of this device was after the second maintenance dispute. As part of the settlement terms the parties agreed to the establishment of a far-reaching inquiry under the chairmanship of Professor Chubb with the following terms of reference:

- (1) A statistical examination (analysis) of the hourly rates of pay and earnings of maintenance craftsmen in manufacturing industry over the normal working week per establishment with a view to assessing the proper place to be held by them in the general wage structure.
- (2) An examination of current negotiating and voting procedures with a view to recommending improvements.
- (3) Recommendations on guidelines which should be taken into account by both parties in the future determination of wage rates of maintenance craftsmen [29].

The purpose of the Chubb Commission was to try to suggest a more appropriate way of dealing with the negotiation of maintenance craft rates in the future. Given the importance of this problem to the process of wage determination generally it is worth spending some time considering both the Chubb Report and its implications for future interventions of a similar sort.

The first point to make is that the Chubb Commission decided that it was unable to assess the "proper place" of maintenance craftsmen "in the general wage structure". Indeed, it was its opinion that this notion was of no use when trying to arrive at the appropriate level of pay for each of the 2,300<sup>10</sup> or so craftsmen involved [30].

In effect the Commission took the view that the negotiation of a single rate

10. The FUE submission to the Labour Court gives a figure of 3,000. This figure (and not 2,300) has been used as a basis for calculations elsewhere in this paper.

(or "proper place") for maintenance craftsmen was a mistaken objective. Its reasons were related to three doubts expressed in its report: (a) doubts about the notion of "maintenance" craftsmen as a meaningful category, (b) doubts about the possibility of ranking such a doubtful category in relation to other categories of workers and (c) doubts about the validity of existing boundaries between craft jobs [31]. This constituted a formidable list of objections to the aim of the 1966 agreement, but in the light of our case studies we can add two more. First, the notion of a separate rate for maintenance craftsmen, as envisaged by the FUE, involved an attempt to impose on the craft unions two different levels of basic rate (i.e. maintenance and contract). Second, the highest paid craft (i.e. electricians) were supposed to accept the obliteration of their traditional differential to make this possible. As we have seen, the unions concerned might accept either or both of these proposals as temporary expedients—if the price was right—but only as tactical settlements, to be changed in the future as soon as the chance arose. What the FUE wrongly assumed was that a single and separate rate for maintenance craftsmen could form the basis of a *permanent* settlement.

Having declined to fulfil the first of its terms of reference the Chubb Commission turned to the second. Not surprisingly it decided against any attempt to continue the bargaining unit (which had negotiated the 1966 and 1969 agreements) in the following words:

. . . it is not possible to have satisfactory negotiations on a renewal of the Maintenance Agreement between the FUE and the group of unions comprising all those which are at present parties to it. Two of the unions with the largest number of men involved would be *reluctant and probably unwilling* to enter into such group negotiations. Moreover, the conditions under which the FUE would be willing to enter *could not* be satisfied [32].

The "impossible" preconditions which would be set by the FUE were not specified but presumably the Commission had in mind the desire of the employers to avoid another confrontation of the size and scope of the second maintenance dispute. No doubt this hope is shared by the vast majority of trade unionists, many of whom would inevitably become indirectly involved to their cost.

Having rejected both the objective of a single rate for maintenance craftsmen and the bargaining arrangements that went with it, Chubb had to advance his own solution. He concluded that in future the electrical, engineering and building crafts would negotiate separately, but in each case the aim should be a single basic rate for the appropriate craft, i.e. one covering both maintenance and contract work [33]. This constituted a plea for a partial return to the

*status quo ante*, under which there was one rate for each craft. Thus Chubb implicitly acknowledged the arguments we have advanced in this study for recognising the primacy of the "standard rate" for the craft, and tacitly recognised the impracticability of seeking permanent solutions that appeared to go against this principle. But, of course, these proposals might be said to have another advantage. By abandoning the single bargaining unit for maintenance craftsmen they could hope to weaken the link that the agreement had forged between craftsmen and semi-skilled and unskilled workers in production generally.

The major problem which the Chubb proposals fail to face is whether the employer front that combines contract and maintenance employers is likely to exhibit any substantial degree of common interest or solidarity when attacked. No evidence was presented by the Commission to support the view that such an employers' side would hold up better than—say—groups of contract employers standing alone. On balance, the experience of the past decade suggests the opposite. Both the builders in 1964, and the electrical contractors in 1968, endured strikes till they achieved compromise settlements. By contrast the maintenance group was much more reluctant to stand and, when it did, the final result was in any case a capitulation. The problem was that strike action quickly revealed the degree of disunity on the employers' side. This experience suggests that if, in the future, contract and maintenance employers were to combine trade by trade, the maintenance wing of the alliance might well be the first to take flight.

More importantly the Chubb proposals, whatever their merits, found little favour with either employers or unions. The FUE was in no mood for a further bargaining initiative and appeared resigned to allowing the craft unions to decide the future shape of bargaining structure, at least in the short run. For their part the unions have not even bothered to reject the Chubb proposals; they have simply ignored them. What they did do was form a Federation, which has concentrated on discussing how to "re-establish" the craftsmen's lead over other groups. To this end it reiterated (in December 1973) the long-standing status wage demand for all craftsmen in the Republic. This was for an increase of approximately 33 per cent on existing craft rates.

In the event this claim was deferred for a period of twelve months under the terms of the latest national wage agreement. But it is important to stress that the national agreement itself (excluding the modest additions of the amended offer) was designed to provide the maximum benefit for craftsmen. For under its provisions it is craftsmen who received the highest possible percentage increase on their entire basic wage of £30 a week.<sup>11</sup>

11. Lower paid groups, who earn less than £30, generally received a lower *absolute* increase but a higher *relative* figure. Higher paid groups received a higher *absolute* but lower *relative* amount.

If the craft unions continue to insist that this improvement in their relative position is insufficient to satisfy their sense of relative deprivation they would appear to have two alternatives. First, they could seek to use the anomalies clauses of the present agreement or any future agreement of a similar kind. Second, they could refuse to be a party to central agreements in future and force a return to decentralised bargaining along the lines of the 'sixties. The relative merits and consequences of both eventualities are discussed further in our final chapter. The only point we wish to make at the moment is that if the record of the 'sixties is any guide the "free for all" that will follow is unlikely to result in any significant improvement in their relative position, no matter what the cost to the economy in terms of inflation and industrial disruption. For as the sequel to the two maintenance agreements clearly demonstrates, in the absence of any agreement to the contrary all other groups will tend to demand the same money as the craftsmen and may well achieve such increases.

In concluding this analysis of the changing rôle of third party intervention in the 'sixties we are bound to express doubts concerning the ability of existing institutions to cope with such a "free for all". We have seen how it became evident early in the decade that the Labour Court had inherited an impossible task in this respect. It was no longer possible for it to play its traditional rôle as "last ditch" peacemaker, while remaining formally committed to respect both "the merits of the case" and "the public interest". No doubt it was wise to rescue the Court from this position by providing it with a more flexible mandate. But this could only be done at the price of allowing it to withdraw from the battle on occasion. This inevitably meant that the unenviable rôle of "last ditch" peace-maker fell to the conciliation service. By and large they acquitted themselves well, and if they occasionally made mistakes, or missed opportunities, theirs was an extremely difficult task which was not always made any easier by the policies and practices of the parties. Most notably, we found, there was good reason to doubt the efficacy of the employers' use of the "domino theory" of the wage-round at this time, together with their search for a wider bargaining structure. But we also concluded, as the Chubb Report demonstrates, that it is far easier to criticise the employers than it is to suggest an acceptable alternative policy that might have been more successful. Yet this must be one of the main aims of our final chapter.

## Chapter 6

### *Synthesis and Policy Implications*

#### (1) *Introduction*

THE aim of this chapter is to summarise what has been discovered about the rôle of wage leadership in the inflation process in Ireland and to discuss the implications for those who make policy in this field, i.e. trade unions, employers and the government of the day.

#### (2) *Synthesis*

We began by reviewing recent research into the problem of inflation. This indicated that there was scope for a study focused on trade union behaviour in the bargaining process, based on the assumption that this was an internally motivated process dominated by its own set of institutions and assumptions. For this purpose it was necessary to provide a clear picture of the general trend of wages over a long enough period to warrant generalisations about movements and changes. This took the form of an analysis of the pattern of known settlements from the seventh to the twelfth round (inclusive).

Four main conclusions emerged. First, there was clear evidence of a primary process or wage-round which involved virtually every bargaining group. As a result of this process, increases were negotiated for all important groups, either as a result of a nationally negotiated "central" settlement or as a consequence of a "free for all". The process did not produce identical settlements in every case but it did result in the establishment of a minimum rate of increase, usually defined in money terms. Because most rounds in the 'sixties took the form of flat-rate cash increases the effect of successive rounds was to compress the overall wage structure. (Thus in 1959 the highest paid bargaining group received about four times as much as the lowest, but by 1970 this ratio had been cut in half.)

Second, in addition to the primary round we also observed a "supplementary" process with a much more limited incidence and varied impact. Because they participated in this process as well, some groups enjoyed additional increases which had the effect of temporarily reversing the compression process so far as they were concerned. In the light of these two points it seems reasonable to suggest that the primary and supplementary processes are performing overlapping but different roles in the Irish economy. The primary round ensures that the generality of workers do not experience declining living

standards. It provides regular and reasonably well-ordered money increases which at least keep pace with the general growth of the economy. The supplementary process is more a response to specific labour market pressures and exceptional status claims, especially those advanced by powerful bargaining groups. In effect it is a way of relieving pressures which the primary round either causes or fails to deal with.

Third, in recent years there have been a number of important changes in the rate of movement within the wage process. The level of primary and supplementary settlements has risen while their duration has fallen. Fourth, entry patterns to the primary process are becoming noticeably more stable. This suggests that the wage-round has become a more structured and self-conscious affair, where less important groups await the results of a limited number of more important negotiations before lodging their own claims.

This general analysis was then used as a background for a more detailed examination of some of the more important groups who were said to have negotiated "key wage bargains". This term was defined as a settlement representing a significant upward departure from existing patterns which had a disproportionate influence on the expectations, claims and settlements of other groups. We experienced little difficulty in locating a relatively small number of big settlements which merited this description and reasons were given for selecting five in the craft sector for more detailed study (i.e. Building in 1964 and 1969, Maintenance in 1966 and 1969 and Electrical Contracting in 1968). They were first analysed sequentially, mainly from the viewpoint of the objectives and strategies of the parties. On the union side a picture emerged of competitive unionism seeking to restore traditional relativities. On the employers' side there was at least as much inter-federation rivalry and even less willingness to try to act in unison. However, this did not prevent one major attempt to change bargaining structure although, even in this case, the conclusion was the same: after a strike of considerable intensity and duration the unions obtained the substance of their demands.

Moreover, in each case the settlement was followed by a chain reaction. Sometimes, as in the case of the first building settlement, the key bargain acted as a "precipitator" inducing a further more important agreement which acted as the actual "catalyst", for example, the first maintenance agreement. Similarly in 1968 the electrical contracting settlement precipitated the second maintenance settlement which in turn became the prime mover or "catalyst" for the subsequent wage-round. In one case, the 1969 building settlement, the influence exerted was "confirmatory". It made inevitable an escalation of claims that had begun before it was negotiated.

In our thematic review we considered first the rôle of economic factors. Using the material of the case studies and the results of a survey of union



negotiators as our sources we decided that there was little evidence that most economic factors were significant in the formulation of large claims. Thus, the level of a firm's profits, or the demand for its product, or the general level of employment, were usually not taken into account by union negotiators. Even when they appeared to counsel restraint they tended to be ignored. This was the case both for those classified as "wage leaders" and the more numerous "wage followers".

The only economic factor that appeared to count very much was the "cost of living". In the case of wage followers this was the highest scoring single argument, although even here over half of our respondents ranked it as of less than primary importance. Much more important, in total, was the weight given to various kinds of comparability arguments, for example, comparisons with workers doing similar work or receiving similar levels of pay. Our conclusion was that comparability in all its forms is the major test of relative failure or success in the Irish bargaining process. *It follows that, even if the primary process deals with the cost of living argument, supplementary settlements will be demanded, from time to time, to satisfy notions of relative deprivation. In short, the risk of wage leadership exists regardless of the level of inflation or the extent to which wages are indexed.* For the time being the position of the craft unions is likely to remain crucial—although their members certainly must not be regarded as the only groups around which the forces of coercive comparison will mass in the future.

Next we turned to the specific factors motivating the two sides in our case studies. We decided that in each case the leaders were little more than channels through which the members reacted to the situation as they saw it. On the union side, it was notable how far particular craft groups, or sections of them, could escalate the general level of expectations by so-called militant demands. On the employers' side, although the leaders were not helped by their rather incoherent decision-making procedures, we did not think this was the nub of the problem. Disunity, and a reluctance to resist together, invariably derived from the fact that the employers' associations were trying to lead diverse interests and occupations in circumstances in which a wide variety of factors undermined their unity of action. And the larger their armada grew the less likely it was that it would survive to fight in the end.

Nor was the employers' position assisted by the fact that their major initiative took the form of a frontal challenge to the union notion of the standard rate. Our contention was that the notion of the craft rate helped to explain much that took place on the union side—most notably the fierce resistance to attempts by the employers to introduce two different rates and the scramble to re-assert the electricians' relatively small differential.

In the final part of the last chapter we analysed the changing rôle of various types of third party intervention as they have emerged from the study. It was

stressed that the impossible tasks given to the Labour Court under earlier legislation had to be modified if the Court was to retain credibility. Yet this could only be done by allowing the Court to withdraw from the battle when necessary, a development which added considerably to the burdens of the conciliation service without solving any of the basic problems.

Before turning to the policy implications of our study it may help to end this section with a simplified model of the Irish wage process as it has emerged. What we see is a largely autonomous set of well-established relationships which are becoming more structured in form. As far as one can tell they reflect deeply-held social and psychological norms which have been legitimised and sanctified by custom and experience. Movement within the process proceeds in a series of identifiable waves of growing amplitude and frequency. Because one of the main aims of the primary movement is to compensate for changes in living costs in a way that protects minimum standards it has usually taken the form of a limited range of cash (rather than percentage) increases above a fixed minimum. Over a period of time this inevitably has had the effect of seriously compressing the overall wage structure.

Not surprisingly this development seems to be resented by many relatively highly paid groups. Some of them—most notably the craftsmen—possess the bargaining power necessary to seek to achieve temporary reversals of the process,<sup>1</sup> so far as they are concerned. This is the most important source of the supplementary wage-round. The problem is that the customs and conventions of the model are so strong that they operate to frustrate the basic intentions of the originators of supplementary movements. This is partly because major supplementary claims are inevitably well publicised and firmly resisted by employers in the name of the domino theory. Consequently, once they are conceded, they encourage expectations which become the benchmarks for the next wage-round. In this way key bargains designed to correct the perceived injustices of a previous round, generate further perceived injustices for the future. They also disturb other well-established relativities which in turn produce further supplementary claims.

The consequence is that the entire wage structure moves upwards at an accelerating pace that is faster than is required to compensate for past price movements and to maintain present minimum standards. In time this helps to generate further price movements. At the same time there is a further compression of the wage structure and the erosion of most, if not all, of the advantages secured. This presents those who negotiate claims with an unanswerable supplementary settlement argument for yet another claim.

1. As already explained in Section 2 (c) of the previous chapter, this power derives from strategic location in the economy rather than from labour scarcity. It follows that a mere increase in the supply of craftsmen would not, of itself, reduce this power in the slightest.

### (3) *Policy Implications*

#### (a) *Doing Nothing*

It may be remembered that one of the options often referred to is the possibility of "doing nothing". In practical terms this means relying on instruments other than incomes policy to grapple with the problem of inflation while allowing a return to a bargaining "free for all". Nowadays this entails placing the main emphasis on restricting the money supply and balancing the budget along lines advocated by Professor Friedman and his followers.

Fortunately, we do not need to consider the controversy between the Friedmanites and their professional opponents in any detail. All we have to note is that on closer examination it is surprising how few advocates of his position on this side of the Atlantic are prepared to advocate a total "free for all". In practice they do not try to deny that some part of recent price movements have been caused by cost push elements, including pay expectations. Similarly, it is no longer as easy as it was to find reputable economists who believe that recent rates of monetary expansion have made *no* contribution to price movements. In other words, and in the face of recent developments, this has become a debate about emphasis and degree. What most Friedmanites fear is that an exaggerated belief in the possible achievements of incomes policy—especially when backed by law—will persuade governments that they do not need to subject themselves to the discipline of a controlled money supply and restraint on government expenditure. Contemporary Keynesians, on the other hand, are afraid that if faith in monetary and fiscal policies alone ever becomes too dominant in influential circles, governments will cease to exert the necessary effort to devise viable incomes policies and seek the short-term popularity that comes from abandoning all forms of wage restraint.

We would argue that the evidence of this study warns very strongly against the latter course of action. It should never be forgotten that virtually every plausible macroeconomic model operates on the average wage rate via cuts in consumption, reductions in output and a rise in unemployment. But nothing in our study suggests that it would be easy to have such a control effect on wages in Ireland by methods short of a severe, protracted and extremely divisive slump. On the contrary, the implication is that what would be required would be a major change in social and psychological norms. Factors now ignored, or brushed aside, would have to be forced into the consciousness of union members as well as union leaders. All this is not to argue against a more realistic and consistent appreciation of the realities behind the monetarist and/or fiscal arguments, as neglect of these aspects of demand management has probably undermined the viability of many an incomes policy. It is merely to suggest that "doing nothing" on these grounds is not really a viable policy.

and could undermine the necessary degree of consent required to make any form of wage restraint work.

The only real argument against all attempts at incomes policy is that they are bound to be counter-productive. Some monetarists have suggested as much but they have never argued the case at length or put forward any convincing evidence. We certainly see no reason to think that this has been the case in Ireland. On the contrary, attempts to restrain wages by central agreement have made a distinct contribution in the past, though admittedly the unexpectedly high cost of the third national agreement will make it more difficult to achieve similar agreements in future. The question we now have to consider is how can we learn from the past and improve on the record so far.

#### (b) Reforming the Wage-Round Process

We believe that our study indicates that the key to the problem lies in action on three fronts: a reform of the wage-round process, improved incomes policy criteria and a more active rôle for government. In the remainder of this chapter we develop our proposals under these three headings.

In the case of the wage-round we would argue that in the present circumstances Ireland is fortunate to have developed its long-standing tradition of identifiable wage-rounds dating back almost thirty years. They have resulted in the creation of a potential instrument for collective control supported by social and psychological norms of considerable force. The present problem is simply that in reaction to certain features of the primary round a contradictory process has developed which is rooted in its own deeply felt demands and aspirations. The primary task of policy-makers must be to seek ways to reconcile the aims and effects of both processes in a less inflationary way.

This means gaining acceptance for one of two approaches, or a combination of them both. First, the primary round could be seen as the main instrument of adjustment and the objective would be to largely eliminate or "phase out" all supplementary settlements. Second, the view could be taken that there was a continuing rôle for the supplementary process within lines laid down *during the negotiation of the primary round*. In other words, the terms of future central wage agreements would specify the purposes and limits of those supplementary settlements which would take place during the current primary round. In both approaches, it should be noted, there would be an overall attempt to specify what was required to deal with the major factors producing both types of settlement, i.e. changes in living costs and standards and adjustments required to maintain or restore disturbed relativities. And in both cases this assessment would be made consciously in advance of events.

Of course both policies, or any combination of them, represent an acceptance of the view that almost *any* kind of central settlement (voluntary, induced or

imposed) is to be preferred to a return to the kind of "free for all" that dominated the 'sixties, provided only that the wage increases involved are realistic. This is our conviction. We would suggest that our study demonstrates most clearly that, under a system of the latter kind, all the parties involved are most likely to find their aims and aspirations frustrated. A "free for all", in the present Irish context, is certain to produce the worst of all possible worlds; escalating inflation, leading to increasing reliance on the more drastic forms of demand management, without any conscious control over the resulting wage structure. Indeed, it is our conviction that a return to "free for all" wage leadership in the 'seventies could very well be much more chaotic and inflationary than before. Under such a system we see no way of preventing a succession of key wage bargains, which storm their way through the wage structure with consequences which are difficult to calculate.

Emphasis on the first option would most obviously require a permanent departure from the earlier practice of more or less equal cash increases for all (for example, the first phase increase of £2.00 adopted as late as December 1970 under the terms of the first National Agreement). Our evidence indicates that rounds that take this form compress the wage structure in too sharp and extreme a form. We regard them as inherently unstable. If repeated for any length of time they are bound to generate substantial supplementary claims. In contrast more recent National Agreements, notably the 1974 settlement, to some extent foreshadow the approach we have in mind. This agreement, it will be remembered, was based for the most part on percentages—although there was provision for a minimum flat rate of £2.40 a week. It is true that there was also some compression of the wage structure, because the allowable percentages declined for those in receipt of more than £30 a week. But we have already pointed out that this figure appears to have been chosen so as to allow craftsmen to receive the maximum in terms of percentages and money increases.

An obvious objection to agreements of this type is that they require general increases that are higher than they need to be because they also have to "buy off" impending supplementary claims (in this case the craft demand for a 33 per cent status improvement). Another criticism is that, in the long run, they may not succeed in doing this because supplementary claims which are not disposed of in a formal way may re-emerge at a subsequent set of negotiations. (This looks like being the case in respect of the craftsmen's claim.)

We recognise the force of these objections but can only reply that they may not always be sufficiently strong to condemn *all* attempts to respond to supplementary claims within the ambit of the primary round. This might be the only way to avoid an immediate return to a "free for all". What they do suggest is that there are very real problems in trying to place one's main emphasis on the first approach outlined above. Thus, they raise the case for exploring an

alternative approach, namely, reliance on the specification, in advance, of the conditions under which a limited number of supplementary settlements could be allowed under the terms of a central agreement.

Once again the 1974 agreement could be said to be partly a move in this direction. Clause 6 is headed "Pay Anomalies" and reads as follows:

Claims made by trade unions to remove genuine anomalies in pay between different groups of employees whose rates of pay in the past have been related shall be the subject of negotiation between the employers and trade unions concerned. When negotiating such claims regard shall be had to the ability of employers to meet claims without impairing their competitive position or viability.

A similar clause covers "conditions of employment" including hours of work and "plus payments, allowances or differentials of any kind". Here the criterion seems to be "whether the circumstances provide any party with sound and valid reasons for seeking a change".

But although numerous small groups have made use of these parts of the 1974 agreement they have not been used by major groups—such as the craftsmen. This may be because they are regarded as too tightly drawn—although the words at their face value would appear to bear almost any interpretation. It could be because the craft unions are well aware that they were not intended to cover their kind of claim and realise that this would rapidly become evident if they sought to invoke them. More importantly, the clauses provide nothing more than a general right to negotiate or advance claims, provided one accepts limitations on the use of industrial action during the period of negotiation. There is no guarantee that even if certain criteria are met, and seen to be met, that increases of a given size would be justified under the terms of existing incomes policy. We think that these features will need to be embodied in future national agreements if there is to be any chance of dealing with outstanding supplementary claims in an acceptable way. But at this point it is best to turn to the question of incomes policy criteria, for we are really raising the problem of the definition of a workable "exceptions clause".

### (c) Improving Incomes Policy Criteria

Any incomes policy which aims to be taken seriously needs guidelines consisting of three elements. To begin with there must be an *Overall Target*. This represents what those who subscribe to the policy hope will happen to the overall level of wages and salaries during a given period—say, the twelve months covered by the next wage-round. The main point to be made about

overall targets is that they must be realistic. This means that they should not be derived simply from econometric analysis, or anticipated growth rates, so that if achieved they would result in little or no inflation. Targets of this kind, which have been common in the past in Britain and some other countries, are unlikely to hold for long, especially if they presuppose a sharp reduction in real disposable income. Much more preferable is the "negotiating" approach to overall targets, where the parties most closely involved are charged with the task of thinking through what could actually be achieved bearing in mind such matters as the rate of increase in the last wage-round, the number of supplementary claims in the pipeline, and so on. All this is not to say that within a negotiating approach there is no need for a statistical input. On the contrary, it is very important for those who decide these things to have the best information they can about relevant economic trends, including the most important trend of all, what is likely to happen to the retail price index. All we are saying is that data of this kind should not be allowed to dictate the overall target if a realistic assessment of the facts of life suggests that the result would be impossible to achieve.

Of course, circumstances could arise where those in charge of economic policy would decide that if this were *all* that incomes policy could do, more would be required from monetary and/or fiscal policies. Judgements of this kind are what we have governments for. All we are suggesting is that it is self-defeating to try to make incomes policy bear more than its share of the strain in a situation of this kind.

Suppose that a realistic overall target is adopted. The next task is to decide roughly how much of the total increase should be channelled through the primary wage-round. This brings us to the second element in any serious attempt to prescribe guidelines: the *General Settlement Level*. The primary aim of this guideline is to provide an acceptable increase for those who will not qualify for any form of exceptional treatment. For this reason its size and form largely depends on what one decides to do about the third element in the policy, namely, the *Exceptions Criteria*.

Exceptions can be argued for on a wide variety of grounds but it is convenient to classify them under two broad headings: functional and ethical. Functional arguments include the need to improve the performance of particular groups (the case for so called "productivity bargaining") and the need to deal with exceptional labour shortages. Ethical arguments are mainly concerned with the case for meeting different kinds of felt inequities, including the restoration of lost relativities. There is also an ethical argument for exceptional treatment to deal with the problem of the lower paid.

The problem with all exceptions criteria is that they tend to produce their own crop of anomalies and inconsistencies as they come to be interpreted and

re-interpreted through time. When this happens they are apt to generate expectations of exceptional treatment over an increasingly wide range of settlements, thus undermining the acceptability of general settlement levels. For these reasons we believe that it is essential to provide simple but precise criteria, which do not claim to be either comprehensive or definitive. They should only aim to deal with the most outstanding and pressing of supplementary demands in as modest and as unambiguous a way as possible.

Once again we think that Ireland is fortunate in this respect. Many of the arguments for "exceptional cases" that have bedevilled British wages policy are much weaker in Ireland. There is no well-established tradition of productivity bargaining and we would not think it necessary to provide specifically for exceptions under this head. The form normally taken by the primary round allows for some differential treatment in favour of the lower paid and this approach should be developed. Once again there seems to us to be no overwhelming argument for exceptional treatment on these grounds alone. Nor would we favour a specific exceptions clause dealing with labour shortages, as such increases tend to be either unnecessary or ineffective or both. What is essential is an exceptions clause that deals with outstanding problems of disturbed relativities. What we would favour is a closely drawn provision which allows for payments of a specific and limited nature within the framework of the next national agreement. Payments should be limited to those who can demonstrate that they have suffered the greatest relative loss of position within the overall pay structure over a given period. Payment would only be provided for if one further condition was fulfilled: the group in question should be prepared to submit its claim to examination and analysis by some form of "independent" and authoritative adjudication. Once again Ireland is fortunate in that the Labour Court is at hand to provide the obvious instrument for a task of this kind.

#### (d) A More Active Rôle for Government

The evidence of our study also suggests that if there is to be a more effective policy for dealing with inflation the government will need to take an increasingly active rôle in formulating and applying it. We have seen how the realities of inter-union competition and the rank-and-file pressures that play on union leaders restrict their freedom of action in this field. The limited rôle that individual unions have been prepared to allow Congress also means that not much of a lead can be expected from this quarter either. The most we can ask from the unions and Congress is that they should respond sympathetically to the initiatives of others. They can be asked to do their best, and this is task enough.

Our study also indicates that there are very real limits to the ability of



employers generally and the FUE in particular to take initiatives especially in periods of "free for all" bargaining. It is true that the FUE in our period was responsible for a major attempt to modify bargaining structures, but the record shows that it was of doubtful utility and only helped to expose the weaknesses and divisions on the employers' side.

Governments are in a different position. They are best placed to enunciate the consequences for employment of unrealistic wage settlements. Their pronouncements in this regard can certainly encourage a reasonable voluntary national settlement, or create a receptive climate for incomes legislation.<sup>2</sup> They alone can hope to mobilise general consent for a policy that has net advantages for all sections of the community—so long as it can be made to work. They alone are in a position to propose supplementary measures in related fields, for example, price control, tax relief and social security improvements. It is not our task to say what may be appropriate in this field or what individual governments should do. Our point is merely that only the government can place issues of this kind on the public agenda for serious debate. Above all, in our opinion, the government alone can consider and decide on policy alternatives. The government alone is ultimately responsible for the mix of monetary and fiscal policies that either complement or replace incomes policy. The government alone can threaten more drastic forms of intervention in the bargaining process, i.e. the use of statutory wage regulation.

All this is not to suggest that the government should act unilaterally in any of these areas, quite the reverse. It is to accept that only the government can force the parties to the bargaining process to face the real options as they appear to them. And only the government can hope to use these options as realistic bargaining weapons. Here it may be advisable to say a few words about the rôle of statutory wage regulation as a basis for incomes policy. What does our study suggest on this controversial matter, and how should the government seek to use the options open to them in this respect?

The first point to be made is that given the force and disruptive consequences of a "free for all" it is unrealistic to rule out the use of legal sanctions in all circumstances. There could be a failure to agree on overall pay targets at a time of escalating claims. Indeed, employers' federations might be unable to agree to the price demanded—and might hope that the government would

2. On the other hand, it is naive to suppose that such pronouncements could, of themselves, have the slightest effect on a "free for all" wage/price spiral. In the first place, the vast majority of employees believe (whether they are right or wrong is immaterial) that they will not lose their jobs in any circumstances. Secondly, union officials will almost invariably prefer to follow the wage leaders even if this puts some members out of work (even more so when unemployment benefit is earnings-related), than to fall below established wage relativities and risk the anger (and even the defection) of their entire membership. Thirdly, few (if any) individual union officials or members believe that their good example in regard to wage restraint would have any effect whatever on the bargaining behaviour of other groups.

then intervene directly. Again, some form of agreement might be possible—say with the ICTU and the IEC—but certain key groups might refuse to be bound by it or refuse to follow agreed procedures for dealing with exceptions. Or finally, they might agree to do all this and then refuse to abide by the decisions of the adjudicating body, such as the Labour Court. Any of these circumstances might force the government to consider the case for legislative intervention as an immediate issue.

In the first of these events the most appropriate legal sanction might seem to be a temporary “freeze” on all wage claims. The aim here would be to use a freeze, or the threat of its implementation, to force the parties to agree to a form of voluntary national agreement. There is a precedent for the successful use of this tactic in the recent past. However, it might not be sufficient to merely threaten next time and the government might be forced to honour such a pledge. In this case it would do well to try to synchronise its action with the end of an old round or the beginning of a new one. Otherwise its “freeze” would generate opposition because of a number of unjustifiable exceptions, i.e. those who obtained a wage increase just before the freeze began. The government would also do well to remember that just as the best case for a freeze is that it allows time to reach a voluntary agreement, so the strongest argument against it is that it may generate the kind of rank and file opposition that makes a voluntary national agreement impossible!

But perhaps it is more hopeful to think in terms of an overall voluntary agreement which only a few powerful groups refuse to abide by. Two options then present themselves. The government could introduce blanket legislation, designed to support the voluntary agreement (for example, legislation to tax away all increases in excess of the agreed norms). Alternatively, it could rely on a more *ad hoc* approach, responding to particular pressure points as and when they emerge. (This was the strategy used to deal with the claims of bank officials who threatened to upset the second of the present series of national agreements.)

Given the probable attitude of unions to blanket legislation we would suggest the second approach, especially if it could be limited to imposing substantial fines on employers who pay above an award of the Labour Court. While legislation of this kind is unlikely to be viewed with enthusiasm by employers it is most likely to influence unions without invoking their fury. A much more provocative policy would be to penalise unions by imposing fines or by attachment of wages. The political ramifications and practical problems inherent to this approach do not need to be elaborated.

In any case, and even if they are forced to adopt such measures, governments should never lose sight of the need to work back towards voluntary agreement. What we have sought to do, in the earlier part of this chapter, is to say some-

thing useful about the content of such an agreement. In outline our proposals are simple enough, but it may be as well to end with a summary of them:

- (i) The aims of the primary and supplementary wage processes would best be served by a modified form of a central wage agreement that sought to provide for both changes in costs and living standards and disturbed relativities.
- (ii) This would involve prior agreement on flexible general settlement levels, which would safeguard the position of the lower paid and contain exceptions criteria.
- (iii) The main aim of the exceptions criteria would be to allow for payments of a limited nature to groups who could demonstrate that they had suffered the greatest loss of relative position over a given period of time.
- (iv) Such payments would only be made on the basis of a recommendation from the Labour Court.

We consider that a formula of this kind offers the best chance of a way out of the frustration and industrial conflict inherent in any return to a "free for all". We also think it represents the best way to tackle the serious and mounting problem of wage inflation in the Irish Republic.

## APPENDIX A

*Inflation of hourly earnings in Transportable Goods Industries in Ireland, 1953-72*

<i>Year*</i>	(a) <i>Index of hourly earnings</i>	(b) <i>Actual change in (a)</i>	(c) <i>Percentage change in (a)</i>	(d) <i>Average percentage change in CPI</i>	(e) <i>Difference between (c) &amp; (d)</i>
1953	100.0	—	—	—	—
1954	102.8	2.8	2.8	0.1	2.7
1955	114.3	11.5*	11.2*	2.6	8.6
1956	115.9	1.6	1.4	4.3	-2.9
1957	121.7	5.8	5.0	4.4	0.6
1958	125.4	3.7	3.0	4.5	-1.5
1959	131.4	6.0	4.8	0.0	4.8
1960	139.5	8.1	6.2	0.4	5.8
1961	154.4	14.9	10.7	2.7	8.0
1962	166.2	11.8	7.6	4.2	3.4
1963	171.2	5.0	3.0	2.5	0.5
1964	193.0	21.8	12.7	6.7	6.0
1965	200.2	7.2	3.7	5.0	-1.3
1966	223.2	23.0	11.8	3.0	8.8
1967	236.9	13.7	5.9	3.2	2.7
1968	261.6	24.7	10.4	4.7	5.7
1969	296.1	34.5	13.2	7.4	5.8
1970	351.6	55.5	18.7	8.2	10.5
1971	399.9	48.3	13.7	9.0	4.7
1972	460.4	60.5	15.1	8.6	6.5

\*Earnings data relate to December of each year with the exception of 1953 and 1954 where the figures relate to October. Hence the change between 1954 and 1955 is over 15 months.

Source: "Earnings per hour and per week and average hours worked per week in industries producing transportable goods." ISB, various issues 1956-72; and Consumer Price Index, Table 1, ISB June, 1973.

## APPENDIX B

*List of bargaining groups surveyed*

\*Refers to groups for which Union Officials took part in our questionnaire survey.

†Refers to groups which automatically followed agreements negotiated by other groups.

‡Refers to groups which were unable to respond in the time available.

(B) Building Craftsmen. (E) Electricians. (F) Fitters.

*Clerical*

Alliance and Dublin Consumers' Gas Co. Ltd.*	Electricity Supply Board*
Banks*	Irish Life Assurance Co. Ltd.*
Bórd na Móna*	Irish Shipping Ltd.*
Civil Service*	Law Clerks JLC*
Córas Iompair Éireann*	Local Authorities*
Dairy Disposal Board	New Ireland Insurance Co. Ltd.*
Dublin Corporation†	Port & Docks Board*
	Post Office*

*Craft*

Aer Lingus*	Port & Docks Board (B)†
Bórd na Móna (F)†	Port & Docks Board (F)*
Carpet Layers Branch FUE*	Printers Cork FUE
P. J. Carroll Ltd. (F)	Printers Dublin IPF*
Cement Ltd. (F)*	Roadstone Ltd. (F)*
Coachbuilders Branch FUE*	Sheet Metal Branch FUE*
Construction Industry JIC (B)*	Motor Mechanics, Clonmel SIMI
Córas Iompair Éireann (F)*	Motor Mechanics, Cork SIMI
Dublin Corporation (B)†	Motor Mechanics, Drogheda SIMI
Dublin Corporation (F)†	Motor Mechanics, Dublin SIMI*
Electrical Contractors (E)*	Motor Mechanics, Dundalk SIMI
Electricity Supply Board (E)*	Motor Mechanics, Galway SIMI
Engineering Contract Shops FUE (F)*	Motor Mechanics, Kilkenny SIMI
Henry Ford & Son Ltd. (E)	Motor Mechanics, Letterkenny SIMI
Furniture Manufacturing Branch FUE*	Motor Mechanics, Limerick SIMI
Gold & Silver Branch FUE*	Motor Mechanics, Sligo SIMI
Goulding Fertilisers Ltd. (F)*	Motor Mechanics, Tralee SIMI
A. Guinness, Son & Co. Ltd. (F)*	Motor Mechanics, Waterford SIMI
Irish Distillers Ltd. (F)*	Motor Mechanics, Wexford SIMI
Maintenance Craftsmen's Group FUE*	Structural Steel Branch FUE*
Office of Public Works (E)†	Timber Importers, Cork FUE
Office of Public Works (F)†	Timber Cement & Fireclay Branch FUE*
Player & Wills Ltd. (F)*	Timber Importers, Limerick LEF

*Distributive*

Barmen, Dublin LVA*	Footwear, Cork FUE
Butchers, Dublin MVA*	Grocery, Clonmel FUE/RGDATA
Drapery, Clonmel FUE	Grocery, Cork FUE/RGDATA
Drapery, Cork FUE	Grocery, Dungarvan FUE/RGDATA
Drapery, Dublin FUE*	Grocery, Limerick FUE/RGDATA
Drapery, Galway FUE	Hardware, Cork FUE
Drapery, Limerick FUE	Hardware, Fermoy FUE
Drapery, Sligo FUE	Hardware, Limerick FUE
Drapery, Tralee FUE	Ironmongers and Plumbers Branch
Drapery, Waterford FUE	FUE*
Drapery, Wexford FUE	Radio & Cycle Distribution FUE*
Film Renters Branch FUE*	Tea, Wine & Spirit Trade, Dublin
Fish Trade (Retail) FUE*	FUE*
Fish Trade (Wholesale) FUE†	Youghal Traders FUE

*Manufacturing (Manual)*

Aerated Waters JLC*	Irish Glass Bottle Co. Ltd.*
Bacon Curing JIC*	Irish Ropes Ltd.
Baking Industry JIC*	Jefferson Smurfit Ltd.*
Boot & Shoe Repairing JLC*	Linen & Cotton JIC*
Boot & Shoe Manufacturing JIC*	Malsters Branch FUE
Bórd na Móna*	Mineral Waters, Cork FUE
Brush & Broom JLC†	Navan Carpets Ltd.
Button Making JLC*	Packing JLC*
Car Assemblers SIMI*	Paint Manufacturing Branch FUE†
P. J. Carroll Ltd.*	Player & Wills Ltd.*
Cement Ltd.*	Printers, Cork FUE
Clondalkin Paper Mills Ltd.*	Provender Milling JLC*
Construction Industry JIC*	Radio Manufacturing Branch FUE*
Creameries IAOS	Roadstone Ltd.*
Dairy Disposal Board	Seed & Manure, Cork FUE
Flour Milling IFMU*	Shirtmaking JLC*
H. Ford & Son Ltd.	Structural Steel Branch FUE†
General Waste Materials JLC†	Sugar Confectionery Branch FUE*
J. & L. F. Goodbody Ltd.	Tailoring JLC*
Goulding Fertilisers Ltd.*	Unidare Ltd.*
A. Guinness, Son & Co. Ltd.*	Women's Clothing & Millinery JLC*
Irish Biscuits Ltd.*	Woollen & Worsted Manufacturing
Irish Distillers Ltd.*	WWMA*

*Service (Manual)*

Aer Lingus*	Coal Importers, Cork FUE
Agricultural Wages Board*	Coal Importers, Limerick LEF
Alliance & Dublin Consumers' Gas Co. Ltd.*	Cold Storage, Cork FUE
Cleaning & Dyeing, Cork FUE	Córas Iompair Éireann Busmen*
Cleaning & Dyeing, Dublin JIC†	Córas Iompair Éireann Road Freight Operatives*

*(Service Manual)—continued*

Córas Iompair Éireann Rail Operatives\*  
 Dublin Corporation\*  
 Electricity Supply Board\*  
 Furniture Removers Branch FUE\*  
 Hospitals Branch, Dublin FUE\*  
 Hotels Branch, Dublin FUE\*  
 Department of Lands (Forestry)\*  
 Laundries, Dublin JIC\*  
 Master Carriers, Cork FUE  
 Master Carriers, Dublin FUE\*  
 Master Victuallers' Association†  
 Merchants, Warehousing Ltd.\*  
 Oil Companies PEA\*  
 Port & Docks Board\*  
 Radio Telefís Éireann†

*Roadworkers*

Carlow County Council  
 Cavan County Council  
 Clare County Council  
 Cork County Council (N)  
 Cork County Council (S)  
 Donegal County Council  
 Dublin County Council\*  
 Galway County Council

Kerry County Council  
 Kildare County Council  
 Kilkenny County Council  
 Laois County Council  
 Leitrim County Council  
 Limerick County Council  
 Longford County Council  
 Louth County Council  
 Mayo County Council  
 Meath County Council  
 Monaghan County Council  
 Offaly County Council  
 Roscommon County Council  
 Sligo County Council  
 Tipperary County Council (NR)  
 Tipperary County Council (SR)  
 Waterford County Council  
 Westmeath County Council  
 Wexford County Council  
 Wicklow County Council  
 Timber Cement & Fireclay Branch  
 FUE\*  
 Timber Importers, Limerick LEF  
 Youghal Traders FUE  
 Undertakers, Cork FUE  
 Undertakers, Dublin FUE\*  
 Post Office, Postmen†

*Technical|Professional*

Engineers, Civil Service\*  
 Engineers, ESB\*  
 Gardaí\*  
 Hospital Technicians\*  
 National Teachers\*  
 Pharmacists, IDA\*

Psychiatric Nurses\*  
 Researchers, An Foras Talúntais\*  
 Technicians, An Foras Talúntais\*  
 Technicians, Post Office\*  
 Technicians, Radio Telefís Éireann\*

APPENDIX C

Main Economic Indicators

	1961	1962	1963	1964	1965	1966	1967	1968	1969	1970
<b>A. Real Growth Rate (percentage)</b>	4.9	3.0	3.6	4.7	2.4	1.2	5.3	7.7	4.1	2.4
<b>B. Employment</b>										
(i) Labour Force	1,108,100	1,114,000	1,122,000	1,124,000	1,120,000	1,118,200	1,120,000	1,126,000	1,131,000	1,134,000
(ii) Employment	1,052,500	1,060,000	1,060,000	1,071,000	1,069,000	1,066,000	1,063,000	1,065,000	1,073,000	1,066,000
(iii) Unemployment	55,600	54,000	56,000	53,000	51,000	52,200	57,000	61,000	58,000	68,000
(iv) Unemployment Percentage	5.0	4.8	5.0	4.7	4.5	4.7	5.1	5.4	5.1	6.0
(v) Annual Change in Employment	n.a.	7,500	6,000	5,000	-2,000	-3,000	-3,000	-2,000	8,000	-7,000
(vi) Unemployment (G.B.)	255,000	372,000	461,000	317,000	270,000	253,000	466,000	506,000	483,000	524,000
(vii) Unemployment Percentage (G.B.)	1.0	1.5	1.8	1.3	1.1	1.0	1.8	2.0	1.9	2.1
<b>C. Inflation</b>										
(i) C.P.I. Annual Average (base 1953 = 100)	120.2	125.3	128.4	137.0	143.9	148.2	152.9	160.1	172.0	186.1
(ii) Average Annual Percentage Change	2.7	4.2	2.5	6.7	5.0	3.0	3.2	4.7	7.4	8.2
<b>D. Balance of Payments</b>										
(i) Actual £m.	1.2	-13.4	-22.1	-31.4	-41.8	-16.1	15.2	-16.2	-69.1	-65.3
<b>E. Output and Retail Sales</b>										
(i) Annual Percentage Change in Volume of Manufacturing Production	8.7	6.3	5.3	7.5	4.4	3.4	7.6	10.0	7.6	3.1
(ii) Average Annual Change in Value of Retail Sales	n.a.	7.0	5.6	9.5	6.2	2.3	4.6	8.7	11.0	9.9
<b>F. Earned Income</b>										
(i) Annual (December to December) Percentage Increase in Actual Weekly Earnings in Transportable Goods Industries	7.8	7.9	2.9	11.1	3.7	11.9	5.4	10.1	11.1	17.5

Sources:

- A. National Income and Expenditure 1970 (CSO), Table 2, page (x).
- B. (i)-(v) Trend of Employment and Unemployment (CSO), Table 1, 1967 and 1970. (vi) and (vii) Monthly Digest of Statistics (HMSO), April 1973.
- C. (i)-(ii) Irish Statistical Bulletin (CSO), Table 2, page 21, March 1967 and Table 2, page 168, September 1971.
- D. (i) Review of 1972 and Outlook for 1973 (Department of Finance) Table 21, Page 90.
- E. (i) *ibid.* Table 5, page 69.
- (ii) *ibid.* Table 17, page 82.
- F. (i) *ibid.* Table 16 (a), page 81.



## APPENDIX D

*The Statistical Characteristics of the Construction Industry 1959-70*

	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)
<i>Year</i>	<i>Gross Output</i>	<i>Materials</i>	<i>(b)/(a)</i>	<i>Net Output</i>	<i>Wages and</i>	<i>(e)/(a)</i>	<i>Remainder</i>	<i>(g)/(a)</i>	<i>(e)/(d)</i>	<i>(g)/(d)</i>
	£(000's)	£(000's)	Per cent	£(000's)	£(000's)	Per cent	of Net Output £(000's)	Per cent	Per cent	Per cent
1959	22,851.9	11,418.5	50.4	11,433.4	8,066.6	35.3	3,366.7	14.7	70.6	29.4
1960	25,247.8	13,575.7	53.8	11,672.1	8,802.1	34.9	2,870.0	11.4	75.4	24.6
1961	29,299.4	15,634.4	53.4	13,665.0	10,124.4	34.6	3,540.5	12.1	74.1	25.9
1962	35,325.7	18,933.9	53.6	16,391.8	12,224.1	34.6	4,167.7	11.8	74.6	25.5
1963	44,003.3	23,594.0	53.6	20,409.2	14,368.9	32.7	6,040.4	13.7	70.4	29.6
1964	50,945.0	27,613.0	54.2	23,331.8	16,577.9	32.5	6,753.9	13.2	71.1	28.9
1965	57,543.0	30,743.3	53.4	26,799.9	19,001.8	33.0	7,798.1	13.6	70.9	29.1
1966	74,288.0	41,766.0	56.2	32,522.0	23,408.0	31.5	9,113.0	12.3	72.0	28.0
1967	82,914.0	46,453.0	56.0	36,461.0	25,054.0	30.2	11,407.0	13.8	68.7	31.3
1968	102,196.0	58,538.0	57.3	43,657.0	29,548.0	28.9	14,110.0	13.8	67.7	32.3
1969	113,063.0	65,073.0	57.6	47,990.0	33,457.0	29.6	14,533.0	12.9	69.7	30.3
1970	119,541.0	67,867.0	56.8	51,674.0	34,415.0	28.8	17,259.0	14.4	66.6	33.4

*Source:* Census of Industrial Production as published in the Irish Statistical Bulletin 1961-72 (CSO).

*Note:* Each year's figures are not directly comparable as the total number of respondents differs each year and also because in 1966 the scope of the census was extended.

APPENDIX E

*The Statistical Characteristics of the Electrical Sub-Contracting Industry in 1968 and 1969*

	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)
<i>Year (w)</i>	<i>Gross Output</i>	<i>Materials</i>	<i>(b)/(a)</i>	<i>Net Output</i>	<i>Wages and Salaries</i>	<i>(e)/(a)</i>	<i>Remainder of Net Output</i>	<i>(g)/(a)</i>	<i>(e)/(d)</i>	<i>(g)/(d)</i>
	£	£	Per cent	£	£	Per cent	£	Per cent	Per cent	Per cent
1968 (x)	1,657,446	898,257	54.20	759,189	579,787	34.98	179,402	10.82	76.37	23.63
1968 (y)	1,882,112	1,027,759	54.61	854,353	653,241	34.71	201,112	10.69	76.46	23.54
1969 (z)	3,695,695	1,893,140	51.23	1,802,555	1,517,337	41.06	285,218	7.72	84.18	15.82

*Notes:* (x) based on 14 firms employing more than 15 persons  
 (y) based on 26 firms employing more than 4 persons  
 (z) based on 19 firms employing more than 15 persons  
 (w) In 1968 a firm was assigned to the Electrical Sub-Contracting category if 80 per cent or more of its Gross Output was proper to that activity. In 1969 a firm was so assigned if 50 per cent or more of its Gross Output was proper to the activity.

} Due to the non-response of a considerable number of firms the above totals should not be taken as an accurate reflection of the Electrical Sub-Contracting Industry as a whole.

*Source:* CSO (unpublished data).

## APPENDIX F

## Summary of movements in main craft rates 1964-70

Craft and wage rates	A	B	C	D	E	F	G	H	I	J	K	L
	Settlement and date											
	Post-9th Round July 1964	Pre-10th Round April 1966	Post-10th Round July 1966	ECA Settlement September 1966	1st Phase Maintenance Settlement October 1966	1st Phase Building 11th Round Settlement November 1967	1st Phase ECA Settlement July 1968	Pre-Maintenance Settlement March 1969	1st Phase Maintenance Settlement April 1969	1st Phase Building 12th Round Settlement September 1969	Pre-1st Phase NWA December 1970	Pre-2nd Phase NWA December 1971
<b>Building:</b>												
Rate per hour	6/4½d	6/9½d	7/3½d	—	—	7/6½d	—	8/2½d	—	9/3d	10/-d	11/6d
Hours per week	42½	40	40			40		40		40	40	40
Rate per week*	£18.10.10	£18.10.10	£14.10.10			£16.1.8		£16.8.4		£18.10.0	£20.0.0	£23.0.0
<b>Electrical Contracting:</b>												
Rate per hour	6/5½d	—	6/11½d	7/4½d	—	—	8/6½d	9/-d	—	—	10/3d	11/6d
Hours per week	42½		42½	40			40	40			40	40
Rate per week*	£13.14.6		£14.14.10	£14.14.2			£17.1.8	£18.0.0			£20.10.0	£23.0.0
<b>Engineering:</b>												
Rate per hour	6/4½d	—	6/10d	—	7/8½d	7/5½d	—	7/8½d	9/0½d	—	10/6½d	11/6½d
Hours per week	42½		42½		40	40		40	40		40	40
Rate per week*	£13.10.0		£14.10.5		£14.10.10	£14.18.4		£15.7.6	£19.0.10		£21.0.10	£23.0.10
<b>Maintenance: †</b>												
Rate per hour					7/4½d	7/6½d		7/9½d	9/0½d		10/6½d	11/6½d
Hours per week					42½	42½		42½	42½		42½	42½
Rate per week*					£15.12.6	£16.0.6		£16.10.3	£19.3.4		£22.5.1	£24.9.7
<b>Maintenance: †</b>												
Rate per hour								8/3d	9/6d		11/-d	12/-d
Hours per week								40	40		40	40
Rate per week*								£16.10.0	£19.0.0		£22.0.0	£24.0.0

\* Fractions of one penny ignored in weekly rates. (—) Indicates "No Change".

† First maintenance agreement signed in October 1966

## Sources:

- (1) FUE (Maintenance and Engineering Agreements), CIF (Building Agreements) and ECA/AEC (Electrical NJIC Agreements).
- (2) All rates are Dublin rates except maintenance rates which applied nationally.
- (3) Two versions of the maintenance craft rate are given. One assumes no reduction in working hours from 42½ while the other assumes that hours were reduced to 40 before the 3rd Maintenance Agreement.
- (4) The hours of work in the Building Industry in Dublin were reduced as follows (Column B) 42½-41½, 19 November 1964, 41½-40, 5 October 1965.
- (5) Normal hours of work in the Electrical Contracting Industry (Column D) were reduced from 42½ to 40 from September 1966.
- (6) Normal hours of work in the Engineering Trades in Dublin (Column E) were reduced from 42½ to 40 from October 1966.
- (7) The Engineering rate in Column I, includes 1d per hour adjustment for parity with Maintenance Craftsmen.
- (8) The Building rate in Column J, includes ½p per hour adjustment in respect of European Time.

## APPENDIX G

*List of Abbreviations*

AEC (I)	Association of Electrical Contractors of Ireland
AEU	Amalgamated Engineering Union (now AUEW)
AEU-DDC	AEU—Dublin District Committee
AGEMOU	Automobile, General Engineering and Mechanical Operatives' Union
ASBSBSW	Amalgamated Society of Boilermakers, Shipwrights, Blacksmiths and Structural Workers
ASPD	Amalgamated Society of Painters and Decorators (now part of UCATT)
ASTRO	Amalgamated Society of Tilers and Roofing Operatives (now part of UCATT)
ASW	Amalgamated Society of Woodworkers (now part of UCATT)
ASW-MC	ASW—Management Committee
ATGWU	Amalgamated Transport and General Workers' Union
AUEW	Amalgamated Union of Engineering Workers
BLTU	Brick Layers' Trade Union
BWTU	Building Workers' Trade Union
CIC	Construction Industry Committee (ICTU)
CIF	Construction Industry Federation
CII	Confederation of Irish Industry
DBTG	Dublin Building Trades' Group
DMVA	Dublin Master Victuallers' Association
ECA	Electrical Contractors' Association
EETUPTU	Electrical and Electronic Trade Union and Plumbing Trades Union
ESRI	Economic and Social Research Institute
ETU	Electrical Trades Union
FRW	Federation of Rural Workers
FUE	Federated Union of Employers
IDA	Irish Drug Association
IAOS	Irish Agricultural Organisation Society
ICTU	Irish Congress of Trade Unions
IEC	Irish Employers' Confederation
IEIETU	Irish Engineering, Industrial and Electrical Trades Union (now part of NEETU)
IFMU	Irish Flour Millers' Union
ILO	International Labour Office
INUPD	Irish National Union of Painters and Decorators
INUSMW	Irish National Union of Sheet Metal Workers
INUW	Irish National Union of Wood Workers
IPF	Irish Printing Federation
ISB	Irish Statistical Bulletin
ISWM	Irish Society of Woodcutting Machinists
ITGWU	Irish Transport and General Workers' Union
JCCEO	Joint Consultative Committee of Employer Organisations
JLC	Joint Labour Committee
LEF	Limerick Employers' Federation
LVA	Licensed Vintners' Association

MPGWU	Marine Port and General Workers' Union
NAOP	National Association of Operative Plasterers
NBU	National Busmen's Union
NEC	National Executive Committee
NEETU	National Engineering and Electrical Trades Union
NEU	National Engineering Union (now part of NEETU)
NFBTU	National Federation of Building Trade Unions
NIBO	National Industrial and Business Organisation
NIEC	National Industrial Economic Council
NGMCU	National Group of Maintenance Craft Unions
(N)JIC	(National) Joint Industrial Council
NNCBI	National Negotiating Committee for the Building Industry
NUFTO	National Union of Furniture Trade Operatives
NUVB	National Union of Vehicle Builders
NWR	National Wage Recommendation
OPATSI	Operative Plasterers' and Allied Trades Society of Ireland
PEA	Petroleum Employers' Association
PIB	Prices and Incomes Board (UK)
PTU	Plumbing Trade Union
(R)EC	(Resident) Executive Committee
RGDATA	Retail Grocers, Dairy and Allied Traders' Association
SCTU	Stone Cutters' Trade Union
SIMI	Society of the Irish Motor Industry
UCATT	Union of Construction and Allied Trade Technicians
UHSPDTU	United House and Ship Painters and Decorators Trade Union
WUI	Workers' Union of Ireland
WWMA	Woollen and Worsted Manufacturers' Association

## REFERENCES

## Chapter 1

- [1] Central Bank, Dublin: *Quarterly Bulletin*, Spring 1973, p. 5.
- [2] National Industrial Economic Council: *Report on Incomes and Prices Policy*, Dublin: The Stationery Office, 1970, p. 8.
- [3] Hicks, J. R., "The Economic Foundations of Wage Policy", *Economic Journal*, Vol. LXV, No. 259, (September 1955), pp. 391-404.
- [4] Federated Union of Employers, *Bulletin*, March 1963.
- [5] Nordhaus, W. D., "The World Wide Wage Explosion", *Brookings' Papers on Economic Activity*, No. 2, 1972, pp. 431-461.
- [6] Hughes, J. G., *The Functional Distribution of Income in Ireland 1938-1970*, Dublin: ESRI Paper No. 65, 1972, Table 6.
- [7] Geary, R. C., Henry, E. W. and Pratschke, J. L., "The Recent Price Trend in Ireland", *Economic and Social Review*, Vol. 1, No. 3, April 1970.
- [8] Baker, T. J. and Neary, P., "A Study of Consumer Prices", *ESRI Quarterly Economic Commentary*, Autumn 1971 and October 1972, Section 4.

## Chapter 2

- [1] Irish Transport and General Workers' Union, Dublin: *Annual Report*, 1959, pp. 10-11.
- [2] Phelps Brown, E. H., *Pay and Profits*. Manchester: University Press, 1968, pp. 50-53.
- [3] Alpert, H., "Some Observations on the Sociology of Sampling", *Social Forces*, Vol. 31, (1952), pp. 30-33. Quoted by Stephen, F. F. and McCarthy, P. J., in *Sampling Opinions*. New York: Wiley, 1963, p. 374.
- [4] Nevin, E., *Wages in Ireland 1946-1962*, Dublin: ERI Paper No. 12, February 1963, p. 1.
- [5] Reynolds, L. G., and Taft, C. H., *The Evolution of Wage Structure*. New Haven: Yale University Press, 1956, p. 9.
- [6] O'Mahony, D., *The Economic Aspects of Industrial Relations*, Dublin: ERI Paper No. 24, 1965, pp. 14-33.
- [7] Knowles, K. G. and Thorne, E. M., "Wage Rounds 1948-1959", *Bulletin of the Oxford University Institute of Statistics*, Vol. 23, No. 1, February 1961, pp. 1-26.
- [8] Knowles, K. G. and Robinson, D., "Wage Rounds and Wage Policy", *Bulletin of the Oxford University Institute of Statistics*, Vol. 24, No. 2, May 1962, pp. 269-329.
- [9] *Ibid.*, p. 270.
- [10] O'Mahony, D., *Industrial Relations in Ireland: The Background*. Dublin: ERI Paper No. 19, 1964, p. 19.
- [11] Phelps Brown, E. H., "Wage Drift", *Economica*, Vol. XXIX (NS.) (1962), pp. 339-356.

## Chapter 3

- [1] Flanders, A., "What are Trade Unions For", *Trade Unions* (ed. McCarthy), Penguin, 1972, pp. 19-20.
- [2] Chamberlain, N. W. and Kühn, J. W., *Collective Bargaining*. New York: McGraw Hill, 1965, p. 113.

- [3] Phelps Brown, E. H., "The Analysis of Wage Movement under Full Employment", *Scottish Journal of Political Economy*, Vol. XVII, No. 2, November 1971 p. 235.
- [4] Reder, M. W., "The Theory of Trade Union Wage Policy", *Review of Economics and Statistics*, Vol. XXXIII, No. 1, February 1951, pp. 34-35.
- [5] Lipset, S. M. and Trow, M., "Reference Group Theory and Trade Union Wage Policy", *Common Frontiers of the Social Sciences* (ed. Komarovsky). Glencoe: The Free Press, 1958, p. 409.
- [6] Knowles, K. G. and Thorne, E. M., *op. cit.*, p. 7.
- [7] Federated Union of Employers, *Annual Report 1969/1970*, Dublin, p. 10.
- [8] Irish Congress of Trade Unions, *Annual Report 1959*, Dublin, p. 173.
- [9] Irish Congress of Trade Unions, *Press Statement*, 31 October 1964, quoted in *Annual Report 1965*, Dublin, p. 64.
- [10] *Closing the Gap*. Dublin: The Stationery Office, 1963, p. 10.
- [11] Department of Finance, *Budget 1969*. Dublin: The Stationery Office, 1969, pp. 7-27.
- [12] *Ibid.*

#### Chapter 4

##### First Case Study

- [1] ASW, *Rule Book (1964)*, Rules 1 (2) and 2 (4).
- [2] OPATSI, *Rule Book (1963)*, Rules 2 (a) and 3.
- [3] OPATSI-REC, *Minutes*, 23 January 1963.
- [4] OPATSI, *Congress File*, 5 November 1963 and *Annual Report 1962*, p. 1.
- [5] ITGWU, *Rule Book (1964)*, Rules 1 (3) and 2 (4).
- [6] Registry of Friendly Societies, CIF Returns 1959/1961.
- [7] OPATSI, General Meeting, *Minutes*, 19 July 1962.
- [8] OPATSI, *Annual Report 1962*, p. 1.
- [9] OPATSI-REC, *Minutes*, 6 February 1963.
- [10] ITGWU, *Building Industry Correspondence File*, 28 March 1963.
- [11] NNCBI, Central Strike Committee, *Press Statement*, 24 August 1964.
- [12] CIF-Council, *Minutes*, 11 June 1963.
- [13] OPATSI—Dublin Branch, Quarterly General Meeting, *Minutes*, 9 January 1964.
- [14] ICTU, Special Delegate Conference, *Minutes*, 14 January 1964 and "Circular to all Building Unions", 1 February 1964.
- [15] OPATSI, Special General Meeting, *Minutes*, 23 February 1964.
- [16] OPATSI-REC, *Minutes*, 29 February 1964.
- [17] OPATSI, Special Inter-Union Meeting, *Minutes*, 2 March 1964.
- [18] OPATSI, *Building Industry Correspondence File*, 7 March 1964.
- [19] OPATSI-REC, *Minutes*, 18 March 1964.
- [20] OPATSI, *Building Industry Correspondence File*, 1 April 1964.
- [21] ASW-Dublin MC, *Minutes*, 4 April 1964.
- [22] CIF, *Building Industry Industrial Relations File*, 14 April 1964.
- [23] CIF-Council, *Minutes*, 16 April 1964.
- [24] ICTU, "Circular to each affiliated Union", 17 April 1964.
- [25] Labour Court, *Recommendation 1796*, 10 August 1964.
- [26] ICTU, Special Meeting of Building Unions, *Minutes*, 13 August 1964.
- [27] ASW-Dublin MC, *Minutes*, 15 August 1964.
- [28] ITGWU, *Building Industry Correspondence File*, 24 August 1964.
- [29] CIF, *Building Industry Correspondence File*, 24 August 1964.

- [30] McCarthy, Charles, *The Decade of Upheaval*. Dublin: Institute of Public Administration, 1973, pp. 82-83.
- [31] CIF-Council, *Minutes*, 3 September 1964.
- [32] ICTU, *Building Industry File*, 12 September 1964.
- [33] *Ibid.*, 14 September 1964.
- [34] *Ibid.*, 12 September 1964.
- [35] ICTU, *Annual Report 1968*, p. 442.

### Second Case Study

- [1] AEU, *Rule Book (1970)*, Rules 1 (1), 1 (2) and 23 (12).
- [2] ETU, *Rule Book (1941)*, Rules 2 (a), 10, 11 and 12.
- [3] NEETU, *Rule Book (1966)*, Rules 1 (a), 2 and 4.
- [4] FUE, *Rule Book (1952)*, Rules 1 and 17.
- [5] Registry of Friendly Societies, FUE Returns, 1966.
- [6] FUE, *Maintenance Craftsmen's File*, 29 October 1964.
- [7] *Ibid.*, 28 June 1966.
- [8] FUE, *Engineering Contract Shops Branch File*, 12 February 1965.
- [9] AEU, *Rule Book (1970)*, Rule 13 (11).
- [10] FUE, *Engineering Contract Shops Agreement*, June 1963, Clauses 1 and 2.
- [11] FUE, *Maintenance Craftsmen's File*, January 1970.
- [12] ETU-NEC, *Minutes*, 4 February 1967.
- [13] FUE, *Maintenance Craftsmen's File*, 8 November 1966.
- [14] ASW-Dublin MC, *Minutes*, 7 May 1965.
- [15] Labour Court, *Recommendations 1921*, 15 July 1965, 2045, 3 May 1966.
- [16] ASW-Dublin MC, *Minutes*, 29 July 1966.
- [17] FUE, *Maintenance Craftsmen's File, Minutes*, 25 July 1966.
- [18] *Ibid.*, 27 July 1966.
- [19] *Ibid.*, 10 August 1966.
- [20] *Ibid.*, 17 August 1966.
- [21] AEU-DDC, *Minutes*, 27 July 1966.
- [22] *Ibid.*, 26 August 1966.
- [23] *Ibid.*, 31 August 1966.
- [24] *Ibid.*, 22 September 1966.
- [25] *Ibid.*, 12 October 1966.
- [26] ETU-REC, *Minutes*, 29 September 1966.
- [27] *Ibid.*, 20 October 1966.
- [28] FUE, *Bulletin*, October 1966, p. 2.
- [29] ETU-REC, *Minutes*, 22 December 1966.
- [30] IEIETU/NEU-REC, *Minutes*, 26 September 1966 and 28 September 1966.
- [31] FUE, *Maintenance Craftsmen's File*, 16 September 1966.
- [32] FUE, *Rule Book (1952)*, Rule 1.
- [33] FUE, *First Maintenance Agreement*, October 1966, Clauses 2 (b), 2 (c) and 8.
- [34] *Ibid.*, Clause 15.

### Third Case Study

- [1] High Court, *Judgment No. 1768*, 17 July 1968.
- [2] Electrical Contracting NJIC, *Minutes*, 15 November 1965.
- [3] *Ibid.*, 13 January 1964.
- [4] *Ibid.*, 5 March 1964.
- [5] *Ibid.*, 6 April 1964.
- [6] Electrical Contracting NJIC, *Correspondence File*, 24 September 1965.



- [7] Electrical Contracting NJIC, *Minutes*, 15 November 1965.
- [8] *Ibid.*, 24 November 1965.
- [9] ETU-REC, *Minutes*, 9 January 1965.
- [10] Electrical Contracting NJIC, *Minutes*, 14 February 1966.
- [11] ETU-REC, *Minutes*, 17 February 1966.
- [12] *Ibid.*, 24 February 1966.
- [13] Electrical Contracting NJIC, *Minutes*, 7 March 1966.
- [14] ETU-REC, *Minutes*, 26 May 1966 and 19 June 1966.
- [15] *Ibid.*, 9 June 1966.
- [16] *Ibid.*, 14 July 1966.
- [17] *Ibid.*, 21 July 1966.
- [18] ETU-REC, *Minutes*, 16-18 September 1966.
- [19] Electrical Contracting NJIC, *Minutes*, 15 November 1965.
- [20] *Ibid.*, 13 April 1966.
- [21] *Ibid.*, 15 November 1965.
- [22] *Ibid.*, 30 November 1965.
- [23] Walsh, B., "Wages and Labour Mobility: an Inter-Industry Study", *Economic and Social Review*, Vol. 1, No. 4, 1970, p. 561.
- [24] AEC, Annual General Meeting, *Minutes*, 31 July 1966.
- [25] Electrical Contracting NJIC, *Correspondence File*, 2 November 1966.
- [26] Electrical Contracting NJIC, *Minutes*, 29 December 1966.
- [27] Walsh, B. M., *The Structure of Unemployment in Ireland 1954-1972*, Dublin: ESRI Paper No. 77, 1974, p. 64.
- [28] Electrical Contracting NJIC, *Minutes*, 6 February 1967.
- [29] *Ibid.*, 25 September 1967.
- [30] Electrical Contracting NJIC, *Correspondence File*, 3 May 1968.
- [31] ECA-Dublin Branch, *Minutes*, 10 May 1968.
- [32] Electrical Contracting NJIC, *Minutes*, 19 July 1968.
- [33] AEC-EC, *Minutes*, 8 and 29 May 1968.
- [34] NEETU-REC, *File*, 4 November 1968.
- [35] ETU-REC, *Minutes*, 11 July 1968.
- [36] Electrical Contracting NJIC, *Correspondence File*, 20 June 1968.
- [37] Electrical Contracting NJIC, *Minutes*, 16 July 1968.
- [38] *Ibid.*, 19 July 1968.
- [39] NEETU, Electrical Contracting, *Correspondence File*, 5 November 1968.
- [40] Committee on Industrial Relations in the ESB, *Final Report*. Dublin: The Stationery Office, 1969, pp. 80-88.
- [41] National Board for Prices and Incomes: *Report No. 120*. London: Her Majesty's Stationery Office, 1969, p. 38.

#### Fourth Case Study

- [1] Registry of Friendly Societies, Amendment to FUE Rule Book, 2 November 1967.
- [2] FUE, *Submission to Labour Court*, 13 January 1969, p. 1.
- [3] ASW, *News Sheet*, March 1967.
- [4] *Ibid.*, September 1968.
- [5] AEU-DDC, *Minutes*, 1 May 1968.
- [6] *Ibid.*, 17 June 1968.
- [7] ETU-REC, *Minutes*, 28 November 1968.
- [8] FUE, *Maintenance File*, 13 August 1968.
- [9] NEETU-REC, *Minutes*, 4 September 1968.
- [10] NGMCU, *Minutes*, 11 September 1968.

- [11] *Ibid.*
- [12] FUE, *Submission to Labour Court*, 13 January 1969, p. 4.
- [13] FUE, *Maintenance File*, 24 April 1968.
- [14] *Ibid.*, 6 September 1968.
- [15] JCCEO, *Minutes*, 17 October 1968.
- [16] FUE, *Maintenance File*, 3 December 1968.
- [17] FUE, *Report on the Maintenance Dispute*, p. 10.
- [18] NGMCU, *File*, 23 October 1968.
- [19] FUE, *Report on the Maintenance Dispute*, p. 21.
- [20] FUE, *Maintenance File*, 3 December 1968.
- [21] FUE, *Circular to Maintenance Employers*, 13 December 1968.
- [22] FUE, *Report on the Maintenance Dispute*, p. 29.
- [23] *Ibid.*, p. 33.
- [24] *Ibid.*, p. 43.
- [25] *Ibid.*, p. 56.
- [26] *Ibid.*, p. 90.
- [27] *Ibid.*, p. 61.
- [28] FUE, *Submission to the Labour Court*, 13 January 1969, p. 1.
- [29] Murphy, C., *Report on "Dispute between FUE and Maintenance Craft Unions"*. Dublin: The Stationery Office, 1969, p. 22.
- [30] FUE, *Report on the Maintenance Dispute*, pp. 81-83.
- [31] *Ibid.*, p. 90.
- [32] FUE, *Annual Report 1969/1970*, p. 10.
- [33] NEETU, *Maintenance File*, 23 October 1968.
- [34] NGMCU, *File*, 21 November 1968.
- [35] AEU-DDC, *Minutes*, 19 February 1969.
- [36] *Ibid.*, 26 February 1969.
- [37] *Ibid.*, 5 March 1969.
- [38] ETU-REC, *Minutes*, 23 February 1969.
- [39] *Ibid.*, 5 March 1969.
- [40] ASW, *Maintenance File*, 28 February 1969.
- [41] NGMCU, *File*, 3 March 1969.
- [42] ASW, Dublin MC, *Minutes*, 14 March 1969.
- [43] FUE, *First Maintenance Agreement*, Clauses 1, 2 and 15.
- [44] Murphy, C., *op. cit.*, Table III, p. 23.
- [45] FUE, *Bulletin*, December 1968.
- [46] FUE, *Submission to the Labour Court*, 13 January 1969, p. 15.

#### Fifth Case Study

- [1] Registry of Friendly Societies, OPATSI Returns 1959/70.
- [2] OPATSI-REC, *Minutes*, 24 February 1963.
- [3] OPATSI, Annual Report 1966, p. 1.
- [4] *British Journal of Industrial Relations*, Vol. VI, No. 3, November 1968, p. 388.
- [5] OPATSI, *Dublin Corporation File*, 3 January 1966.
- [6] Building Industry NJIC, *Minutes*, 9 April 1968.
- [7] OPATSI, *ICTU File*, 21 June 1966.
- [8] Murphy, C., *op. cit.*, pp. 23-32.
- [9] ASW-Dublin MC, *Minutes*, 22 September 1967.
- [10] *Ibid.*, 5 July 1968.
- [11] OPATSI-REC, *Minutes*, 19 February 1969.
- [12] ITGWU, *Building Industry File*, 10 March 1969.
- [13] Building Industry NJIC, *Minutes*, 11 June 1968.

- [14] *Ibid.*, 24 September 1968.
- [15] Department of Finance, *Review of the Building and Construction Industries*, December 1968, March 1969 and May 1969.
- [16] ICTU-CIC, *Minutes*, 21 January 1969.
- [17] *Ibid.*, 11 and 19 March 1969.
- [18] CIF-AGM, *Minutes*, 23 April 1965.
- [19] CIF-Council, *Minutes*, 14 May 1968.
- [20] Building Industry-NJIC, *Minutes*, 24 September 1968.
- [21] CIF, *Report to Council*, 30 December 1968.
- [22] CIF-Council, *Minutes*, 4 February 1969.
- [23] Building Industry NJIC, *Correspondence File*, 20 March 1969.
- [24] Building Industry NJIC, *Minutes*, 22 April 1969.
- [25] Building Industry NJIC, *Sub-Committee Minutes*, 5 May 1969.
- [26] Building Industry NJIC, *Minutes*, 20 May 1969.
- [27] CIF, *Building Industry File*, 4 June 1969.
- [28] ICTU-CIC, *Minutes*, 28 July 1969.
- [29] ICTU-CIC, *Correspondence File*, 25 July 1969.
- [30] ITGWU, *Building Industry File*, 29 July 1969.
- [31] *Ibid.*, 31 July 1969.
- [32] Geary, R. C. and Hughes, J. G., *Certain Aspects of Non-Agricultural Unemployment in Ireland*. Dublin: ESRI Paper No. 52, 1970, Table 8, p. 9.
- [33] Walsh, B. M., *op. cit.*, p. 64.

#### Chapter 5

- [1] Mulvey, C. and Trevithick, J., "Wage Inflation and Wage Leadership in Ireland, 1954-1969", *Ireland: some problems of a developing economy*, (eds. Tait and Bristow). Dublin: Gill and Macmillan, 1972, pp. 204-234.
- [2] *Ibid.*, p. 224.
- [3] *Ibid.*
- [4] *Ibid.*
- [5] Lipset, S. M. and Trow, M., *op. cit.*, p. 409.
- [6] Ross, A. M., *Trade Union Wage Policy*, Berkeley, 1950.
- [7] Runciman, W. G., *Relative Deprivation and Social Justice*. London: Routledge and Kegan Paul, 1966, p. 10.
- [8] McCarthy, C., *op. cit.*, Chapters 2 and 3.
- [9] Phelps Brown, E. H., *Report on Labour in Building and Civil Engineering*. London: HMSO, 1968, p. 107.
- [10] CIF, *Annual Report 1968/1969*, p. 9.
- [11] ICTU, *Constitution*, Rule 4.
- [12] *Ibid.*, Rule 8.
- [13] *Ibid.*, Rule 33.
- [14] *Ibid.*, Section VII, Rules 43-48.
- [15] ICTU, *Annual Report 1968/1969*, p. 442.
- [16] ICTU, *Constitution*, Rule 47 (i).
- [17] ICTU, "Report on the Maintenance Dispute" addendum to *Report to Executive Council 1968/1969*.
- [18] McCarthy, C., *op. cit.*, pp. 172-175.
- [19] FUE, *Annual Report 1963*, p. 11.
- [20] FUE, *Interim Report to the National Council 1963*, p. 4.
- [21] Webb, S. and B., *Industrial Democracy*. London: Longmans Green and Co., 1920, p. 279.

- [22] Phelps Brown, E. H., *The Growth of British Industrial Relations*. London: Macmillan and Co. Ltd., 1965, p. 118.
- [23] FUE, *Submission to the Labour Court*, 13 January 1969, p. 15.
- [24] FUE, *Submission to the Labour Court*, as quoted in *Labour Court Recommendation No. 1796*, 10 August 1964.
- [25] DBTG, *Submission to the Labour Court*, as quoted in *Labour Court Recommendation No. 1796*, 10 August 1964.
- [26] ICTU, *Annual Report, 1965*, p. 68.
- [27] Murphy, C., *op. cit.*, p. 41.
- [28] FUE, *Submission to the Labour Court*, 13 January 1969, p. 14.
- [29] Chubb, B., *Report of the Commission set up in accordance with the settlement terms of the Maintenance Craftsmen's Dispute, March 1969*, p. 1.
- [30] *Ibid.*, *Final Report*, Paragraph 20.
- [31] *Ibid.*, Paragraphs 17-19.
- [32] *Ibid.*, *Interim Report*, Paragraph 8.
- [33] *Ibid.*, Paragraph 9.

## THE ECONOMIC AND SOCIAL RESEARCH INSTITUTE

### Broadsheet Series:

- |  |   |
|--|---|
| 1. <i>Dental Services in Ireland</i>                                   | P. R. Kaim-Caudle                                   |
| 2. <i>We Can Stop Rising Prices</i>                                    | M. P. Fogarty                                       |
| 3. <i>Pharmaceutical Services in Ireland</i>                           | P. R. Kaim-Caudle                                   |
|  | assisted by Annette O'Toole and Kathleen O'Donoghue |
| 4. <i>Ophthalmic Services in Ireland</i>                               | P. R. Kaim-Caudle                                   |
|  | assisted by Kathleen O'Donoghue and Annette O'Toole |
| 5. <i>Irish Pensions Schemes, 1969</i>                                 | P. R. Kaim-Caudle and J. G. Byrne                   |
|  | assisted by Annette O'Toole                         |
| 6. <i>The Social Science Percentage Nuisance</i>                       | R. C. Geary   |
| 7. <i>Poverty in Ireland: Research Priorities</i>                      | Brendan M. Walsh                                    |
| 8. <i>Irish Entrepreneurs Speak for Themselves</i>                     | M. P. Fogarty                                       |
| 9. <i>Marital Desertion in Dublin: an exploratory study</i>            | Kathleen O'Higgins                                  |
| 10. <i>Equalization of Opportunity in Ireland: Statistical Aspects</i> | R. C. Geary and F. S. Ó Muirheartaigh               |
| 11. <i>Public Social Expenditure in Ireland</i>                        | Finola Kennedy                                      |

### Publication Series:

- |  |                               |
|--|-------------------------------|
| 1. <i>The Ownership of Personal Property in Ireland</i>                                  | Edward Nevin                  |
| 2. <i>Short-Term Economic Forecasting and its Application in Ireland</i>                 | Alfred Kuehn                  |
| 3. <i>The Irish Tariff and The E.E.C. : A Factual Survey</i>                             | Edward Nevin                  |
| 4. <i>Demand Relationships for Ireland</i>   | C. E. V. Leser                |
| 5. <i>Local Government Finance in Ireland: A Preliminary Survey</i>                      | David Walker                  |
| 6. <i>Prospects of the Irish Economy in 1962</i>   | Alfred Kuehn                  |
| 7. <i>The Irish Woollen and Worsted Industry, 1946-59: A Study in Statistical Method</i> | R. C. Geary                   |
| 8. <i>The Allocation of Public Funds for Social Development</i>                          | David Walker                  |
| 9. <i>The Irish Price Level: A Comparative Study</i>                                     | Edward Nevin                  |
| 10. <i>Inland Transport in Ireland: A Factual Survey</i>                                 | D. J. Reynolds                |
| 11. <i>Public Debt and Economic Development</i>  | Edward Nevin                  |
| 12. <i>Wages in Ireland, 1946-62</i>   | Edward Nevin                  |
| 13. <i>Road Transport: The Problems and Prospects in Ireland</i>                         | D. J. Reynolds                |
| 14. <i>Imports and Economic Growth in Ireland, 1947-61</i>                               | C. E. V. Leser                |
| 15. <i>The Irish Economy in 1962 and 1963</i>  | C. E. V. Leser                |
| 16. <i>Irish County Incomes in 1960</i>  | E. A. Attwood and R. C. Geary |
| 17. <i>The Capital Stock of Irish Industry</i>   | Edward Nevin                  |
| 18. <i>Local Government Finance and County Incomes</i>                                   | David Walker                  |
| 19. <i>Industrial Relations in Ireland: The Background</i>                               | David O'Mahony                |
| 20. <i>Social Security in Ireland and Western Europe</i>                                 | P. R. Kaim-Caudle             |
| 21. <i>The Irish Economy in 1963 and 1964</i>  | C. E. V. Leser                |
| 22. <i>The Cost Structure of Irish Industry, 1950-60</i>                                 | Edward Nevin                  |
| 23. <i>A Further Analysis of Irish Household Budget Data, 1951-1952</i>                  | C. E. V. Leser                |
| 24. <i>Economic Aspects of Industrial Relations</i>                                      | David O'Mahony                |
| 25. <i>Psychological Barriers to Economic Achievement</i>                                | P. Pentony                    |
| 26. <i>Seasonality in Irish Economic Statistics</i>                                      | C. E. V. Leser                |
| 27. <i>The Irish Economy in 1964 and 1965</i>  | C. E. V. Leser                |

**Publication Series—continued.**

28. *Housing in Ireland: Some Economic Aspects* P. R. Kaim-Caudle  
 29. *A Statistical Study of Wages, Prices and Employment in the Irish Manufacturing Sector* C. St. J. O Herlihy  
 30. *Fuel and Power in Ireland: Part I. Energy Consumption in 1970* J. L. Booth  
 31. *Determinants of Wage Inflation in Ireland* Keith Cowling  
 32. *Regional Employment Patterns in the Republic of Ireland* T. J. Baker  
 33. *The Irish Economy in 1966*  
 The Staff of The Economic Research Institute  
 34. *Fuel and Power in Ireland: Part II. Electricity and Turf* J. L. Booth  
 35. *Fuel and Power in Ireland: Part III, International and Temporal Aspects of Energy Consumption* J. L. Booth  
 36. *Institutional Aspects of Commercial and Central Banking in Ireland* John Hein  
 37. *Fuel and Power in Ireland: Part IV, Sources and Uses of Energy* J. L. Booth  
 38. *A Study of Imports* C. E. V. Leser  
 39. *The Irish Economy in 1967*  
 The Staff of The Economic and Social Research Institute  
 40. *Some Aspects of Price Inflation in Ireland* R. C. Geary and J. L. Pratschke  
 41. *A Medium Term Planning Model for Ireland* David Simpson  
 42. *Some Irish Population Problems Reconsidered* Brendan M. Walsh  
 43. *The Irish Brain Drain* Richard Lynn  
 44. *A Method of Estimating the Stock of Capital in Northern Ireland Manufacturing Industry; Limitations and Applications* C. W. Jefferson  
 45. *An Input-Output Analysis of the Agricultural Sector of the Irish Economy in 1964*  
 R. O'Connor with M. Breslin  
 46. *The Implications for Cattle Producers of Seasonal Price Fluctuations* R. O'Connor  
 47. *Transport in the Developing Economy of Ireland* John Blackwell  
 48. *Social Status and Inter-Generational Social Mobility in Dublin* Bertram Hutchinson  
 49. *Personal Incomes by County, 1965* Miceal Ross  
 50. *Income Expenditure Relations in Ireland, 1965-1966* John L. Pratschke  
 51. *Costs and Prices in Transportable Goods Industries*  
 W. Black, J. V. Simpson, D. G. Slattery  
 52. *Certain Aspects of Non-Agricultural Unemployment in Ireland*  
 R. C. Geary and J. G. Hughes  
 53. *A Study of Demand Elasticities for Irish Imports* Dermot McAleese  
 54. *Internal Migration in Ireland with Appendix* R. C. Geary and J. G. Hughes  
 C. J. Gillman  
 55. *Religion and Demographic Behaviour in Ireland* B. M. Walsh  
 56. *Views on Pay Increases, Fringe Benefits and Low Pay*  
 H. Behrend, A. Knowles and J. Davies  
 57. *Views on Income Differentials and the Economic Situation*  
 H. Behrend, A. Knowles and J. Davies  
 58. *Computers in Ireland* F. G. Foster  
 59. *National Differences in Anxiety* Richard Lynn  
 60. *Capital Statistics for Irish Manufacturing Industry* C. W. Jefferson  
 61. *Rural Household Budget—Feasibility Study* [Sile Sheehy and R. O'Connor  
 62. *Effective Tariffs and the Structure of Industrial Protection in Ireland* Dermot McAleese  
 63. *Methodology of Personal Income Estimation by County* Miceal Ross  
 64. *Further Data on County Incomes in the Sixties* Miceal Ross  
 65. *The Functional Distribution of Income in Ireland, 1938-70* J. G. Hughes  
 66. *Irish Input-Output Structures, 1964 and 1968* E. W. Henry  
 67. *Social Status in Dublin: Marriage, Mobility and First Employment*  
 Bertram Hutchinson  
 68. *An Economic Evaluation of Irish Salmon Fishing; 1: The Visiting Anglers*  
 R. O'Connor and B. J. Whelan

**Publication Series—continued.**

69. *Women and Employment in Ireland: Results of a National Survey*  
Brendan M. Walsh assisted by Annette O'Toole
70. *Irish Manufactured Imports from the UK in the Sixties: The Effects of AIFTA*  
Dermot McAleese and John Martin
71. *Alphabetical Voting: A Study of the 1973 General Election in the Republic of Ireland*  
Christopher Robson and Brendan M. Walsh
72. *A Study of the Irish Cattle and Beef Industries:*  
Terence J. Baker, Robert O'Connor and Rory Dunne
73. *Regional Employment Patterns in Northern Ireland*  
William Black and Clifford W. Jefferson
74. *Irish Full Employment Structures, 1968 and 1975* E. W. Henry
75. *An Economic Evaluation of Irish Salmon Fishing: II: The Irish Anglers*  
R. O'Connor, B. J. Whelan, and A. McCashin
76. *Factors Relating to Reconviction among Young Dublin Probationers* Ian Hart
77. *The Structure of Unemployment in Ireland, 1954-1972* Brendan M. Walsh
78. *An Economic Evaluation of Irish Salmon Fishing: III: The Commercial Fisherman*  
B. J. Whelan, R. O'Connor, and A. McCashin
79. *Wage Inflation and Wage Leadership*  
W. E. J. McCarthy, J. F. O'Brien and V. G. Dowd

