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A STUDY OF NATIONAL WAGE AGREEMENTS
IN IRELAND

JAMES F. O'BRIEN

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(Limited Company No. 18269). Registered Office: 4 Burlington Road, Dublin 4.*

Price IR£8.00
(Special rate for Students IR£4.00)

Reprinted October 1985

James F. O'Brien was a Research Officer at The Economic and Social Research Institute when the field work for this report was undertaken. He is presently Director of the Irish Printing Federation and Divisional Director Designate, Research and Information Division, Federated Union of Employers. He is a member of the National Manpower Consultative Committee and of the National Employer Labour Conference.

A copy of an extended version of this paper, which has been presented as a doctoral thesis to the University of London, was presented to the Institute Library. The ESRI has accepted the paper for publication. The ESRI, the IPF and the FUE are not responsible for either the content or the views expressed therein.

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IN IRELAND***

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DUBLIN, 1981

ISBN 0 7070 0040 8

Acknowledgements

As is usual with research of this kind, extensive debts have been incurred in the preparation of this paper.

To begin, Dr D.J. McAuley and Dr E. McCarthy of the FUE, Dr R. Roberts and Mr D. Nevin of the ICTU and Mr W. Smith, Mr K. Murphy and Mr M. Keegan of the DPS provided expert and patient guidance through the extensive records relating to the NWAs. They also provided a detailed commentary on the initial drafts of the case studies (Chapters 3 to 7 inclusive). Many other practitioners, who are too numerous to name, provided assistance with the collection of data for the survey of wage rate developments (Chapter 9).

Lord McCarthy of Nuffield College, Oxford University gave invaluable guidance at the early stages and helped to sustain the conviction that the analysis of relevant facts, however numerous and tedious they may sometimes appear, offers the best hope of solving problems in the industrial relations field. Professor Phelps Brown (formerly of London University (LSE)) provided a most helpful commentary on the penultimate drafts of Chapters 2 and 14.

Former colleagues at the ESRI have been more than helpful in providing constructive criticism. In particular Professor B. Walsh, Professor K. Kennedy (Director) and Dr D. Sapsford offered extensive comments on successive drafts thereby helping to greatly reduce the length and increase the clarity of the final text. Min Swords and Phil Browne typed successive drafts, Pat Hopkins handled the extensive copying, Maureen Doran-O'Reilly and Maura Rohan provided library support, while Bernadette Payne and Mary McElhone prepared the final text for publication. As usual, their patience, co-operation and efficiency were a source of constant encouragement.

Professor Basil Chubb, Chairman of the Employer Labour Conference, and Professor G. McCarthy provided most helpful criticisms of Chapters 14 and 8 respectively. Mr T.J. Cahill (former Chairman) and Mr J. Horgan (Deputy Chairman) of the Labour Court helped in a similar way with Chapter 12 while Mr E. Cahill of the IPC offered incisive comments on Chapter 10.

Senior officials of the Departments of Finance, Labour, Public Service and the Taoiseach read and commented on the penultimate draft of the study as did Professor M.P. Fogarty, Professor W.J.L. Ryan and Mr D. Egan. Their advice was very much appreciated as was that offered by the anonymous external referee.

Finally, thanks are due to the Department of Labour for financial support for the study.

It is hoped that all who helped this research project with their time and wisdom will feel that the final text represents their views fairly and that it provides a basis for a more coherent discussion of the vital issues which are raised in the following pages. It must be emphasised that the author is solely responsible for any errors or omissions which may remain.

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General Summary

This is a study of the origins, content, operation, evolution and implications of National Wage Agreements (NWAs) in Ireland. The NWAs which covered the period 1970-1976 are analysed in detail. The isolated NWAs which occurred in the period 1946-1970 and the trilaterally negotiated NWAs which covered the period 1977-1980 are also reviewed briefly. The study has fourteen chapters which, successively, sketch the historical background (1), outline the methodology (2), present the material (3-7), analyse the major issues arising (8-13) and set down the conclusions (14).

The first chapter defines the subject matter. It then sketches the historical evolution of Irish wage-rounds and goes on to summarise the incomes policy debate of the 'sixties which preceded the NWAs of the 'seventies. Next it reviews the terms of reference of the Employer Labour Conference and the organisation and constitution of its participants who negotiated the NWAs. It concludes with a list of major questions which the study endeavours to answer. These are as follows:

- 1 What power groups can be observed operating on the process of general wage adjustment? Can their bargaining behaviour be better understood in organisational and constitutional terms and what does it imply?
- 2 Can the concepts of the wage-round and/or the wage-round norm be eliminated? If not, what is the significance of the NWA norm in relation to relative wages and real wages, how and why have the characteristics of such norms altered and what variations might be advisable in different circumstances in the future?
- 3 Why have below-the-norm wage increases been permitted, how have they been monitored and managed and what changes might be required in this regard in the future?
- 4 Why have above-the-norm wage increases been permitted, how have they been monitored and managed and what changes might be required in this regard in the future?
- 5 How have the NWA conflict avoidance procedures worked, what strengths and weaknesses have appeared and what changes might be

required in the future?

- 6 Must government play an active role in regard to wage determination, can it usefully use voluntary or statutory norms, or price control or budgetary policies to hold down the wage-round norm and what are the implications of the answers to these questions for traditional government prerogatives *vis-à-vis* the wage/price/tax nexus?
- 7 Finally, and most crucially, what does the choice between decentralised and centralised wage-rounds entail and which alternative appears to offer the greatest actual and potential advantage in cost and conflict containment terms?

The second chapter first explains the importance of the process of wage determination to wage earners (and their unions), wage payers (and their federations) and national economic policy makers (governments). Nothing so decisively determines the material life-style of the average employee as his wage, while the largest single cost for most employers is undoubtedly their pay-roll. As for the national economic policy makers, Haberler¹ has suggested that (for them) "incomes policy has become the hottest problem of macro-economic policy in almost all industrial countries".

Turning to the question of methodology it is argued that the choice of methodology should be heavily influenced by the nature of the subject matter, the problem which it poses and the purpose of the research.

The subject matter of this study is the series of NWAs which have dominated the process of general wage adjustment, which process is a central feature of the Irish economy. The problem which that process poses is that the growth of money wages has tended to outstrip the growth of output in recent decades. The purpose of this research is to develop knowledge which will facilitate prescription for change in that process so as to alleviate the foregoing problem. In the light of these considerations leading economists are cited in support of an essentially inductive approach which proceeds from the systematic observation of bargaining behaviour to the identification and analysis of key issues and the inter-relationships between them. Next several more leading economists are cited to the effect that the three issues which seem to be of central importance are:

- (a) competing claims for relative income shares
- (b) the power needed to achieve a desired income share
- (c) the implications of the exercise of such power for the notion of autonomous national economic management by democratically elected Governments.

1. See Reference [1] Chapter 2.

Finally, Chapter 2 outlines the case-study framework which is used for the detailed classification and assessment of relevant facts relating to each of the first five successive NWAs.

Chapters 3 to 7 cover the period 1971-1976 inclusive and the epilogue to Chapter 7 covers the period 1977-1980 inclusive more briefly. These chapters, following the enjoiners of Phelps Brown, Hahn, Leontief and Gordon, are concerned with the "patient accumulation" of "direct observations" of "the behaviour of economic agents" (involved in the NWAs 1970-1980). These chapters are intended to facilitate the identification and analysis of the key issues and in particular to facilitate a consideration of "the big questions about how and why the institutional structure is changing and where it is taking us". This material is of vital importance as our ultimate objective is prescription for change and that presupposes a detailed knowledge of the *status quo*, of past successes and failures and of the reasons for them.

Chapters 8 to 13 deal with the six key issues which emerge from the above-mentioned case studies. These are as follows: (a) the actual and potential roles of labour market organisations in the process of general wage adjustment (the system of wage-rounds), (b) the foundations, functions, limitations and wider significance of NWA wage increase norms (the standard wage-round increases), (c) the NWA rules governing exceptions below-the-norm (inability-to-pay the NWA norm), (d) the NWA rules governing exceptions above-the-norm (anomalies and productivity bargains), (e) the NWA rules on conflict avoidance and, (f) the role of the Government.

Having completed the analysis of each of these six key issues in successive chapters the study proceeds to a final chapter which synthesises the six sets of results, highlights the integrated relationships which exist between them and presents an integrated set of recommendations for the improvement of the centralised wage-bargaining system.

Finally, the study asks whether the repeatedly demonstrated union, employer and government preference for national-level, as opposed to local-level, wage-round bargaining in the 'seventies was well-advised. Two general conclusions emerge. First, there is even still in 1981, some balance of advantage in favour of the centralised system but, and this is the second general conclusion, the system's flaws are almost certain to prove cumulative and self-destructive unless determined and immediate remedial action is taken by the Employer Labour Conference and the Government. The writer concludes by expressing his personal conviction that the "law of the jungle" or a "jungle of law" may well be the only alternatives to this urgently needed endeavour.

Part One

METHODS AND MATERIALS

Preview

The first chapter defines the subject matter, outlines the historical background and states the objects of the study. Chapter 2 considers the deductive and inductive research methods and in the light of the above-mentioned definition, historical review and objects concludes that the latter is more appropriate than the former to the task in hand. Chapters 3-7 inclusive report at length, but yet in a greatly abbreviated form on an exhaustive examination of the documentary record (and extensive discussion of that record with its authors) of the origins, negotiation and content of each of the NWAs for the years 1970, 1972, 1974, 1975 and 1976. This material provides the only plausible basis for the identification and analysis of key issues arising and the framing of policy recommendations in regard to such issues in Part Two.

Chapter 1

THE SUBJECT MATTER AND THE HISTORICAL BACKGROUND

Preview

This chapter has four sections. The first sets down the subject matter of the study and deals with some points of definition. The second is an historical sketch of the process of general wage adjustment in Ireland which reviews the two decades prior to 1960 briefly and the decade to 1970 in some detail. The third section describes the Employer Labour Conference (ELC)¹ as newly constituted in 1970 and considers the organisational and constitutional state of the protagonists, namely, organised labour and organised employers at that time. The chapter concludes with a list of major questions which the study will endeavour to answer.

Section 1: The Subject Matter

This is a study of the origins, content, operation, evolution and implications of National Wage Agreements (NWAs) in Ireland. The five such agreements which covered the period 1971-1976 inclusive are analysed in detail. The isolated national wage agreements which occurred in the period 1946-1970 and the trilaterally negotiated national agreements which covered the period 1977-1980 are also reviewed briefly.

The term "national" in the title of this study indicates that the agreements in question were negotiated at national level. It does not mean that the government had a controlling role in regard to the negotiation or implementation of these agreements.

The term "wage" in the title is intended to indicate that these agreements laid down rules to govern the upward adjustment of employee remuneration. As regards basic wages, the agreements specified the amounts of wage-round increases and the duration of phases which should apply. They also contained provisions to govern exceptions above- and below-the-norm. Finally, they contained clauses governing other conditions of employment; these were essentially procedural although some enabling clauses with substantive limits were introduced after a time.

The term "agreements" signifies a succession of documents which were negotiated and ratified by the central labour and employer organisations and

1. All national-level bodies are named in full and in abbreviated form when first mentioned. Individual unions are referred to by initials only but the full title is given in Appendix D in every case.

by the government as employer. These were more formal in character than their historical antecedents, namely, the "Joint Statement on Principles to be Observed in Negotiations for the Adjustment of Wages" (1948), the "Agreement on Wage Policy" (1952), the "Joint Agreement on Guiding Principles relating to Wage Claims and the Present Economic Situation" (1957) and the "National Wage Recommendation" (1964). While these were very much the prototypes of the 1970-1976 series of agreements, they were conceived (with the exception of the NWR 1964) as *ad hoc* responses to particular economic situations rather than as serious first steps towards the development of permanent institutions for the orderly general adjustment of employee incomes.

The study concentrates on the period 1970-76 because this was the first time that "a first step" of this kind did seriously envisage *and* actually achieve a second and successive steps towards greater order in the process of wage adjustment.² The series of bipartite national wage agreements ended in 1976 and a return to decentralised wage bargaining was forestalled only by the induced entry of the government as such into an explicit three-cornered relationship with the social partners. That relationship has continued and has evolved since then, but its final analysis is seen mainly as a sequel to, rather than as a detailed part of, the present study. Finally, the study is concerned only with the Irish experience. A comparative study of Irish and relevant foreign experience in this field would be of great interest. To be realistic, however, such an undertaking must be seen as a further major research project.

Even within the foregoing boundaries the range of relevant issues is too great to treat all in detail. The way in which the task is reduced to manageable proportions is explained in the next chapter.

Section 2: *An Historical Review of General Wage Adjustments in Ireland (1940-1970)*

Prior to 1940 wages in Ireland were generally fixed by individual agreement or decentralised collective bargaining. During the war wages were controlled by the Wages Standstill Order [1]. After the war that order was lifted and virtually all bargaining groups negotiated substantial wage increases. The resultant general upward movement in wages became known as the first wage-round. Since then this system of regular general upward adjustments has become much more deliberate and structured in temporal, substantive and procedural terms. As can be seen from Table 1 the conventional (or historically dominant) method of adjustment prior to 1970 was decentralised collective bargaining.

2. Most of the major industrial relations issues associated with NWAs had emerged quite clearly by 1976.

Table 1: *The bargaining level for wage-rounds in the Irish Republic (1946-1979)*

Year in which implementation commenced	Wage-round number	
	Local level or decentralised bargaining	National level or centralised bargaining
1946	1	
1948		2
1951	3	
1952		4
1955	5	
1957		6
1959	7	
1961	8	
1964		9
1966	10	
1968	11	
1970	12	
1971		13
1972		14
1974		15
1975		16
1976		17
1977		18
1978		19
1979		20

Sources: *Trade Union Information*, February 1971, pp. 4-5, McCarthy, W.E.J., *et al.*, *Wage Inflation and Wage Leadership*, ESRI Paper No. 79, Dublin, April 1975, Table 6, p. 34 and the *National Wage Agreements 1970-1979*.

In the late 'forties and in the 'fifties the social partners opted on three isolated occasions for centralised bargaining. Each such move was essentially an *ad hoc* response to particular economic circumstances. In 1964 another central agreement emerged and this time the parties hoped that it would be the first of a continuing series of national wage agreements. But these hopes were not fulfilled and there was a return to decentralised bargaining in the period 1966-1970. As the developments of the 'sixties laid the groundwork for change in the 'seventies the former must now be reviewed in more detail.

The early 'sixties were years in which sustained economic growth was increasingly threatened by internally generated inflationary pressures. It was in this context that the ELC was first established in the summer of 1962. At the end of that year the economic sub-committee of the ELC (which comprised representatives of the Irish Congress of Trade Unions (ICTU) and the Federated Union of Employers (FUE)) put forward a report which argued that:

... a rational approach to problems arising in the field of industrial relations necessitated consideration of all matters related to the national economy, the competitive position of industry generally and the impact of external developments [2].

These rather guarded generalisations, which were the first joint statements of their kind, are taken as the starting point to the Irish debate on incomes policy. Shortly after this the debate gained new momentum with the publication of the White Paper *Closing the Gap: (Incomes and Output)*. In this the government endorsed and developed the foregoing ideas [3]. Initially, however, progress was faltering. The ICTU's immediate reaction to the White Paper was hostile. It stated that in the absence of price and profit control it was opposed both to compulsory wage restraint and to official interference with wage negotiations. It insisted that the ELC was not an instrument of government policy and it suspended its participation. It produced a more detailed statement of its position in February 1963; this became known in trade union circles as the "Black Paper" [4]. By contrast, the Federated Union of Employers adopted a cautiously positive attitude to the approach mooted in the White Paper [5].

Undeterred by Congress the Taoiseach proposed that in May of alternate years there should be an objective tripartite review to establish a wage-round norm, the structure of which could then be jointly determined by FUE and Congress.³ It was also proposed that employers anticipating such a wage-round norm increase would raise productivity to absorb the cost of paying it and that the unions would co-operate in this endeavour [6]. Finally, the Taoiseach accepted that the movement of other incomes (including profits) would have to be compatible with the national target.

Economic developments now prompted the government to suggest a speedy acceptance by both sides of the foregoing procedures and to state that wage legislation might well be the only alternative [7]. However, in November 1963 the Taoiseach wrote to Congress to say that the gap between incomes and output had been virtually closed and that:

... a further upward revision of wages and salaries might now be safely envisaged, *on a scale which would provide compensation to all wage and salary earners for whatever rise in the general price level may follow on the introduction of the Turnover Tax*⁴ and also to such further extent as would represent their fair share of

3. A subtle point: Budget first (in April), Wage-Round second (in May). The assumption was that the Budget with its implicit provision for public service pay would heavily influence the level of the wage-round. History, as will be seen in our concluding chapters, was to rule otherwise.

4. Our italics.

the estimated expansion of national resources in the coming year. The Government would wish to see this position examined by the National Employer Labour Conference with a view to the negotiation of a general agreement [8].

Congress replied to the Taoiseach taking the "strongest possible exception to the terms of the (foregoing) letter" and concluded that:

... (Congress) could not in any circumstances accept direction from any Government as to when wage increases might be sought by the trade unions or as to the basis on which claims for higher wages and salaries could be made. Your letter would appear to convey that the Government has a right of intervention in these matters ... [9]

Notwithstanding this reaction bilateral national level talks took place in the last weeks of 1963 and these resulted in a National Wage Recommendation (NWR) which gave a 12 per cent wage increase for a period of two-and-a-half years.

At its Annual Delegate Conference (ADC) in 1965 Congress adopted the following composite motion which was put forward by the Executive Council. This became (and has since remained) the cornerstone of Congress wage policy:

Congress declares its opposition to any attempt by Government to control free collective bargaining between trade unions and employers and re-affirms its rejection of any form of incomes policy that does not deal effectively with prices and profits.

Congress considers that an acceptable incomes policy must not only adjust the total volume of increased demand to the total volume of increased national output but must have *as its primary objective a just distribution of income*.⁵ To this end Congress calls for an examination of long-term policy concerning the distribution of incomes, which materially affect the form and character of our society.

For the immediate future, Congress demands that a national policy on incomes should be directed towards the following objectives:

5. Our italics.

- (i) a substantial increase in the income of lower-paid wage and salary earners, pensioners and persons dependent on welfare benefits, and
- (ii) increases in the incomes of wage and salary earners generally which would be sufficient to offset price increases, and
- (iii) (increases) which would enable them to enjoy a steadily rising standard of living.

To achieve these ends, Congress considers that it is essential to resist any limitation on increases in wages or salaries which is not equally applicable to other incomes and which does not take into account the level of such incomes [10].

In November 1965, the then recently-established National Industrial and Economic Council (NIEC) published a report containing the first ever tripartite statement on incomes policy. This emphasised the need for "... a policy for the planned development of incomes". It stated that the norm for income increases should be related to output, that above-the-norm increases would have to be balanced by below-the-norm increases, and, finally, it suggested that the achievement of the last-mentioned objectives required a consensus on differentials [11]. The report did not indicate whether, or to what extent, wages should be adjusted in the light of inflation.

When efforts to renew the NWR failed in December 1965, Congress called a Special Delegate Conference (SDC) which adopted the following Executive Council resolution:

Conscious of the needs of the low paid workers, Congress recommends that trade unions should strive to secure wage increases at this time of not more than 20/- per week for their members with effect from such date as it may be possible to secure in each instance [12].

Five days later in response to the foregoing Congress norm (9.5 per cent on the then average basic wage) the government issued a wage guideline of 3 per cent for 1966 and made it clear that it would take action to support it if necessary [13]. The Congress response (which follows) was both immediate and curt:

Congress rejects outright, as completely unrealistic, any suggestion that increases for its members during the year should be limited to 3 per cent. ... there has been an increase of 10 per cent in prices since the last adjustment in wages and salaries and quite obviously

there can be no question of increases at the present time being restricted to 3 per cent [14].

The Taoiseach immediately advised Congress (i) that he recognised that the Congress pound-a-week policy "was a fact", (ii) that it could be reconciled with the government guideline by delaying it, (iii) that the government favoured a national agreement and (iv) failing such an agreement the government would apply its own policy to the public sector and use it as a constraint on applications for price increases from the private sector [15]. When bilateral national level talks failed the Labour Court⁶ intervened, at the suggestion of the FUE, by inviting both sides to discuss the situation with it. It then issued a unique general Recommendation on wages and conditions of employment which effectively endorsed the Congress policy cited above [16]. In an immediate but unhappy response, the government, while threatening "corrective action" if that became necessary, acquiesced with the Court's recommendation noting that [17]:

... notwithstanding the effect on prices and costs and the risks involved to the growth of exports, production and employment, it is preferable to accept, at this time, in the interest of industrial peace, wage increases which are greater than would be justified by the growth of national output [18].⁷

Although the average increase in basic wages which emerged from the ensuing tenth wage-round was just over a pound-a-week or 9.5 per cent the government's endeavours did serve some purpose. In fact, they delayed the start of the wage-round for almost six months and this, together with a reversion to open-ended agreements, meant that almost a further two years elapsed before another wage-round got under way. So the government's 3 per cent guideline for 1966 must be compared with a wage-round increase of only 9.5 per cent and average supplementary increases of 2.25 per cent between January 1966 and June 1968 [19]. However, this was positively the last time that any government succeeded (up to 1980) in achieving such an outcome by delaying tactics combined with vaguely open-ended agreements.

At its 1966 ADC Congress adopted a very significant new wage policy motion which favoured the equalisation of non-wage conditions of employment for *all* employees. On the same occasion the General Secretary made

6. The Labour Court was established in 1946. Until 1970 its task was to resolve local industrial differences by way of investigation and non-binding recommendation. Until 1970 it was free to formulate its recommendations without regard to the views of any other authorities.

7. Our italics. As will be seen later this attitude has been the hallmark of the government's position on virtually every subsequent wage-round.

the following appeal for a unified pursuit of wage policy objectives:

We are asking you to use this organisation, Congress, as it should be used, as the pace-maker, as the headline-setter, as the organisation through which by systematic process, workers' aims are stated and plans are laid for their achievement [20].

The debate on incomes policy continued at the 1967 ADC. This ADC considered one motion calling on Congress to initiate national-level wage negotiations and another seeking to make any future NWA conditional on a freezing of prices and interest rates. The President, speaking on behalf of the Executive, requested the remission of both. In regard to the first request he made four important points. First, the initiative for central negotiations had typically come from the employers and/or the government. Secondly, the Executive had gone into such negotiations only when the circumstances were creating difficulties for affiliated unions. Thirdly, the unions were not yet prepared to hand over the full responsibility for wage policy to the Executive Council of Congress. Finally, as none of these conditions then obtained the Executive Council felt that each union should get on with the job of wage bargaining for its own members [21]. All of these observations echoed the conventional trade union wisdom of the post-war era which favoured NWAs in times of depression and decentralised bargaining in times of economic buoyancy.

Speaking on the request for remission of the second motion, the President argued that Congress should be unhindered by pre-conditions so that it would be free to "engage in talks which (might be) presented to (it)". He went on to emphasise that in any NWA negotiations Congress would meet employers as employers but not as sellers of products. Because of this, he continued, it was inconceivable that any NWA could contain clauses giving adequate guarantees of restraint in prices, profits or interest rates; these matters were, therefore, outside the industrial control of the unions. The President then concluded:

It is quite clear that if . . . (we) engage in discussions (aimed at achieving a) National Wage Agreement and we want to see that prices and our rate of interest and our profits are controlled then we have got . . . to be active in the only place they can be controlled, that is, in the political and legislative sphere. We are gradually moving to that understanding . . . and this is part of the background to the acceptance by Congress of what we mean by an incomes policy [22].

By mid-1968 the return to decentralised collective bargaining was under way and the eleventh wage-round was in progress. Nevertheless the 1968 ADC returned to the theme of unity of action by passing a resolution which strongly mooted greater resources and wider regulatory powers for Congress [23]. If the eleventh round was tolerable in terms of its cost and/or its conflict content any complacency which it induced about the efficacy of decentralised wage-rounds was rudely shattered in the early months of 1969. The worst strike in the history of the state (on foot of a "wage relativity claim" by maintenance craftsmen) resulted in widespread disruption of industry and seriously threatened the solidarity of the trade union movement.

As that strike progressed the government responded in an uncertain and confused fashion. The then Minister for Labour was one of the first to comment. In the course of a Dáil Debate in which this strike was discussed, he said:

There is this about a prices and incomes policy. If it is to be effective in Ireland — (where) the priority is in settling strikes at all costs — it will have to be imposed [24].

A little later as the strike reached a climax and clamour for government intervention mounted the same Minister observed that many people would prefer that:

... such problems be solved by National Agreements so that they will not have to sit down and discuss them with the workers. This is wrong. As long as employers or managements keep shifting the question of wages and conditions of employment on to the FUE or on to a national basis and asking why the Government do not fix it, the problem will remain unresolved [25].

The Minister continued by referring to the possibility of income guidelines being provided by some independent body. But on this count he was equally pessimistic,⁸ for he concluded:

If people do not accept ... what do they (the opposition) want the Minister to do, bring in the troops? That is the answer and the

8. In March 1968 having seen striking power workers jailed as a result of legislation which he refused to repeal, the Minister had been obliged to acquiesce in their release by allowing the Electricity Supply Board (ESB) to pay fines (imposed for refusing to respect a Court injunction to stop picketing) which they had refused to pay to purge their contempt of Court. In addition the Minister had had to acquiesce in the provision of publicly-financed taxis to take the strikers home from jail so that work could be resumed [28].

only answer to a successful prices and incomes policy [26].⁹

The opposition spokesman argued with equal emphasis that:

Because we have not a prices and incomes policy we have today complete industrial unrest. By sitting back and doing nothing the Government have led people to believe that our economy is a free-for-all and that everyone just shoves his snout in the trough and tries to gobble up as much as possible. . . . The one solution to our problem of industrial relations is an incomes policy [27].⁹

The maintenance craftsmen's strike ended almost immediately after this debate when the employers conceded the unions' claim in full (a wage increase of some 22 per cent phased over eighteen months). Later that month (March 1969) the government's view on incomes policy was reiterated and enlarged upon in its *Third Programme for Economic and Social Development, 1969-1972*. This stated that an incomes policy should ensure that the rate of increase in money incomes relative to productivity would be somewhat slower than in the main competing countries, that productivity agreements would be encouraged and that the relative position of the lower-paid would be improved [30].

Almost immediately after the maintenance craftsmen's strike the Minister for Finance had talks with the ICTU in which he proposed that wage increases for the remainder of 1969 should be limited to the expected growth rate for the period, namely, 4 per cent. Congress made it clear that it regarded this guideline as inappropriate and irrelevant [31]. Then at its SDC the following month (April 1969), held to review all aspects of the wages situation, a document entitled "Executive Council Observations" was noted without dissent. It declared, in defiance of both maintenance craft unions and of government, that comparability bargaining would dominate the forthcoming (twelfth) wage-round [32].

During the Budget debate which followed a little later, the Minister for Finance referred to "the risk, now past, of a general and immediate spill-over of the terms of the maintenance craftsmen's settlement" and he went on to say that:

With a view to working out an acceptable realistic policy for incomes this year in which budgetary measures would play a vital role, the

9. Dr P.J. Hillery was Minister for Labour; Mr T.F. O'Higgins was the Fine Gael spokesman. The Labour Party view was that an incomes policy which concentrated on wages and/or which was imposed by government was unacceptable. A voluntary policy based on collective bargaining was considered the only realistic course [29].

Government initiated a programme of wide-ranging discussions with all the parties involved [33].¹⁰

Both the Special and the Annual ICTU Conferences held in 1969 took place in the shadow of the above-mentioned strike. This prompted the President to remark that much of the trade union movement's troubles were due to the absence of an agreed philosophy and that it would have to find answers to its problems within its own ranks as neither government nor employers could find acceptable answers for it [34]. The ADC considered three motions on incomes policy. One of these which was moved by DATA (and which was defeated) opposed any incomes policy [35]. The other two which were proposed by the Cork Council of Trade Unions and the ITGWU called, respectively, for an Executive Council Report on prices and incomes policy and for a full-scale NIEC Report on all aspects of income distribution [36]. The mover of the latter motion explained his union's concern for the lower-paid. Then having referred to the concept of a national minimum wage and to the trade union objection to it (that the minimum would become the maximum) he continued:

Even if, in fact, the minimum wage should tend to become the maximum and even if we should develop towards the situation in which there should be uniformity of income, what is wrong with that? . . . When all is said and done, is it not only right that we should have uniformity and equality of income provided that differentials in respect of skill, training, experience, education are compensated in some non-financial form. Is not this the very fundamental concept of the original Christian and socialist philosophy [37].

This was probably the most naïvely idealistic proposal on relative pay ever to emerge from an ICTU Conference. It was ignored. Two other more realistic ideas did emerge, namely, wage increases which combined flat cash and percentage adjustments and the use of diminishing percentages. Both were to serve extensively in the NWAs of the 'seventies. Overall, this conference demonstrated a growing willingness to consider (and possibly even to implement) Congress proposals on the difficult question of relative wages.

Following a suggestion from FUE, representatives of FUE and ICTU met in July 1969 to review developments in areas of mutual interest. They decided to set up a joint committee to keep such matters under review and inevitably the matter of future wage-rounds was discussed. Although these

10. Mr C.J. Haughey was the then Minister for Finance.

discussions were overtaken by events they represented the beginning of an important new dialogue at national level. Towards the end of 1969, following a meeting between the Ministers for Finance and Labour and Congress, the government issued a new 7 per cent wage guideline. It was said that this made allowance for the expected growth in national production *and* the fact that some inflation would occur in the countries which were Ireland's trading partners [38]. The government also indicated that it proposed to back up this guideline by refusing to accept labour cost increases in excess of 7 per cent as a justification for price increases. Subsequently it was stated that even the 7 per cent itself might not be allowed for price increase purposes because "before increasing prices, manufacturers were supposed, in any event, to have reduced costs to the maximum extent possible by increasing productivity" [39]. Congress immediately responded to the 7 per cent guideline by declaring most emphatically that "the content and timing of the government's statement (were) wholly bad" [40].

In February 1970 the tripartite NIEC, in its *Report on Incomes and Prices Policy*, recalled the principles set down in its 1965 Report (see page 12 above) and listed "possible institutional arrangements" for such a policy. These were (i) a tripartite campaign to promote a fuller understanding of the relationship between income and output, (ii) a periodic review of the economy by the NIEC which could then "enunciate" income "guidelines", (iii) a new employer labour body which would translate these guidelines into "operationally useful terms" and (iv) arrangements for the assessment of threatened or actual settlements above the guidelines [41].

In April 1970 the Taoiseach took the initiative by inviting both parties to a tripartite conference with a view to re-activating the Employer Labour Conference along the foregoing lines [42]. A few days later, in the debate on the budget, the Taoiseach suggested that the survival of free collective bargaining was at risk because of the tendency among employers¹¹ to buy peace at too high a price and because this had resulted in wage incomes (which amounted to 60 per cent of national income) rising three times as fast as national output [43]. The latter point was no exaggeration. For the twelfth wage-round which was by then getting under way was to result in phased increases averaging 27.2 per cent in basic rates in the context of agreements having an average duration of eighteen months; this at a time when the growth rate was only about 4.0 per cent. As for the 7 per cent guideline, it now looked so irrelevant that there was little prospect that any government would soon again try to manage the process of decentralised wage bargaining with a voluntary guideline backed only by price control. For

11. The Government as employer might also have mentioned in this respect see footnote 7.

its part the April 1970 Budget made some slight concessions in respect of income tax but it doubled the 2½ per cent turnover tax to 5 per cent to offset the cost (some £20 million) of these concessions. Thus, contrary to expectations aroused by earlier Ministerial remarks (see page 16 above) the budget did not seriously seek (nor did it have) any perceptible restraining effect on the twelfth wage-round. On the contrary, just as the eleventh wage-round had helped to bring about a supplementary budget in 1968, so the twelfth wage-round was to help to induce supplementary budgetary adjustments in 1970 [44].

However, the above-mentioned unsustainable developments on the substantive front provided a spur to action on procedural matters. The terms of reference of the ELC were approved by both the ICTU and the IEC before the end of April 1970 and the ELC was formally inaugurated the following month. A few weeks later Senator Dunne, speaking for Congress at a meeting of the ELC said:

... this Committee should seek to have the NIEC reactivated for the purpose of hammering out national guidelines. This would be necessary if the ELC were to mesh into gear with the proposals of Report No. 27 [45].¹²

It really did seem as if the machinery for a new era of orderly wage adjustment had finally been pieced together. Ten days later, however, the 1970 Annual Delegate Conference of ICTU emphatically rejected the idea of guidelines "enunciated" by NIEC. This rejection was largely inspired by the ITGWU (the largest affiliate) which felt the idea of the NIEC "enunciating" guidelines was far too vague to be accepted [46]. The NIEC was never to recover from this blow and eventually withered away. The ELC, for its part, was left alone in the centre of the stage to salvage whatever it could from this totally unanticipated setback. The sequence of events from this point forward is taken up in a much more detailed and structured way in Chapters 3 to 7 which form a series of five interlocking case studies of the NWAs 1970, 1972, 1974, 1975 and 1976.

Section 3: *The Employer Labour Conference and the Parties to the National Wage Agreements 1970-1976*

The Employer Labour Conference (ELC)

The negotiations which led to the five NWAs to be reviewed in Chapters 3

12. The NIEC *Report on Incomes and Prices Policy*

to 7 below took place in the Employer Labour Conference (ELC). The essential elements in the Terms of Reference and the Constitution of the ELC were derived from the institutional arrangements proposed in the NIEC *Report on Incomes and Prices Policy* cited on page 18 above. In September 1970 Congress reported to the ELC that as its ADC had rejected these terms of reference it "could not participate in any discussions or moves to implement the NIEC *Report on Incomes and Prices Policy*" [47]. However, Congress then proposed (and the employers and government accepted) a new ELC constitution based on the agenda which had previously been agreed for the talks between FUE and ICTU. The most important subjects falling within the scope of this new constitution were:

- (i) Scope of National, Industrial and Plant Level Agreements
- (ii) Wages, Prices and Productivity
- (iii) Pensions and other Non-Wage Benefits
- (iv) Negotiating Procedures

At its first Plenary Session the ELC decided to establish a Steering Committee (ELC. SC) to deal with administrative matters and a larger Working Committee (or Working Party — as it became known in later years) to carry out the task of national wage bargaining.

The Labour Side of the ELC

The sheer dominance of the ICTU within the trade union movement enabled it to claim exclusive representation on the labour side of the ELC in 1970. Having reunited in 1959 after decades of inter-Congress rivalry (see Section 1, Chapter 3, below) it was determined not to allow any actual or potential challenge by a rival Congress to gain ground.

The ICTU comprises the majority of unions and so of union members whose steadily growing numbers are summarised in the following table.

Table 2: *Labour force, numbers of employees and trade union membership in the Irish Republic 1961-1976*

	<i>Labour force (1)</i>	<i>Number of employees (2)</i>	<i>Trade union membership (3)</i>	<i>Per cent union membership (4) (5)</i>	
1961(a)	1,108,108	(i) 705,190(b) (ii) 649,600	328,000	46.5	50.5
1966(a)	1,118,204	(i) 754,210(b) (ii) 701,993	359,400	47.6	51.2
1971(a)	1,119,531	(i) 801,715(b) (ii) 737,023	386,800	48.3	52.5
1976	1,132,000	(i) 837,000(c) (ii) 747,000	465,362(d)	55.6	62.3

Notes: (1) Refers to total gainfully occupied (aged 14 and over). (2) Refers to the total number of employees in the labour force – (i) indicates the overall total – employed plus unemployed – (ii) indicates the total in employment. (3) Gives total of all trade union members. (4) Expresses (3) as a percentage of (2)(i). (5) Expresses (3) as a percentage of 2(ii).

Sources: (a) for 1961, 1966, 1971 the figures (other than (b)) are taken from Table 2 of ESRI Paper No. 79, (b) *Economic Review and Outlook*, July 1976, Table 10, page 38. (c) CSO unpublished estimates for all civilian employees plus army, (d) ICTU, *Trade Union Information*, Spring 1976, p. 2.

Column (3) shows that the average annual growth rate of union membership has more than doubled in the 'seventies as compared with the 'sixties. An ICTU survey of trade union organisation and membership (1975) gave the following further information [48]. Of the 89 unions in the Republic of Ireland at that time, 71 were affiliated to the ICTU. These affiliates had an overall membership in the Republic of 434,600, or 93.4 per cent of total trade union membership. Of the 18 unions not affiliated, only four had a membership of over 2,000; (Irish Bank Officials' Association (10,000), Marine Port and General Workers' Union (5,900), National Busmen's Union (2,500) and the ESB Officers' Association (2,300)). Seven of the remaining 14 un-affiliated unions had a membership of less than 150.

The activities of the ICTU are governed by a wide-ranging constitution which reveals two major preoccupations that are of direct relevance to the present study. The first is with the creation, maintenance and extension of the conditions necessary for free and effective collective bargaining. In this regard Article 6 lists the preservation of the following rights as priorities:

- (i) the right of freedom of association

- (ii) the right of workers to organise
- (iii) the right to negotiate
- (iv) all such rights as are necessary to trade union functions and in particular the right to strike [49].

The second preoccupation is with the preservation of the democratic system and its use to bring about changes in the economic and social spheres in the workers' interests. Thus, Article 6 also cites the following objects:

- (i) to support the democratic system of government with all this implies for the political and economic system
- (ii) to work for such fundamental changes in the social and economic system as will secure for the workers adequate and effective participation in the control of the industries and services in which they are employed.

While the foregoing "objects" are expressed in rather general terms, the "functions" of Congress are more explicit. The three basic functions may be cited here:

- (i) To further the interests of workers as a whole by safeguarding and improving their living standards and in particular their standards of wages, hours and working conditions.
- (ii) To represent the collective will and purpose of the Trade Union Movement in industrial relations and in legislative and administrative matters. Congress may, when requested by affiliated unions, negotiate at national level with employers' organisations on policy and principles relating to wages and conditions of employment.
- (iii) To promote organic unity within the movement and to strengthen the Trade Union Movement by every means in its power [50].

These excerpts speak for themselves. They are of fundamental importance. Collectively they represent the backdrop against which all of the wage negotiating endeavours of Congress must be viewed.

The constitution of Congress elaborates two aspects of its authority, namely, "governing" and "executive". The locus of the former is fixed by Article 8 of its constitution as follows:

The governing authority of Congress shall be the Annual Delegate

Conference. . . . — (the primary functions of Conference being):

- (i) To debate and approve (or remit) the Annual Report of the Executive Council.
- (ii) To debate, and adopt, remit or reject, motions (and amendments) submitted by affiliates and the Executive Council.
- (iii) To act as a court of appeal in regard to Executive Council Decisions on requests for affiliation or on suspensions [51].

Special Delegate Conferences (other than those of a purely consultative nature) can be called whenever the Executive so decides, or in accordance with a decision of Annual Delegate Conference. Where such special conferences deal with wages policy they typically have the narrower task of debating and deciding on a single important question which usually arises out of a motion put before Conference by the Executive Council or in consequence of a resolution at a previous conference. The position and role of the Executive Council is established by Article 24 of the Congress Constitution as follows:

The Executive Authority of Congress responsible for the implementation of all decisions of Annual and Special Delegate Conferences and for the conduct of the general business of Congress, shall be the Executive Council [52].

This suggests that the Executive Council plays a passive role. It will be one of the tasks of this study to see how Conference and Council have operated in relation to each other.

The Employer Side of the ELC

In contrast with the labour side, the employer side of the ELC was fragmented and unsettled in 1970; it had three main parts and covered some 453,500 employees.

(i) The Irish Employers' Confederation for Industrial Relations

On the eve of the present series of national agreements the private sector federations formed the Irish Employers' Confederation (IEC). The FUE was much the most important founder member of IEC as its members employed more than half of the total number of employees falling within its ambit. The only other bodies of consequence involved in the founding of the IEC were the CIF, SIMI and IPF, three industrial federations covering the construction, motor and printing industries. The IEC covered some 200,000 employees in the early 'seventies and it appeared to give employers and their federations their first real opportunity to develop a full-scale counterpart to

the ICTU.

The most important objects of the IEC were as follows:

- (a) to formulate and apply policies to improve industrial relations;
- (b) to co-ordinate the activities of and between employers and between employers and employees in the field of industrial relations;
- (c) To enter into negotiations and agreements relating to industrial relations;
- (d) to procure and promote legislation in the interests of members and to oppose the introduction of legislation contrary to such interests [53].

The IEC rules on membership indicated that all employers' associations holding negotiating licences would, provided their objects were consistent with those of the IEC, be eligible for admission. State-sponsored companies were also eligible but individual non-federated private sector companies were implicitly excluded. The IEC Constitution stated that all decisions were to be made by the Council and so there was no equivalent to the ICTU Delegate Conference. The IEC claimed the exclusive right to nominate private sector and semi-state employers' representatives to the ELC.

(ii) The semi-state companies

In the early 'seventies there were about 30 semi-state companies which employed some 67,500. Traditionally these did not join employers' federations and their industrial relations practice was distinct from that in the private sector. Five of them were allocated places in the ELC in 1970.

(iii) The government as employer

The government, as employer, became a member of the ELC in 1970, on the recommendation of the NIEC. This committed it to participate in national-level wage negotiations and to apply the terms of any NWA which emerged to all of its employees (who averaged some 186,000 by the mid-'seventies).

Section 4: *The Questions to be Considered*

This first chapter concludes with the following short list of questions which the study hopes to answer.

1. What power groups can be observed operating on the process of general wage adjustment? Can their bargaining behaviour be better understood in organisational and constitutional terms and what does it imply?
2. Can the concepts of the wage-round and/or the wage-round norm be

eliminated? If not, what is the significance of the NWA norm in relation to relative wages and real wages, how and why have the characteristics of such norms altered and what variations might be advisable in different circumstances in the future?

3. Why have below-the-norm wage increases been permitted, how have they been monitored and managed and what changes might be required in this regard in the future?
4. Why have above-the-norm wage increases been permitted, how have they been monitored and managed and what changes might be required in this regard in the future?
5. How have the NWA conflict avoidance procedures worked, what strengths and weaknesses have appeared and what changes might be required in the future?
6. Must government play an active role in regard to wage determination, can it usefully use voluntary or statutory norms, or price control or budgetary policies to hold down the wage-round norm and what are the implications of the answers to these questions for traditional government prerogatives *vis-à-vis* the wage/price/tax nexus?
7. Finally, and most crucially, what does the choice between decentralised and centralised wage-rounds entail and which alternative appears to offer the greatest actual and potential advantage in cost and conflict containment terms?

Chapter 2

THE IMPORTANCE OF THE SUBJECT MATTER AND A CONSIDERATION OF ALTERNATIVE RESEARCH METHODOLOGIES

Preview

This chapter has three sections. The first notes the importance of the subject matter and of the problem which it poses. The second contrasts the deductive and inductive research methods and explains why the latter is considered more appropriate for present purposes. The third section discusses the practical application of the inductive method in the present study.

Section 1: The Importance of the Subject Matter

Our subject is of immediate and enduring interest to wage earners (and their unions), wage payers (and their federations) and national economic policy makers (governments). Nothing so decisively determines the material life-style of the average employee as his wage, while the largest single cost for most employers is undoubtedly their pay-roll. As for national economic policy makers, Haberler has suggested that (for them) "incomes policy has become the hottest problem of macro-economic policy in almost all industrial countries" [1].

In most industrial countries wages dominate any breakdown of national income. In consequence, wage policy tends to dominate any discussion of incomes policy. At national level wage policy is concerned above all with the rate of increase in the general level of wages. While unions are usually of the view that this rate of increase is too low, employers and governments are usually of the view that it is too high. The resultant debate is so intense and the views of the protagonists have such wide ramifications that Haberler's comment (cited above) is scarcely an exaggeration. Certainly few would argue that this topic has ever been far from the centre of the Irish debate on national economic policy in the 1970s. It is, therefore, important that every effort should be made to understand how and why the NWAs occurred and how and why the actual rate of increase in the general level of wages in Ireland in the 'seventies came about. More specifically, researchers in this field should seek to assist policy makers by trying to identify the ways in which, the terms on which, and the extent to which, the actual rate of increase in the general level of wages might be brought closer to some ideal or warranted rate of increase. The extent of the gap between wage incomes

and output shown in Table 3 underscores the urgency of this task.

Table 3: *Trends in industrial earnings, consumer prices, growth and unemployment (1970-1976)*

<i>Year</i>	<i>Average hourly industrial earnings (male adult) (£)</i> (1)	<i>Consumer prices (CPI)</i> (2)	<i>Economic growth (GDP)</i> (3)	<i>Unemployment (live register)</i> (4)
1970	0.547	119.4	£3066.0 (m)	57,660
1976	1.578	270.3	£3743.1 (m)	107,700
Increase	188.5%	126.4%	22.1%	86.8%

Sources: (1) December 1970; see ISB, June 1971, p. 116: December 1976; see ISB, December 1977, p. 287 (Census of Industrial Production: Male Adult Earnings in Transportable Goods Industries).

(2) December 1970; see ISB, June 1971, p. 98. December 1976; see ISB, September 1977, p. 140 (Consumer Price Index — quarterly increases distributed proportionately).

(3) National Income and Expenditure 1977 Tables A4 and A6 (averages of expenditure and output based estimates of GDP at constant 1975 prices).

(4) Live Register, last Friday of December 1970 and of December 1976: Excluding those over age 65 and those on short-time (seasonally adjusted).

While it must be said that they over-simplify the issues the foregoing statistics indicate trends which clearly cannot be ignored without serious risk to the national economy.

Section 2: *A Consideration of Alternative Research Methodologies*

The choice of methodology or research approach should be heavily influenced by the nature of the subject matter, the problem which it poses and the purpose of the research.

The subject matter of this study is the series of NWAs which have dominated the process of general wage adjustment, which process is a central feature of the Irish economy. The problem which that process poses is that the growth of money wages has tended to outstrip the growth of output in recent decades. The purpose of this research is to develop knowledge which will facilitate prescription for change in that process so as to alleviate the foregoing problem.

There is no automatic or enduring agreement about the way in which the output of the economy should accrue as income to various groups or sectors within the economy. The actual gap between output and incomes is largely due to the fact that the aggregate of claims for income increases conceded

exceeds total output. The gap between output and income manifests itself most clearly and weightily under the sub-heading of employee incomes. This is not surprising as wages are much the largest single category of income accruing within the economy.¹ These considerations pose a question as to the relative usefulness for present purposes of alternative research approaches.

The problem just cited is analysed here from an institutional perspective. The institutional approach tends to rely primarily on a process of direct observation. However, up to the present time the task of systematically observing the behaviour of the Irish Employer Labour Conference and of its constituents has been almost entirely neglected. The present study attempts to fill this gap in our knowledge.

It is scarcely necessary here to justify the merits of the institutional approach since the systematic observation of actual behaviour has been recommended by the OECD (1970) [2], Hahn [3], Leontief [4], Phelps Brown [5] and Gordon [6]. Other authorities such as Lindbeck [7], Robinson [8] and Myrdal [9] suggest that there are three issues which seem to be of central importance:

- (a) competing claims for relative income shares
- (b) the power needed to achieve a desired income share
- (c) the implications of the exercise of such power for the notion of autonomous national economic management by democratically elected governments.

If, as seems to be the case to an increasing extent, governments too must struggle to maintain their income share, these three elements can be reduced to two, namely, relative power, which appears to be an increasingly important determinant of the second, namely, relative income.

Section 3: *The Practical Application of The Inductive Approach*

Having concluded that the inductive approach is relevant one must next consider its practical application. Observation is the first task which this method presents. However, neither casual nor random observation is likely to aid discovery. Indeed, Dunlop has suggested that:

... the field of industrial relations research today may be described in the words of Julian Huxley: "Mountains of facts have been piled on plains of human ignorance" ... [10]

1. The latest statistics published show that in 1978 the National Income amounted to £5177 million, of which wages and salaries amounted to £3245 million. (See National Income and Expenditure 1978, Prl. 9113, CSO, Dublin, 1980, Table A1.)

In deciding how to set about the task of observation one must have regard to this serious and valid criticism.

Two variations of the inductive approach to the study of wage determination have been suggested in Ireland. The simplest inductive approach to the subject matter (which has been attempted briefly by C. McCarthy) would be to interpret the NWA texts without reference to their origins [11]. A more complex approach to research of this kind has been proposed by W.E.J. McCarthy and his colleagues. In this case it has been argued that one should:

. . . seek to take the record of events in as comprehensive a form as (is) available and . . . 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 . . . (but) 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 [12].

Following this approach our study began with an exhaustive chronological research (in case-study form) of the documentary record.² The results were then discussed separately and in great detail with the Joint Secretaries of the Employer Labour Conference (the Director General of FUE and the General Secretary of ICTU) and with the government's ELC representatives. The documentary and oral evidence was then integrated into a series of five case studies. Each of these case studies deals with the parties' practical experience with the previous NWA, the formulation of policy based substantially on that experience and the negotiation of a new NWA based on that policy.

It must be admitted that the case study approach has been criticised. In a review of the industrial relations research methods most commonly used in Britain, Bain and Clegg complained that "The case study method . . . has been driven too hard" [13]. This may be a valid point in respect of case studies which are based on a restricted framework drawn from a single discipline or of case studies which have no sequential relationship. Here,

2. This research covered the following items; the Minutes of the ELC (Plenary Session and Steering Committee), the Annual Reports of the ELC, the bargaining records of the ICTU, the FUE and an abstract of those of the DPS; the Annual Reports and other publications of the ICTU, FUE and other Federations; the Annual Reports of the Labour Court and the two thousand Recommendations which it issued in our period; Dáil Debates (1966-1976), all speeches by the Taoiseach and the Ministers for Finance and Labour (1970-1976); all relevant sections of all Agricultural Wages Board, Central Bank, ESRI, Department of Finance (especially Budget and White Paper), NIEC, NESC and OECD Reports issued in the period up to 1976 and various other documents of lesser importance. The study also entailed a detailed statistical survey of the bargaining achievements of two hundred bargaining groups in the period 1970-1976.

however, there are several good reasons for this approach. First, our case studies are to be field determined — not discipline determined [14]. Secondly, the present project is concerned with a series of interlocking agreements which governed the process of general wage adjustment (wage-rounds) which is central to the Irish system of industrial relations. In this regard Dunlop has argued that:

The concept of an industrial relations system is used most fruitfully as a tool of analysis when a specific system is examined in historical context and changes in the system are studied through time [15].

Thirdly, the authors of the written record must be allowed to add their more detailed but unrecorded knowledge to that record. In this regard the systematic structuring of the written record in case study form is at once a necessary aid to the elicitation of their special insights and a counter to *ex post* rationalisation [16]. Fourthly, because a thematic review of major policy issues is our penultimate objective, it might be argued that a study of the evolution of individual ideas over time would serve our needs. However, such an approach would blur, if not conceal completely, the parties' changing priorities and the trade-off dynamics inherent in the succession of bargaining episodes which characterise a continuing collective bargaining and rule-making relationship. In this regard Flanders and Fox have argued that such a relationship "is a power relationship" in which "the process of negotiation is best described as a diplomatic use of power" [17].

In seeking access to the relevant records we have been doubly fortunate. On the one hand, we have had unrestricted access to virtually all unpublished documentation which seemed essential to our task. This is a matter of vital importance for as the Webbs have observed:

We can say with confidence that for our own speciality — the analytical history of the evolution of particular forms of social organisation — an actual handling of the documents themselves must form the very foundation of any reconstruction or representation of events, whether of preceding periods or of the immediate past [18].

On the other hand, there has been a virtually unqualified willingness of the participants to discuss our analysis of the written record and to comment on successive drafts. There is one major (but not fatal) gap in the documentary material. For, at the suggestion of its Chairman, the Employer Labour Conference Working Party (which does all the actual negotiation) stopped keeping

minutes of its proceedings after its second meeting in September 1970. This gap has been closed almost entirely by an examination of the bargaining records of the main protagonists.

The content of each of the four sections in each case study is indicated briefly below.

Section (1): Predisposing factors

This section has four parts. The first reviews organisational and constitutional developments on each side in the period of the preceding NWA. As these matters bear on the potential and actual power of labour market organisations they are fundamentally important. The second part considers the experiences of each side with the preceding NWA; this is important because recently past experience tends to have a vital and direct influence on bargaining behaviour [19]. The third part reviews direct and indirect government action in respect of the application of the existing NWA norm and *vis-à-vis* any new NWA norm which was expected to emerge; this is important in its own right and because of the very decided views which the social partners have in this regard. The fourth part gives a thumb-nail sketch of the national economic position and outlook on the eve of the new NWA negotiations; this is important as such matters are presumed to influence wage negotiations, especially those at the national level.

Section (2): The emergence of union wage policy

This section describes the emergence and the content of union wage policy prior to the (new) NWA negotiations.

Section (3): The emergence of employer wage policy

This section is similar, *mutatis mutandis*, to the preceding one.

Section (4): The course and the results of national wage bargaining

This section notes the nature and content of the bargaining agenda and whether agenda items were handled in any particular sequence or in sets; such considerations are important as they can have a major bearing on the level and content of any NWA. Finally, the key changes introduced in the new NWA are summarised; such changes and the reasons for them are likely to be among the most instructive of all our observations.

Preview to Chapters 3-7

Following the direction of the authorities cited in Section 2 of this chapter, the next five chapters are concerned with the "patient accumulation" of "direct observations" of "the behaviour of economic agents" involved in the NWAs 1970-1976. These five chapters are intended to facilitate the identification and analysis of the key issues and in particular to facilitate a consideration of "the big questions about how and why the institutional structure is changing and where it is taking us".¹ This material is not to be dismissed as being of mere historical interest. For our ultimate objective is prescription for change and that presupposes a detailed knowledge of the *status quo*, of past successes and failures and of the reasons for them. The study now turns to the origins, negotiation and content of the NWAs 1970, 1972, 1974, 1975 and 1976.

The standardised titles of the next five chapters underscore the use of a stable and standardised framework for the presentation of evidence in respect of each successive NWA. This framework highlights the fact that the collective bargaining process, the industrial relations system and their interface with the political system are evolving as a result of the NWAs. The stable analytical framework used in our five case studies facilitates an assessment of the speed, scope and depth of this evolution.

1. These points are made with considerable justification and emphasis by Leontief, Phelps Brown and Gordon as cited at the end of p. 8 above.

Chapter 3

THE ORIGINS, NEGOTIATION AND CONTENT OF THE NATIONAL WAGE AGREEMENT 1970

Section 1: *Predisposing Factors*

(i) Organisational and constitutional developments

The Irish Trades Union Congress (ITUC) was founded in 1894. In 1945 it split into the ITUC and the CIU (Congress of Irish Unions) in a deeply divisive schism between British and Irish-based unions [1]. It was not until 1959 that the movement reunited as the Irish Congress of Trade Unions. In the 'sixties there was less danger (than in the 'seventies) that affiliates would leave as Congress wage policies did not then affect their industrial activities. The first notable organisational disturbance to the ICTU occurred in 1966 when a breakaway group from the ITGWU (the largest affiliate) established the National Busmen's Union (NBU) [2]. This, of course, could not affiliate to Congress. In 1969 the maintenance craftsmen's strike strained relations between the craft and general affiliates almost to breaking point [3]. More than any other single factor it brought a note of urgency to the previously sporadic ICTU search for a coherent wage policy both as an aid to, and as an expression of, solidarity. To this end, as reported in the previous chapter, Congress leaders sought to expand the authority of Congress by persuading affiliates to allow them to negotiate on wages on their behalf at national level as envisaged in its Constitution (see page 22 above). The Executive Council's drive through the 'sixties was (as the President put it in 1968), a drive towards "more forceful, more united and more intelligent action" [4]. The obverse of this theme was echoed at a further SDC in 1969 at which there was a call "to develop a resistance to undisciplined pressures by minority groups and irresponsible elements". This call was countered by the charge that "no unions were guiltless; large unions with small membership in particular firms advancing large claims for that membership as a part of union politics were just as reprehensible" [5]. Replying to that debate the General Secretary spoke of the "urgent need for unity of action" [6].

Faced with the great diversity of interest among their membership and with the entirely passive wage-follower role traditionally played by the government, the private sector employers grappled twice but unsuccessfully with the notion of central organisation in the 'sixties [7]. It was against this unsettled background and in the context of the re-emerging ELC that the

Irish Employers' Confederation was established in 1970.

The fact that the employer side of the new ELC included the government as the largest of all employers was a major departure from previous practice and an organisational/constitutional matter of the first importance. In effect government as employer now abandoned the comfortable convention of being a wage-follower. That convention had given it time to make appropriate budgetary adjustments to meet the cost of paying wage-round norms, had largely eliminated the possibility of a confrontation between the government and its employees on that account and had left open the option of refusing to pay the wage-round norm to its own employees if it felt the norm was unreasonable. But against these advantages it was now realised that a policy of following-on was a policy of non-participation in the formulation of the wage-round norm which matter (as the government was later to recognise) surpassed even the budget in importance in terms of national economic management. It was this consideration which finally impelled the government to become a participant in the ELC in 1970 in the hope that it would thereby be able to bring its influence to bear on the wage-round norm *before* or *as* it emerged.

As to constitutional issues, it was assumed that the weight of the government's moral authority and its largely untried wage bargaining capability would suffice to influence the wage-round norm in this way. There was certainly no suggestion at that time that it should, or would, have to trade its budgetary or other prerogatives in such national level wage bargaining. Beyond this the employer side of the ELC had few pre-determined ideas as to how their constitution would work or as to how their wage policies would be determined.

(ii) Experience with the NWR 1964 (Appendix A summarises the main clauses)

There is no reason to believe that the ICTU had problems in regard to the norm in the NWR 1964. Indeed, that year's ADC passed a motion approving the 12 per cent increase without dissent [8]. However, two important problems of interpretation arose and neither was satisfactorily resolved. First, a divergence of views as to the interpretation of the "conditions of employment" clause led to a major strike in the building industry [9]. This happened because there was no provision for interpretation in the NWR and the ELC and the Labour Court when confronted with the problem chose to avoid it. The NWR's standing was badly shaken in both union and employer eyes as a result. A second divergence of views arose concerning the interpretation of the "Review Clause". The consequences (as outlined in pages 12, 13 above) later prompted the Minister for Labour to remark that "the ninth round ended in a shambles" [10].

As regards the operational effect of the NWR 1964, the ICTU noted in January 1966 that the real wage gain given by the 12 per cent wage increase had been virtually eliminated by a 10 per cent price rise, while it was later noted that by the time the agreement expired real wages had actually fallen [11]. As to relative wages, the NWR norm, being expressed in percentage terms (with a firm floor and a flexible ceiling) did not compress the wage structure as much as most preceding rounds had done. The agreement had no provisions relating to above-the-norm increases (anomalies, conditions of employment (other than hours and leave), or productivity agreements). While there is little evidence of employer concern on foot of these omissions it was obviously felt as they were never repeated.

(iii) Government policies bearing on the process of wage adjustment

The main elements of direct government action under this heading in the 'sixties were as follows. First, there was a fairly sustained effort to persuade Congress and the private sector employers to negotiate at national level as it was felt that this:

... could enable (general wage) adjustments to be made on the basis of an intelligent understanding and interpretation of the national interest ... rather than by procedures of horse-trading and strikes [12].

Secondly, pending the emergence of the necessary institutional framework for national-level bargaining, the government issued voluntary guidelines of 8 to 9 per cent (for the ninth round), 3 per cent (for the tenth round), 4 per cent and later 7 per cent (for the twelfth round). Each was surpassed by a substantial margin although the time-periods covered by the wage-rounds were sufficiently long and flexible to offset most of the budgetary and macro-economic difficulties which would otherwise have ensued. Thirdly, the government endeavoured to underpin its ninth and tenth round guidelines by threatening general legislation. Although, in retrospect, these threats seem less than convincing, the decade ended on a more explicit note when the Taoiseach told the Dáil in April, 1970 of:

... the need to act with restraint and moderation if the free collective bargaining system was to survive [13].

Fourthly, seeing both its wage guidelines and its threats of wage legislation systematically ignored the government also endeavoured to bring increased indirect pressures to bear on the process of wage determination. Both price

control and budgetary policy were used in this way in the 'sixties. The price control system operated under successive sets of criteria concerning the admissibility of the costs of wage increases for price increase application purposes. These criteria varied in regard to the admissibility of the wage-round norm and of above-the-norm increases. In 1963 it was stated that employers would be expected to anticipate wage-round increases and "to offset the effect on costs by improving productivity and not by price adjustments and that trade unions (would) co-operate in all reasonable measures to this end" [14]. When the 1964 NWR was being negotiated there was no apparent suggestion in the exchanges between the government and the parties that any extra productivity effort would be required. The full 12 per cent increase was deemed admissible, where necessary, for price increase purposes. By way of inducement to the social partners to negotiate a further national agreement for 1966 the government stated that one of the advantages would be that such an agreement "would permit the Department of Industry and Commerce to provide for price adjustments where these were necessary to enable the agreed increase to be effective" [15]. However, a later elaboration on this indicated that:

... the present system of price control (would continue and the Government) would not sanction price increases consequential on higher wages except where they are satisfied that all possible steps (had) been taken to avoid or minimise price increases by the parties concerned [16].

Later, when the government's 3 per cent guideline for 1966 had been pushed aside by the Labour Court's £1 per week (9.5 per cent) guideline, the government stated that price increases (to meet the cost) would not be allowed unless:

... a serious effort had been made in the negotiation of wage rates to offset the effect of increases on prices [17].

In January 1970 a new 7 per cent guideline was issued and it was said that manufacturers would have to offset increases in excess of the guideline by measures other than price increases. When asked if a productivity bargain could be used to justify an extra wage increase (i.e., additional to the 7 per cent) the government replied that manufacturers were supposed, in any event, to have reduced their costs to the maximum extent possible by increasing productivity before seeking sanction for *any* price increase [18]. This largely unenforceable policy was still extant when the NWA 1970 was

negotiated.

The fifth element in the government's approach to wage policy was the budget. By tradition the budget was quite firmly removed from the process of wage adjustment. However, when wages began to outpace productivity in the 'sixties the role of the budget in this respect was reconsidered. It was then felt that budgetary action could act upon and deflate an emerging wage-round norm. Prior to 1970 governments had never considered the reverse, namely, that the wage-round might act upon and inflate the budget.

Yet, paradoxically, one of the earliest interactions between the budget and the wage-round was the reverse. In effect wage increases, higher than might otherwise have been allowed, were proposed by the government to offset the introduction of a new sales tax [19]. This bizarre government offer of wage compensation for tax increases was never subsequently repeated. But if the practice of buying consent to higher taxes by allowing higher wage increases was short-lived, the opposite practice of seeking to buy lower wage increases by reducing taxation was soon to become a very hardy annual indeed. It made its first fleeting appearance in May, 1969, in the aftermath of the maintenance craftsmen's strike, when the Minister for Finance said he proposed to seek "an acceptable realistic policy for incomes" by giving "budgetary measures" a "vital role" in this regard [20].

Thus, on the eve of the series of national wage agreements which have dominated the nineteen seventies, the government still retained all of its procedural and substantive budgetary and policy-making prerogatives *vis-à-vis* the process of wage determination. However, the government had half-heartedly and unsuccessfully cast the first grappling-iron from the budget to the wage-round. After some initial hesitation the social partners were, as will be reported later, to return the traffic to an extent beyond the government's wildest and worst imaginings.

(iv) The general economic position and outlook at the start of the 1970 NWA negotiations

Reviewing 1970, the ESRI *Quarterly Economic Commentary* of September, 1970, referred to the "almost unprecedented rate of inflation" (about 8.5 per cent) in the preceding twelve months. It noted that the early statistics for the volume of industrial output, employment, volume of imports and retail sales indicated that it had been a period of almost total stagnation in internal economic growth. However, it suggested that a continued expansion of the economy in the latter half of 1970 might result in a growth rate of about 2½ per cent for the year. Turning to the prospects for 1971 the *Commentary* suggested there could be a growth rate of slightly less than 4 per cent, that price inflation would moderate somewhat but that the balance of payments

deficit would rise alarmingly to £85 million [21]. This then was the general national economic setting in which the negotiations for the NWA 1970 were to take place.

Section 2: *The Emergence of ICTU Wage Policy*

In keeping with the spirit of the time the 1970 ADC had no less than six motions related to prices and incomes policy on its agenda. Only one of these (moved by the English-based AUEFW) was negative. It called for an "implacable opposition" to prices and incomes policy; it was easily defeated [22]. Another motion (moved by the WUI) sought a commitment to a voluntary incomes policy. Presenting it, the WUI spokesman said:

The alternative to taking this vital decision is that we continue to pursue our own sectional selfish objectives without regard to the damage wreaked upon our fellow workers or the economy itself. . . . when categories of workers try to break out of the existing patterns of relativities, there is set in motion a completely irreversible trend, which continues to its ultimate end regardless of the consequences [23].¹

Despite this plea the motion was lost. These apparently contradictory decisions prompted the General Secretary to explain that rejection of any motion left the pre-existing policy position unchanged [25]. Two other motions noted the serious consequences of indiscriminate wage claims and referred to the plight of the lower-paid under decentralised wage bargaining [26]. The proposer² (VTA) of one of these motions observed:

. . . there is nothing more savage, nothing more capable of pursuing self-interest than a trade union bent on seeing its own interests satisfied . . . [27]

No delegate contradicted this assertion and both motions were adopted. Another motion adopted summed up and reaffirmed Congress wage policy (see page 11 above) as stated in 1965 [28]. It is remarkable and significant that none of these motions contained a single specific numerical target. This pattern was to be repeated throughout the 'seventies.

Four other wage-related motions adopted are noteworthy for their substantive content and their procedural aspect. The first of these called on the

1. This was no more than a factual statement about the decentralised bargaining experience of the late nineteen sixties [24].

2. Dr Charles McCarthy; President of Congress in 1963/64 and currently Professor of Industrial Relations at Dublin University.

government to take action in regard to the implementation of equal pay and:

recommended the rejection of any wage settlements which did not provide for progression towards equal pay [29].

The second motion called on the Executive Council "to seek increases in personal income tax allowances" through political channels [30]. (In fact there was to be virtually no reference to income tax in the 1970 NWA negotiations.) The third motion related to price inflation and price surveillance. The fourth motion adopted called for the introduction of sick pay and pension schemes where none existed [31].

In passing one must note that the 1970 ADC passed two motions condemning legislative and judicial efforts to delimit the right to strike and picket [32]. On the other hand, that same Conference adopted a motion approving Executive Council proposals for the introduction of two types of picket, namely "general" and "particular" [33].³

Section 3: *The Emergence of Employer Wage Policy*

In 1970 (as on previous occasions) the FUE took the initiative in proposing national-level wage negotiations. By ratifying the NIEC *Report on Incomes and Prices Policy* the FUE and the more important industrial federations publicly committed themselves to this course.

Wage policy formation procedure in the IEC was inchoate in 1970. The IEC was then little more than a standing committee which facilitated the co-ordination of policy suggestions formulated by its constituents. In practice virtually all inputs to the process of wage policy formation came from the FUE. Within FUE the initiative lay with the secretariate whose working papers were discussed by the Executive Committee, which in turn sent policy proposals forward for discussion and ratification by the National Council. In 1970 neither the IEC nor the FUE had anything remotely equivalent to the Delegate Conference of Congress.

The public sector representatives on the ELC found themselves in a new and unfamiliar role in which independent initiative offered little hope of praise and considerable risk of blame. They, therefore, had little option but to acquiesce in the wage policy proposals which emerged from the IEC.

Documentary evidence concerning the emergence of employer wage policy for 1970 is very slight. However, a subsequent FUE Annual Report summarised it as follows:

3. A particular picket indicates that only one union is in dispute. A general picket approved by Congress invites all other unions to support the union in dispute.

The principal points which the employer negotiators kept (in mind) during the wage discussions with the ICTU were first, to keep increases in wages and salaries to as realistic a level as possible; secondly, to secure a period of industrial peace, and thirdly, to contain and slow down inflation [34].

Greater detail as to the employers' preoccupations can be inferred from a list of ideas put forward by the FUE at a preliminary meeting of the ELC Working Party in June 1970. The list was as follows:

- (i) wage increases should be related to the growth of real national income
- (ii) the lower-paid should have preferential treatment
- (iii) wage policy would have to contain industrial conflict
- (iv) a voluntary policy was preferred to statutory restrictions
- (v) the dispersion of termination dates should be reduced by extending existing agreements
- (vi) serious recently-created anomalies would have to be taken into account
- (vii) employers should be free to claim inability-to-pay in certain circumstances
- (viii) wage policy might provide indexation to preserve the first £15 of every wage
- (ix) it should in the last analysis provide for a final and binding decision by the Labour Court in respect of claims of inability-to-pay by employers or anomalies by unions
- (x) it should provide for adjudication as to the appropriate norm for the wage-round if the IEC and ICTU failed to agree
- (xi) it should establish criteria for relating changes in performance to changes in pay as a result of the introduction of new methods of working, the removal of restrictions, the acceptance of new standards of performance and the development of new skills [35].

This listing of areas in which employers might respond to union preoccupations and persuade unions to respond to theirs, foreshadowed the developments which were to follow in the 'seventies in a remarkable way.

Section 4: *The Course and the Results of National-Level Wage Bargaining in 1970*

The ELC terms of reference largely determined the national-level bargaining agenda. In effect everything falling within the conventional scope of

collective wage bargaining was presumed admissible. There was no serious suggestion that the agenda be reduced or extended and the items on it were negotiated *seriatim* (rather than simultaneously) and in an unstructured way.

The termination dates of twelfth-round agreements were dispersed over a period of almost twenty-one months. As this historical peak of temporal disorder posed a serious threat to any NWA which might be superimposed on it, it was the first problem to be considered [36]. In the end, apart from a decision to negotiate a six-month extension of the then current agreements of the wage-leaders (the craftsmen) the problem was set aside and the NWA 1970 provided that new wage agreements should be for eighteen months "in all cases".

By way of further preliminary to the wage negotiations proper the ICTU stated that price control was essential and that the employment situation would have to be taken into account. In reply the employers said that external influences would make it "unwise to make any pronouncements in regard to price stability" and that any discussion of employment would involve the ELC in the area of redundancy legislation [37]. Neither matter was subsequently seriously pursued by Congress within the ELC in the period up to 1976. (Needless to say, however, Congress was to have much to say about them in other quarters.)

Attention now turned to the question of the wage-round norm. A discussion document, containing what became known as the XYZ formula, was tabled by Congress (see Appendix B). Although this was not pursued it was to have a subtle influence on Congress policies and strategy in the years which followed.

In September 1970 the ELC asked the Chairman to draft a set of proposals which would provide a basis for discussion. His proposals and the reactions to them are summarised in the following table.

The bargaining now concentrated almost exclusively on the level and structure of the norm. An employers' memorandum hinted that they might be prepared to agree to the Chairman's proposals on price control and with the idea "that dividend payments will not exceed the rate of increase of wages and salaries" [41]. However, neither item was subsequently mentioned. The employers also decided that while special low pay cases might be considered by an independent arbitrator, low in this context would mean low relative to other employees doing the same (or similar work) in the same (or comparable) industry in the same area. In other words occupational *and* industrial *and* regional differentials were to persist in compound fashion [42]. This restrictive view made little progress.

By early October it was clear that there was little prospect of agreement. The government, hoping to avoid a deadlock, indicated that it would take

Table 4: *Summary of the ELC Chairman's proposals (September 1970) and the ICTU and IEC reactions to them*

<i>Chairman's proposals [38]</i>	<i>ICTU reaction [39]</i>	<i>IEC reaction [40]</i>
1 Phase I, 6%, Minimum £1.20. Maximum £1.80; 12 months	1 Increase too low	1 Increase too high
2 Phase II, 2%, Minimum £0.40, Maximum £0.60 6 months	2 Cash not percentages	2 No comment
3 "Reconsideration" of position if real wages had not risen by at least 3% after 12 months	3 No comment	3 Inability-to-pay clause essential
4 Twelfth round issues to be resolved at the Labour Court	4 No comment	4 No comment
5 Cost of improved conditions of employment to be offset against the above-mentioned wage increases except in the case of anomalies	5 No comment except that above-the-norm productivity agreements to be permitted	5 Co-operation essential to offset the cost of the norm to some extent
6 Strict price control to operate on certain essentials at retail level; only the cost of paying the norm to be admissible for price increase purposes	6 No comment	6 No comment
7 Dividends to be restricted in 1971 to the 1970 level or to the average of the past three years if 1970 proved abnormally low	7 No comment	7 Dividends to be free to rise with wages
8 Professional fees to be kept in line with the norm by extending the coverage of the Restrictive Trade Practices legislation	8 No comment	8 No comment
9 Tax increases in 1971 should be confined to what is necessary to preserve the real value of social welfare benefits in 1971 [39]	9 No comment	9 No comment

Note: No government reaction was recorded at the ELC.

action if the ELC failed to finalise a NWA which would be in the national interest [43]. Yet deadlock was reached almost immediately. The Congress two-phase cash claim was for at least 20 per cent on the then average wage over 18 months while the employers offered 9 per cent on the same basis [44]. The ELC Chairman now suggested (in a radio interview) that the government should intervene. He was immediately dismissed at the instigation of Congress. At an ELC Plenary Session on October 15 each side reiterated its views. Congress insisted that its 10 per cent first phase claim (in fact it was just over 13 per cent on the then average wage) was fully justified by reference to 7½ per cent inflation and 2½ per cent growth in 1969. The employers felt their 6 per cent first phase was more than could be justified by reference to growth prospects for 1971. However, it became clear that neither side wanted the chaos of a free-for-all or the rigidity of wage legislation. Nevertheless, no agreement was reached and the ELC adjourned *sine die*.

The next day the Minister for Finance published a Bill to control all forms of income for the period up to the end of 1971. Wage and salary increases were to be restricted to 6 per cent (minimum £1.20, maximum £1.80) and all other claims were to be banned. This norm was equivalent to Phase I of the Chairman's proposals and of the employers' final offer. The Bill also contained an embargo on claims for improvements in conditions of employment [45].

Anticipating a vehement reaction from Congress the Minister justified his action by referring to the "truly staggering claims" already submitted at industry level [46]. It was stated that these claims would, if conceded (even to half or a third of their extent), create precedents which would be totally unsustainable if applied to all groups. Faced with this prospect and recalling the experience of the twelfth wage-round the Minister said that neither government exhortations nor price control had much hope of preventing the generalisation of trend-setting wage increases [47]. Finally, the Minister observed that the idea of indexation was the fatal circular reasoning in the Congress wage policy [48].

Specifically, the industry-level wage claims now cited related to the electrical contracting and building industries. As regards electrical contracting, massive and competing wage claims had emerged from the two unions involved. The smaller union (which was in a precarious position as it had little more than one hundred members in the industry) claimed a staggering 93 per cent increase. The second union (being more secure and representing the other 900 craftsmen in the industry) claimed 46 per cent and a site allowance which would bring the total up to 66 per cent [49]. This competitive wage claim behaviour by these unions was virtually a carbon copy of their behaviour in 1966-68, which behaviour had ultimately led to an increase of 39.4 per cent within a two-year period [50]. Claims on the

building industry amounted to 35 per cent for craftsmen and 40 per cent for building labourers [51]. The Maintenance Craftsmen and the FUE Contract Shop Unions, whose settlements had a most coercive influence on industrial wages generally, had claimed 30 per cent [52]. Wage leadership by these industries had long been part of the conventional wisdom and indeed subsequent research has thoroughly substantiated it [53]. Finally, the Electricity Supply Board had a claim from NEETU for between 42 and 48 per cent [54].

Notwithstanding these claims the ICTU was outraged by the Minister's statement which it considered premature and totally unwarranted. It decided (i) to carry out a legal examination of the proposed legislation, (ii) to establish a political action committee to take all possible political counter-measures using the full weight of the trade union movement, (iii) to avoid any further ELC meeting, (iv) to consider leaving the NIEC and (v) to demand a meeting with the Taoiseach [55].

Between the announcement of the Government's initial proposals and the ratification of the national agreement which eventually emerged, the government was to make four successive concessions to the unrelenting pressure from Congress. First, by the time the Bill was placed before the Dáil the government had agreed to honour existing agreements [56]. Secondly, in response to ICTU insistence that there would be no further national negotiations unless the 6 per cent norm was omitted from the Bill, the government decided instead to make provision in the Bill for specification by order of the "authorised" wage increase should the need arise [57]. Thirdly, the Minister indicated in the Dáil that if an "acceptable" National Wage Agreement were to emerge, he would make an order giving it the force of law. This too met with fierce ICTU opposition and once again the government withdrew [58]. Fourthly, when an agreement did emerge ICTU refused to ratify it until the Bill was withdrawn in its entirety [59]. Again the government conceded.

These decisions were taken without consultation with the IEC which subsequently complained that this had placed it at a bargaining disadvantage [60]. Nevertheless the IEC agreed to re-enter negotiations because they felt that even if the legislation were effective for a time it would lead to unofficial strikes, bans on overtime, working-to-rule, possible political demonstrations and ultimately to a wage explosion. Discussions were renewed on 16 November 1970. At the outset Congress said they wanted an ELC Chairman with negotiating experience; as none such could be found it was agreed to continue without a Chairman. The government representatives at the ELC Working Party announced that they were withdrawing. The evidence suggests that neither of these factors created any difficulty in the negotiations which followed.

Although it proved impossible to locate any detailed written record of the renewed negotiations two sets of draft proposals (one from each side) issued on resumption provide a clear indication of the objectives at that stage. These can be summarised as follows. Congress wanted a cash norm, full indexation for those on the average wage or less, freedom to exceed the norm if both parties agreed to this locally, an 18-month agreement but shorter agreements for late-starters, existing productivity schemes to be excluded, freedom to negotiate locally on conditions of employment and no ban on industrial action once a Labour Court Recommendation had been issued [61]. The IEC by contrast wanted a percentage norm (with a cash floor and ceiling), more moderate indexation to protect 75 per cent of the average wage, no locally negotiated above-the-norm settlements (except as specified in the NWA text), an 18-month agreement for all, some provision on inability-to-pay, the inclusion of productivity agreements, local concessions on conditions of employment to be offset against the wage-round norm or to be restricted to anomaly cases and a guarantee of industrial peace after the issue of a non-binding Labour Court Recommendation [62].

The norm finally agreed was as follows:

- (1) Duration: 18 months
- (2) Phase I: 12 months
£2.00
- (3) Phase II: 6 months
4% plus 15 pence per point rise in CPI over 4% in Phase I
- (4) Equal Pay: 85 per cent of above or higher if previously agreed.

The NWA 1970 which incorporated this was ratified on 21 December 1970.

Summary

1 Organisational and Constitutional Developments

The shock effect of the maintenance craftsmen's strike became the catalyst for a more unified approach to wage policy on both the labour and employer sides. The government as employer participated (passively) for the first time in the ELC.

2 The NWA Norm

The level of the phase one increase and its duration were very similar to

preceding wage-rounds. A cash increase was used to attract the vote of the large general unions. Phase two contained the first-ever national level indexation (but this was partial rather than proportional).⁴

3 *The Rules for Below-the-Norm (BTN) Payments*

There were no explicit rules of this kind. The "norm" clause implied the possibility of BTN settlements but these seemed unlikely to materialise.

4 *The Rules for Above-the-Norm (ATN) Payments*

Above-the-norm pure and simple was ruled out explicitly. Anomaly ATN settlements to re-establish past relationships were permitted. Conditions of employment ATN settlements were permitted for "sound and valid reasons". No formal monitoring or control provisions were introduced. Productivity ATN increases were permitted — but were not subject to any criteria, reporting or assessment.

5 *The Rules for Conflict Avoidance*

Industrial action was ruled out for ATN pure and simple, for anomalies (wages or conditions) and for productivity increases. Procedures for ATN were to include negotiation, conciliation and Labour Court investigation. Procedures for NWA interpretation were included but there were no procedures for adjudication on breaches of the NWA.

6 *The Role of the Government (as such)*

The government's wage guidelines were ignored but its unique explicit threat of incomes legislation broke an otherwise apparently unbreakable deadlock. Price control and budgetary developments remained peripheral to the NWA negotiations. The government's budgetary prerogatives were not impaired by the 1970 NWA.

4. Partial indexation is defined as a fixed cash increase per percentage point rise in the price index. Proportional indexation is defined as giving a fraction of a percentage point wage increase for each one per cent increase in the price index.

Chapter 4

THE ORIGINS, NEGOTIATION AND CONTENT OF THE NATIONAL WAGE AGREEMENT 1972

Section 1: *Predisposing Factors*

(i) Organisational and constitutional developments

During the period prior to the negotiation of the NWA 1972 the VOA (171 members) and the IVU (679 members) affiliated to Congress. There were no disaffiliations [1].

At the ADC 1971, a motion entitled "Trade Union Voting Procedures" was adopted. This referred to the confusion caused by the variety of union voting procedures and it called on the Executive Council to make a report with recommendations [2]. However, this was not done and union decision-making procedures still vary very considerably.

In 1972 the ICTU successfully proposed that each side of the ELC be enlarged from 21 to 25 when the Congress Executive was so enlarged [3]. A later demand for representation on the ELC by an affiliated union not represented on the Congress Executive was firmly rejected by the Executive Council [4].

During the course of the NWA 1970 the LGVA, DMVA and the ECA/AECI (representing vintners, victuallers and electrical contractors respectively) joined the IEC. The main commercial semi-state companies were invited to join IEC in 1971 but initially they declined to do so. Other federations declined an invitation to join; however, as these were primarily trade associations their initial absence was not important. All non-federated private sector employers were, *ipso facto*, excluded. The most notable of these were the commercial banks¹ and the farmers.

(ii) Experience with the NWA 1970 (Appendix A summarises the main clauses)

(a) *The duration and temporal dispersion of the NWA norm (Clause 3)*

The NWA 1970 offered a norm in the context of phases of a standard duration. In our survey of 200 bargaining groups, the only exception which proved the general acceptance of this rule was the unilateral decision by the

1. For part of the period under review these employers were contributing to FUE for an "information and advisory service".

Agricultural Wages Board to make the first phase of the NWA 1970 (13 I)² open-ended. However, the NWA 1970 was superimposed on the widely dispersed termination dates of the decentralised twelfth wage-round agreements which preceded it. Predictably, this led to a growing sense of relative deprivation among the "late-starters" who still trailed the wage-leader groups (the early-starters) by up to fifteen months in a period of escalating inflation. When their dissatisfaction was made clear at the ICTU SDC of February 1972 the General Secretary insisted that the problem could only be resolved in the context of a series of NWAs. There was no disagreement on this point [5].

The notion of equal treatment for all groups of organised wage earners lay at the heart of the first NWA. But, initially at least, efforts to realise this objective were circumscribed by the pre-existing wage structure and the fact that the transition from open-ended to fixed-term wage agreements preceded the standard-duration concept by five years (or three wage-rounds). Precisely because equal treatment as regards wage increases was seen as the first priority the ICTU rejected a suggestion that the termination date problem could be resolved by paying varying wage increases to different groups, to cover varying periods, all of which would run up to some common date [6]. There is no evidence that the dispersion of termination dates gave rise to practical problems for employers during the course of the NWA 1970.

(b) The invariant nature of the NWA norm (Clause 3)

The point at issue here was whether an employer could decide to pay less than the NWA norm or whether a union could claim more than the NWA norm without going through NWA procedures. Congress had always assumed that the NWA norm was an universal entitlement. A number of events now served to reinforce this view. First, in September 1971 Córas Iompair Éireann (CIE) the largest employer in the state, argued that certain grades who were paid a percentage of the craft rate should be paid the same percentage of the £2.00 first phase of the NWA 1970. When asked for an interpretation the ELCSC ruled that every employee covered was entitled to the full £2.00 [7]. The same principle was applied in an employment with day workers on a 42½ hour week and shift-workers on 38½ hour week [8]. Later it was decided that improvements in a firm's pension scheme could not be offset against the amount of Clause 3 increases [9]. It was also ruled (twice) that if an employer declined to pay the full Clause 3 increase (the norm) on the due date, the unions could take immediate industrial action on that account [10]. In such cases the unions were not even obliged to go to conciliation, much

2. For short, the first and second phases of the NWA 1970 (which was the thirteenth wage-round) are referred to as 13 I and 13 II; similarly the phases of the NWA 1972 as 14 I and 14 II; the phases of the NWA 1974 as 15 I, 15 II and 15 III; the phases of the NWA 1975 as 16 I, 16 II, 16 III and 16 IV; the single phase of the NWA 1976 as 17 I.

less to the Labour Court, as would have been common practice in regard to disputes about payment of the wage-round norm under decentralised bargaining.

Faced with an average first phase wage increase of over 10 per cent employers naturally gave consideration to ways in which the cost increase involved might be avoided, deferred, mitigated by way of a plea of inability to pay³ or offset by increased productivity. One small provincial FUE member who expressed an interest in opting out of the NWA was advised by FUE that it would be expected to follow FUE policy as contained in the NWA. The notion that an employer might pay less than the standard Clause 3 increases (or pay the norm belatedly) on the conventional collective bargaining grounds that (in his opinion) it was excessive, was never mooted, much less accepted. Finally, Clause 1 of the NWA 1970 appeared to offer the possibility of offsetting the cost of Clause 3 increases through trade union co-operation in changing working practices but there is little evidence that this had any practical effect.

The only comfort for employers in regard to Clause 3 was the provision that barred industrial action in pursuit of above-the-norm wage-round increases. Clause 3 was a maximum and with very few exceptions operated as such [12]. An interpretation in July 1972 underscored this point by ruling that a domestic agreement which would give more than Clause 3 was superseded by the NWA [13]. However, there was nothing in the 1970 NWA which explicitly precluded payments in excess of the norm by private mutual agreement, particularly where the union and/or the company were not party to the NWA.

In the light of these experiences it was inevitable that the employers would seek relief in any negotiations for a new NWA.

(c) The NWA norm and wage structure (Clause 3)

The £2.00 first phase of the 1970 NWA prompted the Labour Court to enquire whether it could recommend more than the standard £2.00 increase in order to rebuild differentials which had been eroded by that phase. The ELC.SC emphatically rejected this idea on the grounds that the cash increase was expressly intended to give preferential treatment to the lower paid [14]. However, the General Secretary of Congress later revealed the unions' discomfort on this count at the SDC of February 1972 when he said:

If we make the mistake of having divisions among us on the basis

3. A question as to whether an employer could unilaterally cut wages was referred to the Steering Committee which advised that such a decision would contravene the National Agreement [11]. The notion of bilaterally agreed wage cuts is virtually extinct in unionised employments in Ireland.

of higher-paid workers demanding percentage increases and lower-paid demanding flat rate increases, then we pass the decision (on general wage relativities) into other hands [15].

In conclusion, he suggested that a "marriage of convenience" of combined cash and percentage increases was probably the only course open in the short-term.

The IEC, although not deeply concerned on this account, felt that differentials could not be altogether ignored.

(d) The NWA norm and real wages (Clause 3)

In the speech referred to above the General Secretary of Congress said "it (was) not sufficient to think in terms of a sum of money when inflation can make money terms meaningless" [16]. Then having argued that a price control system was necessary he continued:

... there is no price control mechanism quite so effective as the escalator clause in (national) wage agreements [17].

and he concluded:

Of course the escalator clause is designed not only to exert a powerful (downward) influence on prices, but also to ensure that wages should continue to stand aside from, or ride above, inflationary pressures [18].

In practice the NWA 1970 escalator had fallen short of this objective as it only preserved the value of the first £15.00 of any wage. Nevertheless, it was an important beginning. Acceptance (after some hard bargaining in the ELC and some salesmanship at the SDC) of the idea that indexation would be *ex post* rather than *ex ante*, or both together, was an important change in the long-term strategy which Congress leaders had first outlined in their XYZ formula (see Appendix B).

In signing the NWA 1970 employers accepted a measure of partial indexation for the first time ever. But this was done in the context of fairly stable single digit inflation and of downward inflationary expectations. Nevertheless, there was some unease and concern about the unit cost implications of this aspect of that agreement.

(e) Inability-to-pay (Clause 3)

As indicated at (b) above the employers' experience now prompted them

to consider more formal provisions under this heading.

(f) The NWA norm and equal pay (Clause 3)

The NWA 1970 clause on equal pay was uncomplicated and unremarkable except that, almost uniquely as regards the relationship between national and domestic agreements, it provided that more favourable equal pay arrangements in domestic agreements would take precedence over those of the national agreement. In 1971 the Commission on the Status of Women asked the ELC to consider this issue and Congress subsequently made it clear that the recommendations of the Commission and Congress policy would have to be taken into account in any future national negotiations [19]. Congress, at this stage, appeared to be sympathetic to the employer view that the problem should be resolved through NWAs rather than through legislation [20].

While the employers felt equal pay for equal work was inevitable they hoped to have it phased in slowly through the voluntary NWAs and to avoid any rigid deadline for final implementation [21].

(g) Anomaly wage increases (Clause 6)

The perennial problem with anomaly wage claims prior to 1970 had been the absence of any agreed definition. In this respect the NWA 1970 took an historic step forward by proposing that formally established past wage relationships (parity or relativity) be deemed legitimate and that where they had changed they could be re-established.

In November 1971 the ELC.IC ruled that anomalies should be removed by means other than a change in the standard duration [22]. When the ELC.SC was asked whether a small regional differential (between Dublin and provincial wage rates, negotiated by an industry-wide bargaining unit) could be treated as an anomaly, it replied in the affirmative. This implied that purely geographical differentials were anomalous [23]. When asked by the NUJ whether "comparisons with British rates of pay (for journalists) were relevant under Clause 6 of the NWA 1970" the Steering Committee advised that this was a matter to be determined by the Labour Court [24]. In fact airline pilots are probably the one exception which proves the rule that comparisons with foreign wage rates are not considered relevant in Irish collective bargaining. Later two unions argued that any multiplicity of rates within a bargaining unit should be reduced and that a non-standard indexation base period would create further anomalies. It was felt that both points could be resolved in future NWAs [25]. There is little evidence that unions found the 1970 Anomalies Clause particularly irksome. Yet, paradoxically, that Clause was to be relaxed substantially in the NWA 1972.

The employers had a number of problems with the anomaly clause. The

first and most immediate of these was the transitional question as to whether the increase of £2.00 paid to maintenance craftsmen to cover an extension of their 1969/70 agreement for the six months prior to the start of the NWA 1970 was a valid basis for an anomaly claim by unskilled workers. The ELC.SC said "no" [26]. Another difficulty arose out of this case when one of the craft unions asked the Labour Court whether anomaly claims could be pursued *after* the group in question had received payment of the first phase of the NWA 1970. The Court, giving its first (and last) "interpretation" of a National Agreement, said "yes". This was challenged by the employers who argued that anomalies "had to be claimed when the implementation of Clause 3 was being discussed" [27]. While no agreement was ever reached on this matter at the ELC.SC, the Labour Court's interpretation has prevailed for over a decade. Another issue which arose on the employers' side was whether the word "related" in the anomalies clause had a bearing on the question of parity of wage-rates between distributive trades which were organised in separate bargaining units in different towns. The ELC.SC felt that this should be handled by the Labour Court as it was a question of fact. The outcome is not clear but in a somewhat similar case (the construction industry — a single bargaining unit) the Labour Court decided to level rates in lower-paid regions up to rates in the higher-paid ones [28]. But overall there was very little employer reaction to the 1970 anomaly clause. This is surprising for several reasons. First, although restrictive in appearance, the clause seemed to legitimate established past relationships regardless of changing circumstances. Secondly, there was no restriction on the numbers, incidence or level of anomaly settlements. Thirdly, the government's budgetary policy had been upset by above-the-norm pay settlements emanating from the disjointed Conciliation and Arbitration (C & A) arrangements in the public service. Finally, a decision in October 1971 to implement a 10 per cent "grade increase" to the EO and HEO grades in the Civil Service subsequently led to a similar settlement throughout the public service. (Indeed the union concerned (LGPSU) later suggested that that settlement went round the economy within two years.)[29]

(h) Incentive payment schemes (Clauses 8 and 9)

The 1970 NWA upheld the *status quo* unless changes were introduced through "direct negotiation" or "any other agreed procedure". Industrial action in pursuit of change was barred. The same principles applied to the introduction of new schemes.

These clauses now appeared to imply that while an employee who earned, say, £20 basic and £10 in proportionately related earnings could have his earnings increased by £3 per week by phase one of the 1970 NWA, another

employee who, for higher skill or responsibility, received a basic of, say, £30 and no bonus could receive only £2 under that phase. The ELC.IC decided on a similar issue as follows:

where there is a definite relationship between existing piece-work rates and existing basic rates it would be consistent with the National Agreement to take into consideration such a relationship when determining new piece-work rates [30].

These points are of greater importance, the lower the ratio of basic to bonus.⁴ Furthermore, while an employer might negotiate a downward adjustment of piece-rates based on basic, any down-grading of piece-rates fixed independently of basic appeared to be precluded.

The above-mentioned clauses also seemed to curtail the right of some employers to unilaterally alter or withdraw incentive schemes with or without notice. The following interpretation confirmed this impression:

Where a conflict arises between the provisions of Clauses 8 and 9 of the National Agreement and any provision in a private Productivity Agreement or Incentive Payment Scheme, Clauses 8 and 9 of the National Agreement take precedence over . . . the domestic agreement . . . [31]

Some managements may have been concerned about this curtailment of their power to control existing bonus earnings. Their federations, however, were far more concerned with alleged new productivity deals in which employers offered large above-the-norm wage increases in return for over-valued productivity improvements. One agreement which attracted considerable comment on this account was concerned with Clerical and Administrative grades in the ESB [32]. In fact, it was this case which first highlighted the lack of objective NWA criteria by which productivity agreements might be judged. Furthermore, it was the novel decision of those who negotiated that

4. Two extreme examples of a fixed relationship between basic and bonus highlight the point at issue.

A. Initial Basic	£40
Initial Bonus	<u>£ 5</u>
Initial Total	<u>£45</u>
Add NWA Increase (£2)	
New Basic	£42
New Bonus	<u>£ 5.25</u>
New Total	<u>£47.25</u>
Gain: £2 norm + .25 "excess"	

B. Initial Basic	£ 5
Initial Bonus	<u>£40</u>
Initial Total	<u>£45</u>
Add NWA increase (£2)	
New Basic	£ 7
New Bonus	<u>£56</u>
New Total	<u>£63</u>
Gain: £2 norm + £16 "excess"	

agreement to submit it to their own Joint Industrial Council (JIC) "for adjudication on its validity within the terms of the National Wage Agreement" that first underlined the absence of nationally-agreed methods and machinery for assessment. (In 1975 another ESB clerical agreement attracted Ministerial intervention and its wage terms were substantially cut as a result.)

(i) Conditions of employment (Clause 7)

The ambiguity of this clause caused serious difficulties during the NWR 1964. It is, therefore, surprising to find ambiguity and contradiction combined in the NWA 1970, Clause 7 of which stated that:

Conditions of employment . . . shall remain unchanged . . . (but) where circumstances provide any party with sound and valid reasons for seeking a change in conditions of employment, discussion shall take place between the parties concerned with a view to seeking agreement.

This was bound to cause difficulties and the employers were soon perturbed by a major dispute in CIE concerning annual leave. When that dispute was considered at the ELC.PS their spokesman said:

Whatever about the actual wording of Clause 7 (we) thought it was the agreed intention to provide that claims for improved conditions of employment should not be made [33].

The employers felt that any ELC statement that such claims could be made could lead to a collapse of the NWA. It was, therefore, scarcely surprising that both the Labour Court and the employers rejected a Congress suggestion that there be a forward commitment to introduce increased leave in CIE at the end of the NWA [34]. This implicitly established two principles which still hold sway; ATN claims must be negotiated within the time-span *and* with full regard to the terms of the current NWA. Bargaining in "futures" is, therefore, not admissible.

The absence of a definition of "sound and valid reasons" allowed the Labour Court to continue to "tidy up by levelling up". One of its major moves (which was roundly condemned – but accepted – by the employers concerned) was to deal another blow to regional disparities by recommending a reduction of 1½ hours in the working week of provincial building employees to put them on a 40 hour week, which already operated in Dublin [35]. These two major cases were sufficient to convince employers of the need to refine the criteria for change in conditions of employment. The fact that the

Labour Court rejected 22 of the 29 claims of this type coming before it in 1971 only served to underline the need to respond in a coherent way to such pressures, as for every case so processed it was felt that many more had been settled at unknown levels "out of court" [36].

(j) *Disputes procedures (Clauses 4, 5, 8, 10, 11)*

The NWA 1970 had five sets of procedures which were related to payment of standard, transitional, anomaly and productivity increases and to interpretation. Ironically, the only union complaints about delays in implementation of the standard increase concerned sections of the public service where "inability to pay" was certainly not an issue in 1970. The ELC representatives of central and local government resolved the problem privately. The transitional procedures worked smoothly and were not repeated. The anomaly procedures worked to the general satisfaction of the ELC [37]. When individual employers and unions insisted that they each had the sole right to define "sound and valid reasons" for changing conditions of employment, the ELC.SC made it clear that such disputes should be jointly referred to the Labour Court (or processed through the appropriate C & A schemes) [38]. The productivity procedures gave rise to no obvious problems. The interpretation procedures operated smoothly in 15 out of the 16 cases decided upon, while 3 issues accepted for interpretation were not pursued because the parties resolved their differences in the interim. This was one of the first manifestations of the "blind-eye" principle which evolved within the ELC. In effect problems of minor or ephemeral interest were ignored as far as possible and if treatment was needed it was strictly informal.

(k) *Monitoring of the NWA 1970*

Within a month of ratification the ELC.SC decided that it was "desirable that the full conference should in a general way exercise surveillance over the operation of the National Agreement". To this end it was agreed that (i) the ELC Secretariat should prepare a monthly statement of all *pay settlements coming to notice* and (ii) each side of the ELC.SC should report orally at regular monthly intervals on *claims coming to light* which seemed to offer serious prospect of the Agreement being breached [39]. As there was no obligation to report a local settlement the first of these provisions was extremely weak. If an employer and a union were set upon the implementation of a local agreement in excess of the NWA norm they were scarcely likely to draw attention to that fact and if the ELC.SC were to hear of it there would be little it could do about it after the event. Precisely this type of difficulty arose when the Conciliation Service declined to provide full information which it had in its possession concerning the proposed IBOA/Banks above-

the-norm agreement to the ELC.SC [40]. The ELC.SC noted "the secrecy surrounding the negotiations" and its concern on this account was relieved only when the Minister for Labour referred the case to the Labour Court [41]. That relief was short-lived, however, for despite the fact that the Court found the proposed settlement terms would be partially in breach of the NWA the banks ignored the Court and implemented them [42].

The second provision concerning *claims* was preventive rather than corrective in character; it was nevertheless to operate fairly effectively if not comprehensively. As a supplement to these joint monitoring activities, the FUE tried to monitor and discourage illegitimate above-the-norm payments [43]. By contrast the possibility of secret below-the-norm payments was obviously regarded as slight as Congress never proposed or undertook any general monitoring on this account.

(1) *The overall views of the ICTU, IEC and Government on the NWA 1970*

The trade union view of the NWA 1970 emerged quite clearly at an ICTU.SDC held in February 1972. Although there were some complaints the general reaction was positive [44]. Summing up the proceedings the General Secretary referred *inter alia* to worker participation and fair employment and dismissal procedures and he concluded:

It seems to me quite clear that if further agreement on wages can be reached at the national level, immense possibilities are opened up for the trade union movement to go forward in a way that has not been possible in the past, for the achievement of other broader objectives which affect the well-being of our members . . . [45]

When, for the first time in ICTU history, the SDC came to vote on whether or not to enter negotiations for a second successive NWA the result was overwhelmingly in favour — 171 votes for and 52 against [46].

The employers' overall view is well summed up in the FUE *Annual Report* 1970/71. This report noted the criticism that the 1970 NWA was inflationary in itself and it continued:

In the short-term, this of course is true. What is hoped is that it will represent the beginning of a de-escalation process and that the extremely high expectations about the level of pay increases will be reduced to more reasonable proportions than would otherwise be the case [47].

A detailed review of *all* public speeches made by the Taoiseach and the

Ministers most closely concerned with economic matters failed to reveal a single suggestion that the NWA 1970 should be a one-off operation. On the contrary, there were repeated arguments in favour of a succession of such agreements [48].

(iii) Government policies bearing on the process of wage adjustment

While the government remained silent as regards specific voluntary guidelines, the Minister for Social Welfare addressing the FUE said:

(in an) inflationary situation . . . the only alternative to voluntary (wage) restraint is legislation . . .

There are (those) who contend that they are not bound by the (National) agreement as they were not parties to its negotiation. An attitude of not being bound is not acceptable in the context of a national pay agreement. . . . Such excessive settlements (as result from the actions of such groups) cannot be dealt with by the law no matter what damage they may precipitate [49].

As will be seen later in this chapter this implicit ordering of preferences as between general and targeted wage legislation was soon to be reversed.

The government assured FUE immediately after ratification of the NWA 1970 that increases in costs arising from its implementation would be taken into account when applications for price increases were being considered [50]. Although this assurance was unqualified as regards the Clause 3 increases, the treatment of costs due to anomaly increases was to prove contentious.

A little later Congress urged the Minister for Industry and Commerce to legislate further on prices and shortly after this its proposals for the establishment of a National Prices Commission (NPC) were given legislative effect [51]. Sometime later the Minister for Labour and Social Welfare observed:

The most that can be done under the law is to ensure, through the mechanism of price control and other appropriate processes, that the extra cost of pay settlements which go beyond the limits of the NWA is not passed on to the public in higher charges [52].

In short it now seemed that price control was to be used to facilitate payment of the NWA norm and to deter above-the-norm increases.

In his April 1971 Budget speech the Minister for Finance said that:

. . . the main cause of inflation has been accelerating wages and salaries and increased indirect taxes, which themselves reflect

higher wage and salary costs for services provided by Government. . . . In this situation fiscal and monetary policies can help (to) slow down inflation, they will not halt it unless applied with a severity which would be unacceptable in terms of sharply increased unemployment. . . . The main emphasis, therefore, must be on prices and incomes policy [53].

However, the government was not solely concerned with macroeconomic policy considerations; it also resented the spill-over effect of wage developments on its own housekeeping. For, as the Minister further observed:

The remuneration of the public services pre-empt a considerable proportion of total revenue. . . . The Government is seriously concerned at the extent to which national budgetary and financial policy has been upset in recent years by the need to meet additional pay liabilities far in excess of the amounts provided in the Budget [54].

Having presented details of the main budgetary changes the Minister concluded by remarking that:

The substantial economies in Government spending, and the restraint in adding to the tax burden, are designed to create a climate favourable to the implementation and development of the (National Wage) Agreement [55].

When the Minister for Finance suggested to ICTU in November 1971 that the earliest possible indication as to the likelihood of reaching a second successive NWA would assist him in preparing his budgetary proposals for 1972, Congress replied that such a timetable seemed unlikely [56]. Later that month, when announcing reflationary measures, the Minister said:

(there is) one factor which limits the room for manoeuvre in introducing any reflationary measures, namely, the increase in incomes which is likely in 1972. . . . No measures taken by the Government to promote a faster rate of economic growth can be fully successful in the absence of reason and moderation in income increases [57].

All this speaks for itself and reflects the initial decline of the pre-1970 view that the budget could act upon the process of wage adjustment in a restrain-

ing way.

- (iv) The general economic position and outlook at the start of the 1972 NWA negotiations

The ESRI *Quarterly Economic Commentary* of Winter 1971/72 appeared in March 1972 on the eve of the commencement of the wage negotiations which were to lead to a second successive NWA. The summary of that issue noted the following points.

It was stated that "there can be no doubt that the Irish economy was facing a very difficult year", that GNP would grow by only 1½ per cent and the volume of industrial production by no more than 3 per cent, that inflation would run at at least 7 per cent and that the external deficit would improve only marginally. It was feared that as there would be little or no emigration there could be a serious rise in unemployment. It was also felt that emergency measures were needed to stimulate home demand and that a new national agreement, pitched at a much less inflationary level, could lead to a considerably better outturn for 1972. All in all it was suggested that the national economic circumstances clearly called for considerable moderation on the incomes front.

Section 2: *The Emergence of Congress Wage Policy*

The ICTU ADC of July 1971 passed a motion condemning "ill-conceived and unfair incomes policies" based on any government decision to apply such a policy exclusively or primarily in the public sector [58]. A further motion referred to the problems arising from the wide dispersion of termination dates and suggested that the elimination of such difficulties should be made a precondition for ratification of any future NWA. However, this was remitted at the Executive Council's request [59]. A composite motion calling for "equal pay for work of equal value" was also passed [60].

At the 1972 SDC the Executive reiterated the three "standing orders" of Congress wage policy (see page 11 above) and renewed the demand for an increased share of the national wealth [61].

Apart from voting for or against renewed NWA negotiations the General Secretary said that SDCs had:

A vital secondary function . . . to foresee the different cases where injustice could be done by the application of rigid universal rules in cases which . . . do not fit the general pattern [62].

At the above-mentioned SDC wage policy was discussed virtually without reference to the budget which was to follow a few weeks later [63]. This is

somewhat misleading, however, as an earlier Congress letter to the Minister for Finance (prompted by several written complaints from affiliates) had protested that failure to index tax-free allowances raised extra difficulties for those who were trying to negotiate a new NWA [64]. Later, in the course of pre-budget submissions to the government it was stated that:

... unless the Budget made a contribution by increasing income tax allowances, workers would have to take into account compensation for the increasing burden of income tax in determining the acceptability of a new NWA [65].

At the same time (as noted earlier) Congress was becoming more convinced than ever that indexation provided an essential measure of protection against increases in indirect taxation. Thus, there is clear evidence that, even as early as 1971, Congress leaders had a definite if still poorly articulated feeling that its efforts in the NWA arena could be used to influence the budget to the benefit of wage earners. The government for its part still insisted that taxation was primarily a "budgetary" matter.

Section 3: *The Emergence of Employer Wage Policy*

Employer wage policy originated once again within FUE. In November FUE decided (i) to consult the ESRI, the Central Bank and the government, (ii) that it would be difficult to secure another NWA on reasonable terms without some form of government persuasion such as tax concessions, (iii) that efforts should be made to get a commitment in principle to a new NWA from ICTU before the (April) Budget so as to facilitate the government in framing its budgetary policies, (iv) that wage increases should be related to the expected growth of GNP but some measure of indexation might also be considered,⁵ (v) that a possible approach to the lower-paid might be a percentage norm with a cash floor, (vi) that an open mind was necessary on the question of termination dates and (vii) that hours, holidays, sick pay and pension schemes were matters for local negotiation [66].

Section 4: *The Course and the Results of National Level Wage Bargaining*

The bargaining agenda was the same as in 1970. The negotiations began on 27 March 1972 when ICTU made an opening statement which displayed (i) remarkable faith in the (public and private sector) price restraint effect of indexation, (ii) a growing concern about income tax, (iii) a growing interest

5. An article in the NIESR *Review* of November 1971 spoke quite favourably of Threshold Agreements and this had a significant influence on the employers.

in termination dates and (iv) a conviction that another NWA was "highly desirable and very necessary" [67]. The opening ICTU claim was as follows:

- (1) A new NWA of between 18 months and 9 months aimed at alleviating the problem of termination dates
- (2) Phase I — £3.00 per week
- (3) Phase II — 5 per cent plus 15p for each and every 1 per cent rise in the CPI in the period of 13 II and 14 I
- (4) Greater flexibility to permit harmonisation of non-wage conditions of employment through local negotiations
- (5) A clause to cover anomalies which the NWA might create
- (6) Equal increases for men and women and further provision for the phased introduction of equal pay at local level
- (7) Working hours to be reduced to a maximum of 40
- (8) Disputes procedures and monitoring procedures to remain unchanged [68].

The employers in reply said they could not agree to an escalator "unless the initial (Phase I) increase was closely related to the anticipated rate of economic growth". They felt that virtually all anomalies had been resolved by the NWA 1970 and that the questions of equal pay and termination dates would be difficult to treat because of existing economic circumstances. It was also suggested that the productivity clause of the NWA 1970 needed amendment to include criteria and vetting of agreements or the evaluation of proposals and that an "escape clause" containing criteria for independent assessment was essential [69].

After these opening exchanges attention turned to a series of overlapping sequences of discussions on (a) conditions of employment, (b) anomalies, (c) incentive payment schemes, (d) inability-to-pay, (e) equal pay and finally (f) the norm itself. The former negotiations, which were completed within two weeks, are summarised hereunder.

(a) Conditions of employment

The text of the new "conditions of employment" clause was agreed without much difficulty. It permitted reductions in hours to 40, new or improved pensions or sick pay and other changes where *conditions* were "seriously out of line with existing standards". The standard disputes procedure and inability-to-pay clauses were to apply in such cases.

(b) Anomalies

The employers asked Congress to detail the types of anomaly they en-

visaged [70]. The ICTU in reply noted purely "regional" differentials and "inequities" and suggested that such matters should not be subject to any inability-to-pay procedures adopted [71]. The employers' counter proposal suggested local negotiations should be permitted:

- (a) to remove genuine anomalies in pay between different groups of employees whose rates of pay had in the past been negotiated or determined on the basis of a specific relationship with the wages of other groups and the reasons for the relationship have not changed; and
- (b) in the case of groups of employees whose rates of pay have fallen seriously out of line with the general level of rates for the same or similar work performed under the same or similar conditions or circumstances ... [72]

Both categories should, it was suggested, be subject to the standard disputes and inability-to-pay clauses. The foregoing proposals were adopted with some amendment. This in effect widened but tightened the NWA 1970 Anomalies Clause.

(c) *Productivity agreements and incentive payment schemes*

The employers argued that any new NWA should seek to prevent abuses either by providing for the "vetting" of productivity *agreements*, or by the establishment of criteria for the evaluation of *proposals*. In this regard they proposed a set of criteria which suggested that a productivity agreement:

- (i) should involve a significant increase in effort on the part of workers
- (ii) should not involve technological change alone
- (iii) should result in the reduction or stabilisation of unit costs
- (iv) should, wherever possible, be based on the application of work study
- (v) should provide for effective controls
- (vi) should specify operational changes in detail
- (vii) should bear the cost of consequential increases in the plant
- (viii) should facilitate the sharing of benefits by all employees
- (ix) should result (through job evaluation) in earnings for any worker or group of workers which are compatible with the general level of wages paid by the company for comparable jobs
- (x) should allow some benefit to accrue to the company for re-investment purposes and should benefit the consumer by enabling prices to be reduced or stabilised [73].

The ICTU accepted items (i), (iii), (vii), (viii) and (x) but insisted that new schemes and productivity agreements should be introduced on the basis of agreement between the parties and not through any form of industrial action, unilateral enforcement or mandatory arbitration. In reply to this the employers dropped three of the items on their original list of criteria and proposed the following addendum:

Such schemes and agreements shall not be implemented without prior approval of the Labour Court [74].

The final text contained only the five criteria agreed by ICTU; there were no provisions for reporting or for vetting proposed or actual agreements.

(d) Inability-to-pay

The private sector employers took the initiative under this heading by proposing that when a union disagreed with a plea of inability-to-pay at *firm or industry* level:

- (i) the parties shall refer the matter to the Labour Court for investigation;
- (ii) the employer(s) should make available to the Court all relevant information regarding the economic and financial state of the business;
- (iii) the Court should appoint as an assessor a suitably qualified person acceptable to the parties to (a) examine the information provided by the firm(s), (b) assess the effect of higher labour charges on the level of employment, (c) report on the economic prospects of the firm(s);
- (iv) in making its Recommendation the Court should have full regard to the report and recommendations of the assessor [75].

This was agreed with minor amendments proposed by Congress.

(e) Equal pay

The ICTU made it clear from the outset that it felt the NWA 1970 equal pay clause was quite inadequate [76]. The record indicates that, despite the employers' economic reservations, the positive enabling clauses concerning equal pay which appeared in the NWA 1972, which reflected recommendations made in the interim report of the Commission on the Status of Women and which allowed existing male/female differences to be reduced by 17½ per cent, were agreed to without great difficulty [77].

(f) The norm

By way of preface, the content and tenor of the budget for 1972 which was introduced just before the negotiations on the NWA norm started should be noted. The Minister for Finance having introduced increases in TFAs and avoided any increase in VAT (for the first time since 1969 in each case) concluded by saying:

This contribution to price stability must be matched by a positive response from both sides of industry through a new National Pay Agreement. This must take the form of a new agreement markedly less inflationary than its predecessors, which will supplement and strengthen the budget's contribution toward moderating pressures on costs and prices . . . [78]

The following table gives a compressed summary of offers and counter-claims. Initially, full-scale pay offers and claims were exchanged; later bargaining moves were more restricted.

Table 5: *The sequence of offers and claims on the norm in the NWA 1972 negotiations*

<i>Employers' offer (EO) No. 1</i>	
Duration:	12 months for all
Phase I:	12 months — £1.60 (£1.00 for 4 per cent growth in year ahead on £25 wage, plus 60p for CPI rise in half-year to mid-May 1972.)
Equal Pay:	10 per cent cut in existing differences if agreed locally [79]
<i>Unions' claim (UC) No. 1</i>	
Duration:	12 months
Phase I:	6 months — 4 per cent with £1 floor <i>plus</i> full indexation for 13 II plus COL** shortfall in first 6 months of NWA 1970.
Phase II:	6 months — full indexation for 14 I.
Equal Pay:	Equal increases plus 25 per cent cut in existing differences [80].

Table 5: (Cont'd.)

<p><i>EO No. 2</i></p> <p>Duration: 18 months (15 for late starters)</p> <p>Phase I: 9 per cent on first £30 7½ per cent on next £10 3 per cent on balance Floors: £2.00 (M) and £1.80 (F)</p> <p>Phase II: 17 pppp.* > 5 per cent in CPI during 14 I</p> <p>Equal Pay: 12½ per cent cut in existing differences [81].</p>	
	<p><i>UC No. 2</i></p> <p>Duration: 15 months (12 months for late starters)</p> <p>Phase I: 9 per cent on first £35 7½ per cent on next £15 5 per cent on balance Floors: £2.25 (M) and £2.00 (F)</p> <p>Phase II: 15 pppp. rise in CPI in 14 I and 14 II (<i>ex post</i>).</p> <p>Equal Pay: Equal increases plus cut of 25 per cent in existing differences [82].</p>
	<p><i>UC No. 3</i></p> <p>Duration: 15 months</p> <p>Phase I: 9 per cent on first £35 7½ per cent on next £10 5 per cent on balance Floors: £2.30 (M) and £2.00 (F)</p> <p>Phase II: Threshold 2 per cent with 17 pppp. rise in CPI > 2 per cent. (The above position emerged from three consecutive Congress moves)[83].</p>
<p><i>EO No. 3</i></p> <p>Phase I: Floors: £2.25 (M) and £1.90 (F)</p> <p>Phase II: Threshold to be 4 per cent with 17 pppp. rise in CPI > 4 per cent [84].</p>	

Table 5: (Cont'd.)

	<i>UC No. 4</i>
	Phase I: Floors: £2.25 (M), £2.00 (F) Phase II: Threshold to be 2 per cent with 17 pppp. rise in CPI > 2 per cent [85].
<i>EO No. 4</i>	
Duration: 18 months Phase I: 9 per cent on first £30 7½ per cent on next £10 4 per cent on balance Floors: £2.25 (M), £2.00 (F) Phase II: Threshold to be 3 per cent with 15 pppp. rise in CPI > 3 per cent in 14 I Equal Pay: 15 per cent cut in remaining differences [86].	
<i>EO No. 5</i>	
Duration: 16 months Phase II: Threshold 2 per cent with 15 pppp. rise in CPI > 2 per cent. A cut-off point or ceiling on indexation [87].	
	<i>UC No. 5</i>
	Duration: 15 months (13 for late starters) Phase II: Threshold to be 2 per cent with 16 pppp. rise in CPI > 2 per cent [88].
<i>EO No. 6</i>	
Duration: 16 months Phase II: Threshold to be 2 per cent with 15 pppp. rise in CPI > 2 per cent [89].	
<i>EO No. 7</i>	
Duration: 16 months Phase I: 12 months 9 per cent on first £30 7½ per cent on next £10 4 per cent on balance Floors: £2.25 (M), £2.00 (F) Phase II: 4 per cent plus 16 pppp. rise in CPI > 4 per cent [90].	

Summary of Final Proposals which Congress agreed to recommend

Duration:	15 months (13 months for late starters)	
Phase I:	12 months	
	9 per cent on first £30	} Floors: £2.25 (M)
	7½ per cent on next £10	
	4 per cent on balance	
Phase II:	3 months	
	16 pppp. rise in CPI > 2 per cent	
Equal Pay:	15 per cent of existing differences to be eliminated [91].	

*pppp = pence per percentage point

**COL = cost of living

During the final drafting it was agreed that the procedural clauses of the new NWA should apply from the date of ratification [92].

The ICTU SDC debate on the proposals revealed the following objections to the draft NWA; (a) *ex post* indexation, (b) the diminishing scale of percentages in Phase I was too steep, (c) restrictions on negotiations on non-wage conditions at local level, (d) there was no (NWA) control on prices, profits or dividends, (e) there was no (NWA) control of housing loans and (f) no one should receive higher increases than craftsmen [93]. Replying to the debate the General Secretary said:

(I know of) no way in which the cost of loans, dividends and other non-wage incomes could be controlled except by legislation or other Government involvement. In 1970 Congress rejected Government involvement. (I, personally, was glad) not (to) have the position in which the Government was supposed to hold the balance between the two... (as) this delicate balance was not suitable for the Government to hold. It is inconsistent now to argue that the proposed Agreement was faulty in not covering matters outside the scope of the Employer Labour Conference.

Then, making a special reference to the escalator clause, he continued:

Against a rising flood (of price inflation) one could provide a dam or provide oneself with a boat. If one saw that a dam was likely to be ineffective... then it was better to have a boat which would rise with the flood. Without the escalator clause we could be left with nothing to defend our members [94].

In the end the Conference voted by 253 to 103 votes against the proposals [95].

Events now moved rapidly. At the employers' request Congress indicated that the rejection was probably due to (a) the dispersion of termination dates, (b) restrictions on the right to negotiate locally on non-wage items, (c) inadequate progress towards equal pay and (d) the amounts of the proposed increases [96]. At the ADC the Executive Council took a unique initiative by proposing an emergency motion seeking permission to re-enter negotiations, urging a stay on all local claims pending re-negotiation and a further SDC ballot on any new terms emerging [97]. The motion was passed and the renewed negotiation resulted in some modest concessions (see Column 3 Appendix A) which concessions were balanced by an extension of the draft agreement's duration from fifteen to eighteen months [98].

The debate which followed the General Secretary's most persuasive introduction of the revised terms at a second SDC was notable mainly for the views of those who opposed the terms [99]. *Inter alia*, NEETU said: "... the ultimate disenchantment was the spectacle of selective groups opting out of all community arrangements and negotiating outside the whole spirit and intent of the Agreement"; ASTMS said "many (trade unionists) will become so disillusioned watching and viewing the large increases negotiated by people outside this movement (e.g., the banks) who are not tied by the National Wage Agreement, that they will resign from the movement"; and again "the renewal of the National Agreement was a political matter and political and economic issues are completely intertwined here so that one NWA will be followed by another and another until we are completely knotted.... If the Government is determined on a confrontation then we must fight it"; the CSCA said "it was not... (its) purpose to share the labour of statesmanship and be excluded from the decision-making part of it..."; the IPOEU said "while employers making losses could plead 'inability-to-pay' there was no corresponding right for trade unions to claim above-the-norm wage increases in employments where excess profits were possible"; and finally the ETU said "while (we are) prepared to go along with the majority vote (we) would feel that at a future date we would have to reconsider our position in relation to a National Wage Agreement" (which, of course, implied possible disaffiliation from ICTU). The ballot result was 234 votes for, 143 votes against and 8 abstentions [100]. Thus, for the first time in almost thirty years of wage-rounds a sequence of two successive National Wage Agreements was achieved.

Summary

1 Organisational and constitutional developments

The ICTU and the IEC expanded steadily in organisational terms. Congress maintained its sole grip on the labour side of an enlarged ELC. The government as employer remained passive.

2 The NWA Norm

The level of the Phase I minima and the duration of phases were similar to those of the 1970 NWA. The introduction of diminishing percentages was an important innovation in respect of relative wages. The indexation terms were again partial rather than proportional.

3 The Rules for Below-the-Norm (BTN) Payments

Explicit criteria and procedures were introduced for the first time ever.

4 The Rules for Above-the-Norm (ATN) Payments

ATN pure and simple was again ruled out explicitly. Anomaly ATN criteria were widened but made more precise. Conditions of employment ATN settlements were facilitated by an explicit enabling clause. No formal monitoring or control provisions were added. Productivity ATN settlements were permitted; criteria and reporting procedures were introduced but no assessment was envisaged.

5 The Rules for Conflict Avoidance

Industrial action was ruled out for ATN pure and simple, for anomalies (wages or conditions) and productivity ATN claims. Procedures were modified to include joint reference to the Labour Court. Procedures for interpretation remained as before; no procedures were established for adjudication on breaches.

6 The Role of the Government (as such)

The government remained firmly in favour of a new NWA. The government's vague guidelines were ignored yet there was only the faintest hint at legislation. The price control machinery was developed; the budget sought to induce restraint in regard to the NWA norm. The government's budgetary and policy-making prerogatives remained largely unimpaired by the NWA system.

Chapter 5

THE ORIGINS, NEGOTIATION AND CONTENT OF THE NATIONAL WAGE AGREEMENT 1974

Section 1: *Predisposing Factors*

(i) Organisational and constitutional developments

No Irish-based unions affiliated to Congress in the year 1972/73 [1]. The MPGWU withdrew from Congress in March 1973 mainly because it disagreed with a Disputes Committee Report [2]. In March 1973 the unaffiliated "Federation of Professional Associations" sought a place on the Labour side of the ELC but this was refused by ICTU [3].

Just before the ratification of the NWA 1972 the employers' side of the ELC.SC were advised that the SIMI (the third most important employers' federation) had indicated that it did not want to be party to any new NWA; the SIMI also stated that it was no longer in the IEC [4].¹ By contrast the FUE now asserted that:

... all member companies of FUE are expected to act in accordance with federation policy as decided from time to time by their elected representatives [5].

(ii) Experience with the NWA 1972 (Appendix A summarises the main clauses)

(a) *The duration and temporal dispersion of the NWA norm (Clause 3)*

The NWA 1972 was an 18-month agreement but it ran for only 16 or 17 months for certain late-starters. The ELC subsequently summarised the termination date problem as follows [6]:

1. The SIMI correctly points out that it never actually joined the IEC although it was associated with its foundation and its early work. The SIMI also feels that the ELC.SC Minute cited overstates the nature of the detachment which it (SIMI) sought from the 1972 NWA.

Table 6: *Temporal dispersion of NWA termination dates (1973)*

<i>Approximate percentage of employees in ELC sample</i>	<i>NWA 1972, Phase II, termination dates</i>
19.5	December 1973
1.5	April-May 1974
4.0	June 1974
4.0	July 1974
9.5	August 1974
6.0	September 1974
51.0	October 1974
4.5	November-February 1975

Note: The ELC sample of groups used covered 60 per cent of all employees.

It was now recognised that a substantial reduction of this dispersion would be a prerequisite for any further NWA.

(b) The invariant nature of the NWA norm (NWA 1972, Clause 3)

In June 1973 the ELC.IC ruled that the NWA took precedence over a company-level agreement, even if the latter was registered and therefore legally binding [7]. Another ELC.IC report ruled that:

In general, basic pay (for the purposes of applying the NWA wage increase norm) will be the wage or salary which is used for the purpose of calculating overtime [8].

This meant that basic pay for NWA purposes usually meant the personal rate and not simply the rate-for-the-job as specified in a collective agreement. A later ELC report noted that:

... a small number of employees have not received any of the appropriate increases in pay under the National Agreements. The problem largely concerned small groups or individual employees [9].

If all of these points suggested that virtually every departure below-the-norm was through NWA procedures the same could not be assumed in respect of all (or most) departures above-the-norm. In fact, it would appear that a substantial but unknown number of such settlements were reached directly without rigorous reference to above-the-norm anomaly criteria. The ICTU

and its affiliates seemed content to acquiesce in this process.² The IEC by contrast certainly was not and in June 1973 it (unsuccessfully) urged the ELC to issue a statement expressing "grave disfavour" of agreements which were not in strict accord with the NWA [11].

(c) The NWA norm and wage structure (Clause 3)

In July 1972 the ELC was asked by the government whether the NWA norms should apply to the highest-paid public service employees (civil servants, members of parliament, the judiciary and the chief executives of state-sponsored bodies). Despite the fact that these groups might well suffer considerably in relative terms as a result the reply was in the affirmative [12].

In May 1973 an ICTU consultative conference debated "the structure of wages and incomes" and it was stated that the object of ICTU wage policy was "to increase the wages of the lower-paid disproportionately to those with average or higher earnings" [13]. But the rest was difficult and vague. For, as the General Secretary observed:

The present structure of wages and incomes has not been arrived at as a result of any logical process. It is true that qualifications and productivity enter into the picture, but the bargaining strength of particular groups of workers at particular times and quite arbitrary influences such as historic circumstances and technological development outside (the worker's) control as well as questions of status and other indefinables enter into the formulation of wages [14].

The General Secretary went on to ask whether the trade union movement should seek to rationalise the existing structure through NWAs or should compound its "irrationality" by a return to free-for-all wage bargaining. Then, mindful of the unhappy co-existence of two Congresses in Sweden, he concluded:

... we have already seen signs that the operation of the NWAs imposes constraints on higher incomes which met with considerable resistance. A separation between the higher-paid worker and the general (body) of workers can only be avoided if the higher-paid worker can be persuaded to accept his place and his part in an overall Wages Policy which is seen to be fair and acceptable [15].

2. An ASTMS speaker at the SDC of September 1973 observed that:

... non-union workers had been given increases above those set out in the National Agreements (so as to) discourage them from joining trade unions [10].

But no cases were cited and it seems reasonable to assume that this was a rare phenomenon.

It was this fear of a split in the movement, much more than any economic consideration, that delimited the extent to which the acceptance of "less-than-equal" treatment for the higher-paid could be used to purchase "above-the-norm" treatment for the lower-paid. For if the top public servants had suffered for want of organisation, the best organised group in Congress, namely, the craftsmen, certainly did not intend to suffer in silence. Thus at the ADC of July 1973, a spokesman for the Federation of Craft Unions said:

We may see an exodus from Congress of Craft Unions . . . (unless there is) . . . some special consideration for craftsmen in the NWAs [16].

Another problem with Swedish-style solidaristic national-level wage bargaining was that the higher-paid seemed to recover ground lost *vis-à-vis* the lower-paid by getting more than their fair share of above-the-norm (anomaly/productivity) increases. Commenting on this the General Secretary said that an examination of Labour Court Recommendations indicated that the lower-paid had had a fair share of such increases [17]. (As will be seen later in Chapter 9 other more detailed analyses do not uphold the inference that biases to the lower-paid in NWA norms were generally effective.)

The employers had little to say about relative wages during the NWA 1972.

(d) *The NWA norm and real wages*

Although Congress favours real wage growth for all, its preoccupation with the position of the lower-paid and its resultant acceptance of partial rather than proportional indexation repeatedly clashed with this objective. A paper presented by the General Secretary to the ICTU.SDC in May 1973 demonstrated, in an approving tone, that any employees who had entered the NWAs on 1 January 1971 with wages of between £15.00 and £40.00 would have achieved more or less substantial increases in real pay by 1 July 1973, despite the fact that the CPI had risen by about 23 per cent in the same period [18]. In July 1973 the President of Congress informed the ADC that they:

. . . had achieved, through the NWAs, higher real increases in wages than were ever achieved before in a similar period by means of individually negotiated agreements [19].

However, the relative real wage losses to the highest-paid were by now a cause of concern to such groups. For when, in September 1973, the ICTU circulated a memorandum of observations by affiliates on past and possible

future NWAs, six out of the eleven submissions received argued for full wage indexation. Commenting on this the memorandum noted that:

The present (NWA 1972) escalator clause does in fact provide that the first 4 per cent is covered on a straight 1 per cent for 1 per cent basis. It may be that the fact that the 4 per cent is guaranteed irrespective of whether the cost of living rises by that amount or not causes it to be regarded as separate from the escalator clause [20].

This comment is contradictory as indexation depends by definition on the movement of the index. Nevertheless, it reflects the Congress notion that Phase II of the NWAs 1970 and 1972 were primarily escalator phases (or clauses) while the Phase I increases represented the "appropriate" increase under the heading of economic growth and wealth transfer.

The employers had nothing of note to say in respect of real wages during the course of the NWA 1972.

(e) The NWA norm and equal pay (NWA 1972, Clauses 5-16)

The Congress preoccupation with this matter continued to grow during the NWA 1972 [21]. The employers' position remained unchanged.

(f) Inability-to-pay the norm (NWA 1972, Clause 17)

The frequency of legitimate below-the-norm increases can be judged by the fact that only eight such cases were reported in the period July 1972 to August 1973 and only six from then until November 1974 [22]. The lack of ICTU comment suggests that this was not a problem for Congress at that time. The FUE, however, felt impelled to warn its members against "a false sense of security which the unions' acceptance of the principle of inability-to-pay might have engendered" [23].

(g) Anomaly wage increases (NWA 1972, Clauses 18-19)

The NWA 1972 defined two types of anomaly, namely, (a) cases where a specific relationship between two wage-rates had existed in the past and (b) cases where the basic wage rate had fallen out of line with wage-rates for similar workers elsewhere (or where industry-wide agreements needed to be amended to overcome local difficulties). In the year to 31 July 1973 the Labour Court investigated 29 disputes on claims of type (a); in 17 of these cases involving some 5,600 employees the Court recommended full or partial concession while rejecting the remaining 12 claims involving some 826 employees. In the same period 44 disputes on claims of type (b) were considered; 25 of these covering about 7,500 employees were fully or

partially conceded, while 19 claims involving some 1,680 employees were rejected. This prompted a public service union to suggest that one would need senior counsel to win an anomaly award at the Labour Court [24]. Meanwhile only 3 out of a total of 17 public service anomaly claims (under both headings) were rejected in the same period. While the figures suggested only a modest volume of anomaly settlements the ELC believed that the anomaly procedures had resulted in "a large number" of above-the-norm private sector anomaly deals and the private sector employers were concerned that many of these were not legitimate in substantive terms [25].

The key point to arise here was whether Clause 18(b) of the NWA 1972 was meant to deal solely with cases where wage rates "*had fallen* seriously out of line". Despite the FUE concern lest any extended interpretation should gain ground the ELC. IC ruled that:

... it was not the intention to preclude the submission of anomaly claims for the removal of clear injustices and inequities where it could be shown that rates of pay *were* seriously out of line with the general level of rates for the same or similar work performed under the same or similar conditions and circumstances [26].

In effect the sound and valid (i.e., mainly economic) considerations referred to by FUE could now be superseded by the equity and justice (i.e., mainly social) considerations cited by Congress, and this despite the fact that the FUE had already expressed concern lest "too much flexibility would make (the national agreement) meaningless" [27]. The fact that Congress received "few representations for a further widening of the anomaly clause ... (and felt that that clause) appeared to meet most current difficulties" suggested that the employers' fears may not have been without some justification [28].

(h) Incentive payment schemes (NWA 1972, Clauses 22-25)

There is little evidence to suggest that the unions had problems of note with such schemes under the NWA 1972. On the other hand, the private sector employers now began to realise that if the extra productivity could be bargained for and could attract above-the-norm increases, the corollary was that little or no extra effort could be required in return for payment of the norm. This was soon to prompt a new employer approach. As regards the monitoring of "productivity agreements" against the agreed NWA criteria, few such agreements were sent to the ELC secretariat, none were assessed and none were rejected by the ELC. At the 1972 ICTU ADC, a craft union spokesman (NUSMW) noted the above-the-norm productivity agreements of dubious validity negotiated by the banks and their employees and declared:

I would now like to commit an act of heresy by suggesting that all unions and so-called associations outside this Congress should be roped in in a statutory way or forced to accept the norm that we have to accept.

That such "heresy" could be publicly uttered to Conference was remarkable — that the Conference by its subsequent silence failed to reject it was a most important affirmation of the principle of majority rule and a public caution to dissident minorities — especially those outside Congress [29].

(i) Conditions of Employment (NWA 1972, Clauses 20-21)

In the year ending 31 July 1973, 104 disputes under this heading came before the Labour Court, which recommended some concession in 62 cases involving about 20,270 employees and rejected the other 42 claims covering some 12,380 employees [30]. But these figures understate the volume of bargaining activity as a substantial but unknown number of such claims were almost certainly conceded following direct negotiation. Some employers took the view that they were not bound to enter into negotiations with the unions on their claims for improved conditions of employment unless such claims fell within the ambit of the specific examples (pensions, sick pay and hours) cited in Clause 20 of the NWA 1972. An ELC ruling made it clear that this was not the case [31].

While virtually every movement here was likely to be a levelling-up to some more or less firmly established norm, there was no provision to permit a countervailing levelling-down where company-level conditions were above the norm. As there was no upper cost limit on such adjustments there was now a growing risk that employers, under union or labour market pressure, would improve already adequate conditions of employment rather than breach the NWA wage-round norm. This, of course, tended to push up the norm for each condition of employment. Inevitably, therefore, this heading was by now a matter of some concern to the employer organisations [32].

(j) Disputes procedures (NWA 1972, Clauses, 3, 5-16, 17, 22-25, 26, 27)

Three problems arose under this heading. First, some employers refused to go to conciliation in accordance with Clause 26 which required joint reference. As Clause 18 of the Industrial Relations Act 1969 suggested joint reference as a precondition for a Labour Court investigation this attitude frustrated the operation of the NWA disputes procedures [33]. This prompted Congress to argue in the ELC.SC that such a refusal was a breach of the NWA. The IEC accepted this view. In a later response to this the ICTU.ADC 1973 adopted a motion urging amendment of the Act to permit unilateral

reference to the Labour Court in "reasonable circumstances" [34]. Although nothing came of this in the legislative sphere, repetition of the provision for joint reference to the Court in the 1974 NWA largely resolved the problem.

Secondly, ELC.AC Report No. 1 made it clear that neither party could set pre-conditions to its willingness to discuss matters covered by the various NWA procedures and that all parties should be willing to enter such negotiations when requested [35].

Thirdly, it now became apparent that neither NWAs nor interpretations would endure for long if individual employers or unions could, with impunity, take action which was at variance with such agreements and/or interpretations. In response to this the ELC decided in June 1973 that:

An adjudication Committee of the Conference be established for the purpose of ruling on questions of whether, in relation to any specific action or proposed action, a particular employer or trade union or any other party is or would be in respect of such action in breach of the National Agreements [36].

While an adjudication to the effect that a party was (or would be) in breach of the NWA was no more than a moral sanction it was not insignificant as neither the ICTU nor the IEC could lightly tolerate the continued affiliation of a union or federation (or company) which refused to respond to an adjudication against it.

Finally, it may be noted that while 16 formal interpretations had been necessary in respect of the NWA 1970 only four were issued in respect of the NWA 1972.

(k) Monitoring and management of the NWA 1972

As under the NWA 1970 the ELC adopted a passive rather than an active monitoring role. As a result anomaly or productivity deals passed unobserved much less challenged. The ELC eventually admitted that it was unaware of the number, incidence and extent of legitimate anomaly claims (much less of illegitimate ones) [37]. The FUE, however, urged its members to notify it "of all claims made under each and every clause of the (National) Agreement" and to "consult with FUE before introducing any changes in rates of pay and conditions of employment" [38]. These exhortations reflected a growing employer concern on this account. At the same time the Congress silence during the introduction of wage legislation aimed at restraining above-the-norm increases in the banks demonstrated that Congress too was concerned to avoid blatant large-scale breaches of the NWA [39].

(l) *The overall views of the ICTU, IEC and the Government concerning the NWA 1972*

Both Congress and the IEC retained a cautious enthusiasm for the NWA idea in the 1972/73 period. The views of the old and new governments *vis-à-vis* the NWA idea prior to the negotiation of the NWA 1974 were unequivocal.³ In January 1973, the then Taoiseach (Mr Lynch) observed:

No group of employees can put themselves above and beyond the scope and discipline of the NWA without doing serious damage to the kind of stability that the Agreement is designed to create, to the national economy and ultimately to their own standard of living and security of employment [40].

Two months later the new Minister for Labour (in the incoming Coalition Government) observed:

Using the criteria of man-days lost through industrial disputes, there has been a vast improvement in the industrial relations sphere since the advent of the NWAs. It was this experience which convinced the parties now forming the Government to declare that voluntary agreements reached on a national level provide a sound basis for economic development and stability so necessary for investment and for expansion [41].

Four months later in response to a Parliamentary question as to whether he "was satisfied with the way NWAs had worked out" the same Minister replied immediately with a simple unequivocal "yes" [42].

(iii) *Government policies bearing on the process of wage determination*

While both the old and new governments favoured voluntary NWAs neither ventured to suggest an appropriate norm [43]. Again both governments were equally unwilling to introduce blanket wage legislation. However, the new government did introduce targeted wage legislation aimed at the banks; it did so, moreover, with alacrity — the Act passing through all stages within a week [44]. This was a remarkable display of government determination to uphold the voluntary NWA norm once it had become convinced of the seriousness of a threat to it.

In his budget speech (May 1973) the Minister for Finance remarked:

3. The Fianna Fáil Government was replaced by the Fine Gael/Labour Coalition in March 1973.

The Government are giving urgent attention to devising ways and means of strengthening existing price control machinery. . . . Present guidelines disallow any element of price adjustments sought as a consequence of pay increases in excess of those provided for under the NWA [45].

In fact the initial guidelines to the NPC concerning the admissibility of wage increases for price increase purposes suggested that (a) the NWA norm was admissible, (b) non-Clause 3 increases such as anomaly increases were not and (c) there was no obligation on employers to negotiate improved labour productivity in return for the NWA norm. In fact ELC Adjudication Report No. 1 subsequently made it clear that such productivity changes could not be so demanded.

As for the 1973 budget it was deeply concerned with the prospects for a third successive NWA. However, while it sought to induce a further NWA with a realistic norm (without defining such a norm explicitly) it did not threaten any fiscal penalty for those who might exceed any voluntary NWA norm. Direct tax rates and bands remained unchanged. Indirect tax was recast; VAT was removed from food (a direct sequel to an ICTU.ADC resolution!) but other rates (notably those on drink and tobacco) were increased. In his budget speech the Minister said:

*A prime aim*⁴ of this year's budgetary policy is therefore to set a favourable climate for the conclusion of a further national agreement that will be of maximum advantage to the economy. . . . Any Minister for Finance . . . is disinclined to minimise the importance of a budget. Nevertheless, it is illusory and disingenuous to suggest that, with all the forces operating in our society, a budget alone can set right an erring economy or regulate personal incomes for a year ahead. In a democracy, the collective commonsense of individuals is of much greater value than fiscal devices [46].

The employers were now pressing for the simultaneous consideration of wages, taxes and social welfare. While the government declined to enter into tripartite talks with the social partners events were now moving steadily in that direction. Although the Congress pre-budget submission (April 1973) made a strong case for tax reform it did not suggest any trade-off between current budget plans and a new NWA [47]. By September 1973, this had changed dramatically and the General Secretary suggested to the SDC that

4. Our italics.

there was no reason why Congress should "not avail of the Government's interest in having the stability provided by a NWA to progress our claims for Government action in this and certain other fields" [48]. The employers were already of the same view. Thus the historic pincer movement by the social partners which was soon to encircle traditional government budgetary and policy-making prerogatives was set firmly and irreversibly in motion.

(iv) The general economic situation and outlook at the start of the 1974 NWA negotiations

The ESRI *Quarterly Economic Commentary* of August 1973 appeared on the eve of the opening of negotiations for a third successive NWA.

It forecast a growth rate of 5¾ per cent for the year (6½ per cent when adjusted for the terms of trade effect). It noted a downward trend in unemployment statistics in the first half of the year and showed little evidence of concern with the balance of payments. Against these favourable trends it noted that inflation was likely to exceed 10 per cent (with food prices rising by 14 per cent). This inflation was expected despite the fact that "a considerable degree of spare capacity recently existed in the economy". It was suggested that great importance attached to the negotiations for a third NWA and to the employment of "appropriate fiscal, monetary and price control policies". On the one hand, it stated that any new NWA which led "to a continuation of the present rate of inflation could give rise to restrictive policies the following year with adverse effects on employment". On the other hand, it suggested that a modest increase in wages "would give the authorities room for manoeuvre in dealing with economic and social problems". The *Commentary* gave no indication as to what might constitute a modest wage increase [49].

Section 2: *The Emergence of Congress Wage Policy*

The ADC of July 1973 was notable for several reasons. First, it saw the largest list of anti-NWA motions ever. Secondly, it saw those motions outflanked by an Executive Council motion referring the decision on bargaining-level to a later SDC. One delegate referred to this move as the Executive's "trap" for the ADC. Another called on the ADC to reject the "delaying tactics" of the Executive. A third said the Executive's motion was "a device to try to pre-empt (a decision by Conference)". A fourth said the Executive was "easing its way around the opposition" while a fifth referred to the "breathhtaking arrogance" of certain views expressed by the treasurer. Thirdly, this ADC heard several veiled threats of disaffiliation from unions opposed to NWAs. These threats were related to suggestions that a recently disaffiliated union (MPGWU) was doing better than the NWA 1972 norm since

it had left Congress and that the unaffiliated IBOA had readily surpassed the NWA norm on two occasions. Fourthly, the 1973 ADC considered several motions seeking to make any new NWA contingent upon such things as changes in labour law, equal pay, payment of NWA increases to agricultural workers and improved social welfare benefits. These were remitted at the Executive Council's behest on the grounds that an open mandate without preconditions was essential [50].

In September 1973 an ICTU SDC duly voted (by 256 to 123) in favour of entry to new national-level wage negotiations. The debate at that SDC included references to the following topics (number of references in brackets in each case); termination dates (8); equal pay (6); relaxation of the anomaly clause and re-evaluation of jobs (4); reform of income tax code including two suggestions that any new NWA be contingent on such changes (3); full indexation (2); low (and middle) pay (2); quicker progress on conditions of employment (2); a redistribution of income and wealth (2). There was also an obvious concern to close NWA loopholes used by non-affiliates. Most significantly there was only one protest at the restrictions on industrial action imposed by the 1970 and 1972 NWAs [51].

Section 3: *The Emergence of Employer Wage Policy*

Up to 1972 the FUE formulated policy through its Secretariat, its Executive Committee and its National Council, all of whom took account of the results of opinion surveys and reactions to ideas mooted in its Bulletins. However, there was now some unease with these arrangements and this prompted FUE to initiate internal discussions which were eventually to lead to the establishment of a new National Consultative Council [52].

The role of the IEC was aptly summarised by FUE which noted that the "IEC had proved its value in 1972 as a consultative body especially during the period of the national level negotiations with ICTU" [53]. In 1973 it was again agreed that it would co-ordinate the views of its constituent federations. The public sector employers made no discernible impact on wage policy formation in 1973.

The essentials of employer wage policy prior to the talks must be gleaned from FUE Bulletins and Annual Reports. These reveal a cautious interest in indexation and thresholds [54]. Again they reveal a belief that the increase in incomes should be kept "in approximate harmony with the increase in production" if inflation were to be reduced. They also suggested that if the lower-paid were to have a preferential treatment the problems of narrowing pay relativities would have to be faced, that if improved conditions of employment were sought growth of wages would have to be further moderated, that deviations from the norm would have to be subject to "guide-posts"

and be carefully monitored and that a NWA without inbuilt peace obligations was of strictly limited value. Finally, it was suggested that the traditional separation of collective bargaining issues and government initiatives affecting labour incomes and costs needed to be re-examined [55].

Section 4: *The Course and the Results of National-Level Wage Bargaining*

As in 1972, the parties negotiated on the basis of an unstructured agenda. When negotiations opened on 12 October 1973 the ICTU and the Employers made opening statements and attention then turned (as in 1972) to a series of overlapping sequences of discussions on (a) the standard wage increase and the duration of agreements, (b) the dispersion of termination dates, (c) equal pay, (d) anomalies, (e) productivity agreements and incentive payment schemes, (f) inability-to-pay, (g) conditions of employment and (h) disputes procedures. There was only a very limited and vague measure of trade-off between items. For this reason these headings may now be reviewed seriatim.

(a) *The NWA norm and the duration of the agreement*

Congress, always sensitive to the views of craft affiliates, proposed a cash increase equivalent to 7 per cent on the craft rate plus full indexation in two phases of six months. (The 7 per cent was based on the national growth rate plus 1 per cent in respect of wealth transfer.) [56] The employers said they were "staggered" by the claim and they insisted that NWAs could do no more for the lower-paid but suggested that the government could [57]. The sequence of offers and claims from this point forward is summarised in the following table.

Table 7: *The sequence of offers and claims on the norm in the NWA 1974 negotiations*

	<i>Employers' Offer (EO) No. 1</i>
	Phase I: Duration: 6 months 8 per cent on first £20 7 per cent on next £10 6 per cent on next £10 5 per cent on remainder Minimum: £1.60 Phase II: Duration: 6 months 70 pence plus 20 pppp rise in CPI > 2 per cent in Phase I [58]
<i>Unions' Claim (UC) No. 1</i>	
Phase I: Duration: 6 months 6%-6.5% for average worker	
Phase II: Duration: 6 months 1 per cent ppp* rise in CPI in the year [59].	

Table 7: (Cont'd.)

	<i>EO No. 2</i>
	<p>Phase I: Duration: 6 months 8 per cent on first £30 7 per cent on next £10 6 per cent on next £10 5 per cent on balance Minimum: £1.70</p> <p>Phase II: Duration: 6 months 2 per cent plus 80p. plus 20 pppp rise in CPI > 10 per cent in year to November 1974.</p>
<i>UC No. 2</i>	
<p>Phase I: Duration: 6 months 10 per cent on first £30 8 per cent on next £10 7 per cent on next £10 6 per cent on next £10 5 per cent on balance Minimum: £2.15</p> <p>Phase II: Duration: 6 months 3 per cent plus 70 pence [60]</p>	
<i>UC No. 3</i>	
<p>Phase I: Duration: 6 months 10 per cent on first £30 7 per cent on next £10 6 per cent on next £10 5 per cent on balance Minimum: £2.15</p> <p>Phase II: Duration: 6 months 4 per cent plus 40p Minimum: £1.30 Escalator: 1 per cent for each 1% rise in CPI > 10% in year to Nov. 74 [61].</p>	
	<i>EO No. 3</i>
	<p>Phase I: Duration: 6 months 8½ per cent on first £30 7 per cent on next £10 6 per cent on next £10 5 per cent on balance Minimum: £1.70</p> <p>Phase II: Duration: 6 months 2 per cent plus 80 p Minimum: none Escalator: 20 pppp rise in CPI > 10 per cent [62].</p>

Table 7: (Cont'd.)

<i>UC No. 4</i>	
Phase I:	Duration: 6 months 9½ per cent on first £30 7½ per cent on next £10 6 per cent on next £10 5 per cent on balance Minimum: £2.00
Phase II:	Duration: 6 months 4 per cent plus 40p Minimum £1.20 Escalator: 1 per cent for each 1 per cent rise in CPI > 9% in year to Nov. 74 [63].
<i>EO No. 4</i>	
Phase I:	Duration: 6 months 8½ per cent on first £30 7 per cent on next £10 6 per cent on next £10 5 per cent on balance
Phase II:	Duration: 6 months 2 per cent plus 80p Minimum: none Escalator: 1 per cent for each 1 per cent rise in CPI > 10 per cent [64].
<i>Final Proposals</i>	
Phase I:	Duration: 6 months 9 per cent on first £30 7 per cent on next £10 6 per cent on next £10 5 per cent on balance Minimum £2.00
Phase II:	Duration: 6 months 3½% plus 60p Escalator: 1 per cent for each 1 per cent rise in CPI over 10 per cent in year to mid-November 1974 payable 13 weeks from termination [65].

*pence per percentage point.

(b) The dispersion of termination dates

While Congress stated that progress here was "urgently necessary" the employers felt that this issue would be extremely difficult [66]. They rejected the Congress proposal to substitute 15 I for 14 II (with a subsequent phasing in of 14 II) on cost and anomaly-creation grounds [67]. Instead, they

suggested that the early-starters' agreements be extended by up to three months, that lump-sum compensation be paid and that the very late-starters be given substitution provided payment of 14 II was deferred to the end of the new NWA [68]. Congress accepted such lump sum compensation in principle despite the fact that such payments were "anathema" to the most important wage-leaders who would be affected, namely, the craft unions [69]. After some further hard bargaining a formula based on the foregoing ideas was agreed.

(c) *Equal pay*

The employers were agreeable, albeit reluctantly, to the timetable for the introduction of equal pay proposed in the Interim Report of the Commission on the Status of Women, namely, the end of 1977 [70]. They suggested that 20 per cent of any remaining male/female differential could be eliminated under the terms of the NWA 1974 [71]. However, Congress felt that there was a clash of principle on this point and that the final solution would result from an EEC directive and/or Irish legislation. It claimed a 50 per cent movement as an interim measure leading to equality at the end of 1975 [72]. Congress then suggested local bargaining without restriction but this was rejected. Finally, a figure of 33 $\frac{1}{3}$ per cent was agreed.

(d) *Anomalies*

Congress wished to retain the *status quo* and extend it to permit "anomaly claims" related to the "re-evaluation of jobs" [73]. The employers, by contrast, argued that the open provisions of 1970 and 1972 were producing a self-perpetuating anomaly merry-go-round and they insisted that they had come to the end of the line on this count both in the highly-structured public sector and in the private sector [74]. They proposed to add the following points to the 1972 Anomaly Provision: (i) that such settlements be limited to 20 per cent of the group's NWA norm increase, (ii) that there be no second-time-round anomaly claims for the duration and (iii) that inability-to-pay should apply even to legitimate anomaly claims as in 1972 [75]. Congress rejected these proposals [76]. The 1972 anomalies clause had been interpreted in a way which brought comparability back to life in local negotiation. Congress wished to preserve this freedom but it was prepared to accept the reference of second-time-round claims to the Labour Court and/or some cash ceiling on such claims [77].

The anomalies clause finally agreed replicated the basic provisions of the NWA 1972, added a provision permitting claims in cases where rates "are seriously out of line" and provided for reference to the Labour Court of claims for second-time-round claims. It contained no reference to "job

re-evaluation" anomalies.

(e) Conditions of employment

Congress sought greater flexibility. The employers argued for the *status quo* except that they felt that they should have the right to negotiate changes in domestic sick pay and pension schemes when significant changes occurred in the state schemes [78]. This last point was considered only when the employers threatened to place sick pay outside the ambit of the NWAs. Congress tried unsuccessfully to have the excess of social welfare plus company sick pay benefit over normal earnings held in reserve until the exhaustion of the first-mentioned benefit [79]. The employers considered (but did not pursue) the notion that claims for improved conditions of employment should be made contingent upon acceptance of countervailing employer claims under this heading [80].

(f) Productivity agreements and incentive payment schemes

Up to this point there had been only minimal reporting and no vetting procedures for productivity agreements so that knowledge as to their numbers, incidence and/or content was negligible. But now the employers insisted that detailed guidelines and some limitation on "costs" were needed [81]. They agreed with Congress that there was a "need to deal equitably with problems in some industries where basic pay (in incentive payment schemes) is relatively low". They also argued for the revision of such IPS where employees were getting an extra 25 to 33 per cent increase in bonus without any extra effort [82]. They proposed local negotiation on the application of the norm in cases where an IPS bonus element was 20 per cent or more. Congress countered with a figure of 70 per cent or more. A figure of $33\frac{1}{3}$ was eventually agreed.

The employers next proposed that IPS schemes could be altered by mutual agreement (as in the NWA 1972) "or in accordance with the provisions of industry or company agreements or in accordance with custom and practice" [83].⁵ Finally, they suggested either party could seek a review or revision of standards of performance or adjustments in payments where "methods of working, materials or machines change, or are likely to change" [84]. Agreement was reached on the foregoing points and to the effect that the ELC.SC should be asked for procedural advice in the event of failure to agree.

5. This was the second instance (the first was equal pay) in which it was proposed that National Wage Agreements should give precedence to industry/company level agreements.

(g) Inability-to-pay

The NWA 1974 carried forward the "Special Economic Circumstances" clause of the NWA 1972 but added that where such circumstances arose . . . "it shall not be contrary to the terms of this agreement for the parties concerned to negotiate a settlement which modified (its terms)".

(h) Industrial peace and the disputes procedures

The peace clause precluding industrial action in pursuit of wage increases in excess of the norm was carried forward from the NWA 1972 without amendment. So too were the disputes procedures with a single addition to the effect that no party could bring pressure to bear on the other to concede claims going through procedures. Again, as in 1972, there was provision for joint reference to the Labour Court which had the implicit effect of making any LCR which emerged binding under Section 20(2) of the Industrial Relations Act 1969.⁶ The employers expressed concern about unofficial strikes but nothing came of this [85]. They also endeavoured to persuade Congress to give "a categorical assurance" that members of affiliates would pass pickets placed by non-affiliates in pursuit of claims in breach of the NWA; this suggestion was rejected as being totally unrealistic [86]. An employer suggestion that such unions be given ELC representation was also flatly rejected by Congress [87].

(i) The sequence of events following completion of the negotiations

On 13 December 1973 the ICTU Executive Council decided to recommend the terms which had emerged and called a SDC to decide on those terms at the end of January 1974.

One week before the SDC when Congress met the Taoiseach and four leading Ministers it was stated that as the trade union movement had respected the previous NWAs and as the ICTU Executive had recommended the draft NWA 1974 it was now an "imperative necessity" that the government strengthen price control and immediately introduce legislation to implement (i) taxation of farmers, (ii) a capital gains tax, (iii) a wealth tax and (iv) substantial tax reliefs for wage and salary earners [88]. Congress argued that failure to adjust tax levels was making it "increasingly difficult" to negotiate NWAs, that workers were "in revolt" and specifically "that the increase in wages and salaries next year should be relieved of tax" [89]. Never before had a government been faced with such explicit and pressing demands from the trade union movement on the eve of its annual budget. Never before had a government been so desperately anxious to obtain something which that

6. This point has never been tested in law.

movement alone could offer, namely, a "moderate" and "industrial peace-assuring" NWA.

At the SDC the General Secretary of ICTU listed the advantages of the draft NWA and stated that while taxation fell outside the scope of the NWA negotiations, Congress had made a very strong case in this regard to the Taoiseach the previous week [90]. Yet when the debate started, speaker after speaker after speaker referred to income tax. It was said that tax reform should be a pre-condition for *any* future NWA; that Congress should concern itself with taxation not with NWAs; that more tax relief was essential even if tax was outwith the NWAs; that the rate of income tax was "crippling"; that "such vague (government) promises" on income tax "were no reason to recommend the draft NWA"; that the reason for (one union's) rejection of the NWA "was the incidence of tax on the members' earnings"; that "nothing would have a more automatic effect on workers than a reform of the tax code"; that tax adjustment was a right which should not be made contingent on wage restraint through NWAs; that it was the "deplorable tax position" which had caused (one union) to reject the NWA. Other reasons for opposing the terms were conventional except that one of the most articulate of all union critics of NWAs — the Secretary of the Amalgamated Transport and General Workers' Union — said he was opposed "because the employers were in favour" [91]. A spokesman for the craftsmen said "craftsmen got their place in this agreement on their backs, trampled over by the rush of late-starters to the head of the queue" [92]. In the end, the draft NWA was rejected by 295 to 103 votes [93].

The employers now noted that there was immediate pressure on the building and electrical contracting industries and issued a statement saying that as "an uncontrolled and sectoral approach to pay claims could seriously aggravate current difficulties they would be willing to enter further discussion with all the main interests concerned — including the government" [94]. However, having reviewed all the options open to them the employers took no further initiative.

The Minister for Labour now suggested that both sides should meet the Chairman of the ELC. Both sides refused. Congress was adamant that it had no mandate for further negotiations and that it could not call an emergency SDC to seek such a mandate. The following day the Minister issued a statement which suggested that if the parties could meet at the ELC the employers would put forward improved terms [95]. The government, however, was still quite non-committal as to the likely tax content of the forthcoming budget although it did say it would give "serious consideration to any ELC request which might lead to a new NWA" [96]. At this stage Congress received and accepted an invitation to hear revised proposals which offered an additional

60p per week on Phase I, an increase in the minimum for Phase I from £2 to £2.40 and an increase in Phase II of one half of one per cent [97].

As voting by affiliated unions on the new proposals got under way the government, in an overt bid to influence the voting, issued a categorical statement to the effect (a) that the budget would increase tax-free allowances, (b) that these increases would be "a first step towards a policy of reviewing personal (tax free) allowances regularly and at frequent intervals", (c) that a White Paper on capital gains tax would be published in a matter of days and (d) that "the continuation of NWAs would facilitate the process of continuing tax reform" [98].

When ICTU held its second SDC on 7 March 1974 the General Secretary presented the revised terms without comment. The debate had scarcely started when income tax emerged again as a potentially dominant theme. An early speaker referred to:

... the vague promise of the Minister for Finance that he would reform the Income Tax Code. (And he continued . . .) if his actions do not come up to his promises our commitment to the NWA will have to be reconsidered notwithstanding any decisions that are made here today [99].

The very next speaker echoed these remarks:

... unless the Government delivers the goods as promised our Executive will have very grave reservations on any further NWA [100].

At this stage the President of Congress intervened to remind the delegates that they were assembled to discuss wage proposals and that tax was a separate matter [101]. Despite this unique intervention a whole string of speakers rose to reiterate the proposition that unless the government met their hopes on tax reform all future NWAs, including that under discussion, would be in doubt. Remarkably, however, no one proposed that Congress should wait and see what emerged in the budget before voting on the proposals. There were, of course, other objections — notably from craftsmen — but in the end the revised proposals were accepted by 283 votes to 129 [102].

Summary

1 Organisational and Constitutional Developments

The ICTU retained its exclusive hold on the labour side of the ELC. Implicit Congress acceptance of the law to curb dissident minorities became evident. The IEC lost a leading participant (SIMI). The government as employer remained passive.

2 The NWA Norm

The level of the Phase I minimum was increased *vis-à-vis* the preceding NWA despite the fact that the NWA period fell to only 12 months and despite the costly substitution provisions on termination dates. Diminishing percentages were retained and extended, reflecting unease within Congress about the higher paid. The 1974 NWA introduced full indexation above a relatively high threshold.

3 The Rules for Below-the-Norm (BTN) Settlements

No changes occurred under this heading.

4 The Rules for Above-the-Norm (ATN) Settlements

ATN pure and simple was again banned. ELC.IC Report No. 17 was taken into the text (rates which *are* out of line may be anomalous). Repeat anomaly ATN cases were to be referred to the Labour Court. On productivity ATN, the ELC was given authority to issue procedural advice. Criteria and reporting procedures were unchanged; again there was no provision for assessment.

5 The Rules for Conflict Avoidance

Industrial action was ruled out for ATN pure and simple, for anomalies (wages or conditions) and productivity. Disputes and interpretation procedures were unchanged. A major development was the decision to continue the recently-established Adjudication Committee.

6 The Role of the Government (as such)

Government (old and new) remained firmly in favour of NWAs. No explicit guidelines were issued and there was no hint at general legislation. Historic targeted legislation was used to force banks to adhere to NWA norms. Price control remained unchanged but both the government's budgetary and policy prerogatives on taxation were used in a guarded but very real way to induce acceptance of the 1974 NWA.

Chapter 6

THE ORIGINS, NEGOTIATION AND CONTENT OF THE NATIONAL WAGE AGREEMENT 1975

Section 1: Predisposing Factors

(i) Organisational and constitutional developments

No Irish-based union affiliated to Congress in the period of the 1974 NWA. However, the AUEW (TASS) was suspended for failing to abide by a Congress ruling on an inter-union dispute [1].

In his address to the ADC 1974 the ICTU President said affiliated unions would have to decide whether or not they wanted Congress to be:

... the centre of trade union activity, the recognised and accepted spokesman of Irish trade unions, the initiator and co-ordinator of trade union policies ... [2]

This question was prompted by the following considerations. First, one union (AGEMOU) now feared they and others would lose members if they did not return to decentralised wage bargaining [3]. Secondly, it had been stated (ASTMS) that the “erosion of the democratic base of the trade union movement” was inevitable if Congress continued to negotiate NWAs [4]. Thirdly, it had been argued (ETU) that NWAs had “put Congress in the position of policeman of the unions ... (and this led) to cynicism among rank and file members” [5]. Fourthly, it had been suggested (ATGWU) that various unions and unorganised higher-level managers were freely exceeding the NWA norm. This, it was suggested, was “to the chagrin of our members, (and was) leading to difficult industrial situations (for those who, like us) look in a sacrosanct way at workers acting out of concert with the constraints of the NWA”. Fifthly, there had been a vociferous protest by ASTMS that decisions on entry to NWA negotiations should be taken at ADC so as “not to have these decisions foisted by the Executive Council onto SDCs which are stage-managed down to the last degree” [6]. Sixthly, the employers were arguing (as in 1974) that Congress “would have to examine carefully how interests outside ICTU (could) be accommodated in the (ELC) decision-making process” [7]. All of these internal and external pressures predisposed Congress to take an exceptionally strong line in the negotiations for the 1975 NWA despite the fact that the rapidly deepening recession counselled

restraint.

In his annual address (1974) the President of FUE disowned employers who refused to federate [8]. As regards constitutional issues the IEC remained little more than a committee and this prompted the CIF to call for:

... a strong central employers' organisation ... to act as the counterpart of the ICTU ... (as) the IEC has, as yet, no full-time staff and effectively operates only on the occasion of (national) wage negotiations [9].

In this assertion the CIF was isolated and increasingly frustrated. In a significant counter to such thinking the FUE had recently established a National Consultative Council (comprising several hundred delegates from a wide cross-section of member firms) which was to be used, *inter alia*, to test the climate of opinion on entry into NWA negotiations.

(ii) Experience with the NWA 1974 (Appendix A summarises the main Clauses)

(a) *The duration and temporal dispersion of the NWA norm (Clause 3)*

The duration of wage-round settlements fell to one year for the first time ever in 1974. If the employers had reservations about this development the "vast majority" of ITGWU members (who comprised one-third of all affiliated union members) were pleased with the NWA and felt it was far more beneficial than decentralised wage bargaining [10]. At the same time the dispersion of termination dates had been reduced to about five months by the NWA 1974 and there was only limited interest in further reductions [11].

(b) *The invariant nature of the NWA norm (Clause 3)*

During the NWA 1974 the recession resulted in increased redundancy and short-time working. While the employers had to pay lump-sum compensation in the event of redundancy, short-time working could reduce their payroll costs without penalty. Inevitably a union sought an ELC interpretation challenging the validity of the employers' prerogative to opt for short time in the context of a NWA. Uniquely, the ELC was unable to agree on an interpretation and the issue lapsed [12].

It was reported to the 1975 ICTU ADC that the Agricultural Wages Board (AWB) had registered its eleventh refusal to pay the NWA norm in December 1974 [13]. This happened despite repeated Conference resolutions calling for legislation to abolish the AWB and an ELC declaration that farmers should pay or plead inability-to-pay [14]. Finally, in desperation, the ELC asked the Minister for Agriculture to intervene [15]. In June 1974 the President

of the FUE suggested that employers who were forced through coercive action to pay above-the-norm increases might opt out of the NWAs. In reply, the General Secretary of Congress declared:

We would publicly warn the employers and the Government that we will insist on the full implementation of the (1974) Agreement [16].

Rather ambivalently the ICTU affiliates took grave and even rancorous exception to illegitimate above-the-norm increases paid to the members of unaffiliated unions. Yet at the same time it was generally accepted within Congress that many such above-the-norm deals made by affiliates and by individuals went unremarked. Against all this the ICTU pre-budget Submission (January 1975) did accept that many companies were in difficulties; but this was by way of preface to a request for government aid to such firms rather than as an invitation to the negotiation of below-the-norm settlements in such cases [17].

As for the IEC, its constituents could do little more than appeal to their members not to enter into collusive above-the-norm agreements and to report all such claims. But when member firms felt so inclined such above-the-norm increases could be dressed up as "productivity deals" which were still, under the NWA 1974, subject to no effective scrutiny. Alternatively, such increases could be passed off as locally agreed anomalies — except perhaps where the group had already had an anomaly increase under an earlier NWA.

Finally, it should be noted that ELC.AC Report No. 2 stated that the NWAs placed an obligation on all employers to pay the norm whether they were party to the ELC or not and whether or not they recognised trade unions [18].

(c) The NWA norm and wage structure (Clause 3)

The 1972 ICTU ADC set up a committee to "examine the question of a national minimum wage". Its report opposed the introduction of a national minimum wage on the grounds that it would tend to weaken some trade unions and would militate against free collective bargaining. The report was adopted without debate at the 1974 ADC and the concept had no subsequent influence until the end of the decade [19]. An ADC 1974 resolution called for the formulation of a policy for the lower-paid and emphasised that "instruments of taxation and social welfare (should) be complementary to wages policy . . ." [20] However, many unions (notably the large general unions) insisted that, regardless of tax or welfare changes, NWAs should continue to be biased in favour of the lower-paid [21]. The most radical suggestion

in this regard (by UCATT) was that age- and service-related increments should be abolished; however, this proposition found no support [22].

Against all of this concern for the lower-paid there was now a growing volume of dissent from the unions which represented the higher-paid groups. A leading craft union (BWTU) was of the view that the lower-paid were advancing "at the expense of higher-paid workers who are not prepared to sacrifice themselves (on this account)" [23]. Another union (ASTMS) taking a similar line argued that:

... the NWAs have not helped one iota the relative position of the lower-paid because in our society there is no mechanism through which wage increases foregone by those who are in a position to obtain them are passed on to anyone else [24].

The LGPSU raised the question of "established relativities" which were "manifestly inequitable". As a result a motion was adopted to the effect that any future NWA should have a provision which would enable such claims to be processed with reference to the Labour Court in the last analysis [25]. The IUDWC in a similar vein complained that "many of its members had been unable to improve their relative position" because the anomalies clause was too strict [26].

The IEC displayed little interest in wage structure questions in 1974. However, an FUE Bulletin reported the ICTU opposition to minimum wage legislation without comment and therefore by implication with approval [27]. The government (as such) now ventured to suggest that in:

... the present (1974) critical economic circumstances it may be difficult to justify percentage increases at the very top of the scale as great as those applying to workers lower down [28].

(d) The NWA norm and real wages (Clause 3)

By 1974 the ICTU was more convinced than ever that even the very best price surveillance efforts of the NPC would not, of themselves, justify wage restraint [29]. The General Secretary (addressing an SDC in December 1974) noted that in the three-and-a-half years following the introduction of NWAs real wages (i.e., average industrial earnings) rose by 21 per cent. It is striking that such real wage progress was noted with approval at a time of rapidly deepening recession. Later the President referred to an EEC document on wage indexation which, he said, agreed with the ICTU conclusion "that indexation cannot be shown to be a cause of compounding or accelerating inflation." [30].

A discussion document circulated to the same SDC contained a number of propositions which inevitably influenced wage policy development. First, it stated that:

... the escalator clause neutralised the effect of wage increases on inflation ... and avoided the necessity to secure in wage increases either advance compensation for future price increases, which were incalculable, or compensation for past price increases, which had already become part of the existing pattern of income distribution.

Secondly, it urged rejection of the propositions (the latter of which appeared to have Ministerial support) that import price effects should be ignored for indexation purposes and that indexation should be accepted in place of real wage growth. Thirdly, the document used the term "conflict inflation" to describe the then inflation on the grounds that it reflected inter-sectoral pressure for increased income shares. It noted that such pressures arose from the oil producers' policies and from the levelling-up of Irish agricultural prices to European levels. Finally, it argued categorically that there should be no retreat from the full indexation achieved in the final stage of the NWA 1974 [31].

There was also an increasing interest in the technical details of indexation. The WUI argued for more frequent escalator adjustments. The ITGWU called for a detailed review of the CPI to check for (unspecified) biases. The ATGWU, CPSSA and TSSA argued that wage indexation could not preserve real disposable earnings as long as the government declined to index-link¹ tax free allowances and tax bands [32].

As for the employers, having agreed to full indexation above a threshold in the NWA 1974, they were profoundly shocked by the results which emerged only a short time before the 1975 NWA negotiations began.²

(e) Inability-to-pay the NWA norm (NWA 1974, Clause 17)

During the NWA 1974 the provisions relating to inability-to-pay were severely criticised at ICTU conferences. The ITGWU made it clear that it would "fully support" any of its members who wished to take action on any inability-to-pay plea by their employers. The WUI expressed grave concern because "many employers seeking exemption had received State grants". A leading craft union (UCATT) said that "there should be no escape route for employers when workers were bound by the Agreement",

1. Up to 1973 TFAs and tax bands attracted little comment at ICTU Conferences but thereafter they became a matter of more and more intense interest.

2. The 10 per cent threshold was exceeded by a totally unexpected 10 per cent.

that large firms making such a plea "deserved to be bankrupted by the unions" and that "these provisions should be abolished". A leading distributive union (INUVGATA) called for the abolition of the employers' "escape route" [33].

While the private sector employer organisations remained firmly of the view that the "inability-to-pay" provisions were essential, individual private sector employers made minimal use of these provisions while the government as employer displayed no interest in them.

(f) The NWA norm and equal pay (NWA 1974, Clauses 5-16)

Article 119 of the Treaty of Rome obliged Member States to apply the principle that men and women should receive equal pay for work of equal value. Towards the end of 1973 the European Commission was pressing for a Council Directive which would give effect to this principle in all member states by the end of 1975. When the Irish Anti-Discrimination (Pay) Bill was published in February 1974 the ICTU stated that it was "entirely inadequate" [34]. In essence Congress sought and obtained legislative effect for a more liberal definition of equal pay than the above-mentioned Bill envisaged. It was by now becoming clear that the law would soon supersede the NWAs in this regard.

The FUE expressed grave concern at the proposed operative date (31 December 1975) for equal pay and it urged the government to make provision for the phasing-in of equal pay where it could be shown that the additional costs involved represented more than a specified proportion of total labour costs in individual industries and firms [35]. The FUE was ignored and they were later to report that to their "astonishment" and "contrary to what (they) had been led to believe" the government introduced legislation to give effect to equal pay from the end of 1975 [36].

(g) Anomaly wage increases (NWA 1974, Clauses 18-19)

The NWA 1974 stated that, having regard to the anomaly provisions of the preceding NWAs, only a limited number of further anomaly claims should arise; but as the NWA 1974 expanded the anomaly criteria this was a meaningless assertion. The ELC reported at the end of the year that there were no indications of a reduction in the number of such claims; that a "large number of anomaly claims were settled through direct negotiations or as a result of conciliation" and that Labour Court Recommendations in this regard in the year to the end of November 1974 (end December 1974 for the public sector) could be summarised as follows [37]:

Table 8: *Numbers of anomaly claim recommendations issued by the Labour Court in 1974*

<i>Category of claim</i>	<i>Total no. of cases</i>	<i>No. recommended (employees covered)</i>	<i>No. rejected (employees covered)</i>
<i>Clause 18 (a)</i>			
Claims to restore prior relativities	13	4 (1410)	9 (1060)
<i>Clause 18 (b)</i>			
Claims to bring a wage into line with the general level of wages for the category	55	31 (1117)	24 (1683)
Sub totals	68	35 (2527)	33 (2743)
Public Sector (C & A)			
18 (a) and 18 (b)	28	19	9
<i>Overall totals</i>	96	54	42

Source: ELC, *Report on National Agreements 1970, 1972 and 1974*, p. 8.

The WUI protested that employers, anxious to ensure NPC approval by getting a Labour Court Recommendation, went to the Court even with valid anomaly claims [38]. This prompted ELC representations to the Minister for Industry and Commerce seeking an appropriate modification of the NPC's mandate [39]. However, this problem had not been resolved when the negotiations for the 1975 NWA commenced.³ The WUI noted that it had been found in breach of the NWA on foot of official industrial action taken in pursuit of an anomaly claim, while another group which had taken successful unofficial action against the same employer had escaped without sanction. It stated emphatically that it considered this intolerable [40].

The employer organisations showed signs of even greater dissatisfaction. Indeed, a few months after ratification of the NWA 1974 the President of FUE protested that:

... there is an obligation on the unions in each employment not to play ducks and drakes over pay relativities. If they do there is no way in which genuine anomalies can be removed and equitable pay structures applied [41].

This anxiety was echoed again in the FUE's October 1974 Bulletin and yet

3. However, it was resolved a few days later when the government agreed that anomaly settlements reached at Conciliation should be deemed admissible for price increase application purposes.

again in its Annual Report for 1974 when it voiced its concern about the ability of some employers to pay anomaly increases [42]. The CIF also complained about extra increases which were emerging under "one guise or another" for construction workers in the Local Government area [43].

Now, at last, the government was becoming intensely concerned on this account [44]. In April 1975 the Minister for Finance observed in his budget address that:

... because of the closely integrated structure of the public service there is always the danger of pressure to extend anomaly awards of key grades not only to the directly related grades but also from one part of the public service to another.

The Minister also said that "it was vital" that the number of anomaly claims be limited; that the government was "perturbed at the extent to which the existence of a large number of separate arbitration schemes in the public sector may be contributing to expensive leap-frogging claims . . . within the public sector" and that therefore the rationalisation of pay determination machinery in the public sector was to be pursued as a matter of priority with ICTU [45]. Finally, even the Labour Court complained that valid productivity agreements negotiated by some bargaining groups "gave rise to a tendency on the part of other groups to claim increases on the grounds that such agreements created anomalies" [46].

(h) Productivity and incentive payment schemes (NWA 1974, Clauses 23-25)

During the course of the NWA 1974 the ELC/IC was asked whether the norm should be applied to basic in a case in which remuneration was substantially on a commission basis and in which there was no agreed specific relationship between basic and bonus. Subsequently, the ELC ruled (a) that such a claim was permissible, (b) that the employer was not obliged to concede it and (c) that if necessary the matter should be referred to the Labour Court under Clause 26 (1974) for resolution. The unions (IUDWC and ICTF) most directly affected by this ruling complained that it was unsatisfactory and said a change should be sought in any future NWA [47]. A TSSA spokesman suggested that:

The productivity clauses of the National Wage Agreement have not increased national productivity — they have simply been used as a device to get more money [48].

However, there is little evidence of concern on the employer side with the

operation of the productivity clauses of NWA 1974.

(i) Conditions of employment (NWA 1974, Clauses 20-21)

The only union complaint under this heading was that some employers refused to negotiate on such matters unless the union could show that its members were well below the norm in regard to the conditions of employment in question [49]. However, the clause was used fairly extensively so that in the year to November 1974 the Labour Court heard 95 such claims of which 48 were approved in whole or in part [50]. These results together with those arising under the heading of anomalies were soon to prompt a new employer approach to cost-increasing above-the-norm claims.

(j) Disputes procedures (NWA 1974, Clauses 3(a), 9-15, 17, 23-24, 26, 27-28)

There were a number of notable developments under this heading. First, the Minister for Labour referred no less than thirteen cases to the Labour Court in 1974 for investigation under the previously little-used Section 24 of the Industrial Relations Act 1946.⁴ With one exception (the commercial banks) these cases related to higher-paid grades in the public sector.

Secondly, the ELC ruled (a) that industrial action (in the form of refusal to perform tasks previously performed) in pursuit of a claim over and above the settlement terms proposed in a Labour Court Recommendation would be a breach of the NWA, (b) that there was no obligation on the union to accept the Court's recommendation and (c) that further negotiations on the claim were not ruled out [51]. Although post-recommendation negotiations were not unknown the practice was generally frowned upon as it was felt that it tended to undermine the Court's authority and encouraged the Court to avoid making a substantive recommendation in difficult cases.

Thirdly, in May 1974, the FUE protested strongly to Congress that there had been 76 unofficial and 32 official strikes in the first five months of the year, that no effective action was being taken against unofficial strikers, that inter-union disputes were proving intractable and that non-affiliates were causing problems by ignoring the NWA. The FUE went on to request ICTU to give urgent attention to these matters lest federated firms should start to opt out of their NWA obligations in protest [52]. Later, in December 1974, the FUE argued (again unsuccessfully) for the issue of an ELC statement condemning breaches of the NWA [53].

The strike statistics for 1974 (see Tables 27 and 28) underline the FUE's concern, although almost half of the days lost that year related to strikes

4. This mechanism was mainly intended to highlight cases of general public interest in which one party or both were refusing to go to the Court or where both were thought to be acting collusively without regard to the public interest.

concerned with matters which fell outside the scope of the NWA. As for the number of breaches, 20 were reported that year, 16 of which came from employers. Only 3 cases actually went as far as adjudication [54]. However, this last figure understated the problem as the ELC.AC was not established until June 1974 and the ELC.SC played an important informal role in defusing many actual or potential breaches before and after that time [55].

(k) *The overall attitude of ICTU, IEC and the Government*

As regards the ICTU it is sufficient to note that the SDC vote on whether or not to enter negotiations for a 1975 NWA produced a margin of three-and-a-half to one in favour [56].

Meanwhile, the President of FUE made it clear that when the private sector wrote off (even short-term) wage legislation in 1973 (with the advent of the Labour Party to power in the new Coalition Government) they had had to choose between:

... the jungle of a free-for-all where sectional interests get a high priority rating and gladiatorial displays of industrial power make the news or freely negotiated national agreements [57].

However, although the FUE and the CIF still favoured the NWA option they were extremely unhappy with the high standard cost, the high supplementary cost and the level of industrial conflict which had characterised the operation of the NWA 1974 [58].

By 1974 the government's early enthusiasm for NWAs was tempered by their cost and price implications. These implications prompted the Minister for Finance to remark that it was:

... essential that all sides should co-operate in enabling the very substantial pay benefits in the (1974) Agreement to be matched by real increases in productivity and efficiency [59].

Again about this time the Minister for Social Welfare expressed the view that:

... solutions to inflation were attainable only through new institutions and new attitudes [60].

(iii) *Government policies bearing on the process of wage adjustment*

Neither the Budgets of April 1974 and January 1975, nor the intervening discussion document *A National Partnership* revealed any inclination on the

part of the government to be more explicit than previously in regard to specific voluntary wage-round norms. However, the latter document did refer to the "anxiety among workers that living standards may fall" and undertook to:

... examine, with the interests concerned, how best to arrange that earnings under future (national) agreements may be protected, through adjustments in line with the cost of living, against erosion from price increases [61].

As for wage legislation there was no suggestion during 1974 that the government was contemplating the enactment of a specific norm for the 1975 wage-round.

In November 1974 the government finally admitted that it no longer considered price control to be a basis for achieving wage control when it observed that:

in the present inflationary situation the Prices Commission's ability to contain prices is limited since *it must take as given certain pay increases under the NWA*⁵ and the prices of imported materials [62].

By contrast the idea that the budget could induce wage restraint was gaining ground. In fact the 1974 Budget contained the most comprehensive response ever to ICTU demands for tax reform. Basic tax-free allowances (TFAs) were raised by some 60 per cent and regular reviews were promised. Tax bands were raised releasing 60,000 from the PAYE net. Farmers' income tax was introduced. Capital gains and wealth taxes were promised. Indirect taxes were not increased [63]. The 1975 budget increased TFAs by at least a further 15 per cent and higher tax rates were substantially reduced. All of these changes were intended *inter alia* "to enhance the purchasing power of wages and salaries" and so persuade the wage earners and their unions to stick "strictly" to the terms of the NWA 1974 and to agree that all "anomaly and special claims under the NWA be subject to the most critical scrutiny". The Minister was particularly concerned lest inflation of the public sector pay-roll under the current and any future NWA should give rise to "crippling restrictions on advances in other fields". In the same vein it was stated that:

... (unless those) concerned with the negotiation of wage increases in 1975 appreciate the gravity of the crisis facing us ... and show

5. Our italics.

the moderation that is essential . . . (an) impossible (public sector pay) burden . . . could leave the State with no option but to cut back on desirable expenditure in other areas of vital economic and social concern [64].

- (iv) The general economic position and outlook at the start of the 1975 NWA negotiations

The *ESRI Quarterly Economic Commentary* appeared shortly before the 1975 NWA negotiations were due to begin. It suggested that growth for 1974 would be only 1¼ per cent, but that increases in import prices would cancel this and lead to a decline of 4¾ per cent in GNP. It was suggested that price inflation for the year to mid-November 1974 would be 20 per cent, that the balance of payments deficit would rise to £325 million and that unemployment (seasonally adjusted) would stand at a record post-war level [65]. Turning to 1975, the *Commentary* predicted zero growth (ignoring the terms of trade) and GNP increasing by 3½ per cent (allowing for terms of trade effects), inflation at about 19 per cent, a balance of payments deficit of some £180 million and a further fall of about one per cent in employment [66]. All in all, the economy had never experienced such a catalogue of difficulties (as in 1974) or faced such daunting prospects (as in 1975) in the entire post-war period.

Section 2: *The Emergence of Congress Wage Policy*

The Executive Council again ensured that the decision on bargaining level would be made at SDC rather than at ADC, and the President, with masterful subtlety, steered the delegates to an overwhelming vote in favour (253 to 74) of entry to a further round of national negotiations [67].

The ADC of July 1974 rejected a motion opposing any further NWAs by a majority of over two to one [68]. Although there was no motion in favour of a further NWA several unions did speak positively about the NWA approach to wage policy [69].

Addressing the November 1974 SDC the General Secretary of Congress said:

. . . our purpose is change. But change to be acceptable must have commitment. Without commitment the sacrifices which change involves will be rejected. Commitment will not be forthcoming unless we set for ourselves clear objectives . . . which are worthy of effort and sacrifice.

It was further argued that each NWA should be part of a long-term strategy

and that the trade union movement should use its immense numerical strength towards this end [70].

During the course of the NWA 1974 there were repeated references by trade unionists (and employers) to the inter-relationships between wage incomes, income tax, social welfare contributions and inflation. In this regard the wage-round/budget sequence now became a critical issue. In 1974 the Minister for Finance had refused to reveal his budgetary intentions until the NWA 1974 had been ratified [71]. But now a growing body of trade union opinion felt that this sequence could no longer be accepted. At the 1974 ADC the ICTF argued that:

The Government of the day must show its hand *in advance*⁶ (of ratification of the NWA) and make known to the unions in clear terms and without vague promises just what income tax reliefs and associated benefits are contemplated [72].

Another union (ITGWU) proposed a resolution which condemned, as inadequate, the relatively high income tax concessions of the April 1974 Budget, the promise of which had been used to induce a trade union vote in favour of the 1974 NWA. The IWWU felt the government had misled Congress as to its 1974 budgetary intentions and it urged that promises from any Minister should not be taken seriously in future [73]. The ITGWU echoed these and related points as did the ICTU Budget Submission to the Minister for Finance in January 1975 [74].

In short, Congress wage policy was now dominated by its demands for indexation not only of wages but also, implicitly, of all income tax allowances. Most particularly, many leading affiliates wanted to frame wage policy after the budget rather than before it.

Section 3: *The Emergence of Employer Wage Policy*

Public sector wage policy was, to quote the January 1975 Budget, to be based on the proposition that "moderation in income increases in 1975 (was) imperative both for national economic and public sector pay-roll reasons" [75]. As for the private sector employers they proposed a pay pause for the first time since 1970.

Section 4: *The Course and the Results of National Level Wage Bargaining*

The bargaining agenda was unchanged as regards structure and content. However, in their opening statement the employers revealed the extent of

6. Our italics.

their anxiety by appearing to set preconditions despite the fact that both tradition and experience ruled out this approach [76]. At the first meeting of the ELC Plenary Session they expressed great concern about their recent experience with indexation and anomaly claims (pay and conditions). They stated that the 1974 peace clause had been a major disappointment and they therefore proposed that any new NWA might be given statutory effect. They argued that Congress should be responsible for actions of unaffiliated unions in breach of the NWA. Finally, they proposed a three-month pay pause [77].

Congress replied that there could be "no question of a pay pause"; that indexation (with more frequent payments) was essential; that anomalies, being inequitable, "should be put right"; that the conditions of employment clause had been a "severe limiting factor"; that many strikes had been on foot of matters not covered by the NWAs; that the employers' side too had dissident elements, notably, the farmers and that the equal pay legislation could not be ignored [78].

When the ELC.WP held its first meeting Congress proposed a one-year agreement with two phases of 9½ and 9 per cent respectively and full indexation over a threshold of 15 per cent [79]. In effect, this claim proposed real wage growth for all of at least 3.5 per cent in a year in which zero growth was expected. The immediate employer response was that the norm should be of an "amount-up-to-a-certain-figure" type as in 1970; that a norm of a "sum certain" was essential as "bad (official) estimation" of the 1974 CPI had turned employers against indexation [80]. A week later the employers put forward a full draft agreement which was intended to make any concession of a norm contingent upon agreement on above-the-norm extras [81]. Congress countered to the opposite effect. Eventually the bargainers began to operate mainly on an item by item basis as follows: (a) industrial peace, (b) special economic circumstances (inability-to-pay), (c) productivity, (d) conditions of employment and anomalies (these were treated jointly for the most part), (e) equal pay, (f) adjudication and interpretation and (g) the wage-round norm.

(a) Industrial peace and disputes procedures

This was the first major issue raised by the employers. Their draft proposed a new preamble to the usual NWA text which implied a total embargo on *all* industrial action whether related to NWA matters or not [82]. A later clause in the same draft proposed that either party could insist on prior ELC.SC clearance of industrial action and that an ELC.SC ruling in this respect would be binding. Congress rejected these proposals as impracticable and inconsistent with the existing adjudication process and argued for the retention of the existing (NWA 1974) peace clause [83].

The employers next suggested that the ELC.SC or ELC.AC "should be

appraised of pending strikes prior to strike notice being served" [84]. Congress rejected this proposal and suggested that if an employer negotiated an illegitimate above-the-norm deal with one group, he would be in breach *and* other groups of his employees should be free to seek similar increases and take industrial action on this account without being in breach [85]. The employers rejected this proposal and went on to suggest prior vetting of strike notices by Congress [86]. This too was rejected. The employers next proposed an early warning system to notify federation officials prior to the issue of strike notices [87]. Congress said this was impracticable in regard to precipitate unofficial strikes and that in any case they had no control over the internal procedures of affiliates [88]. In the end the only changes were (a) a new obligation to seek ELC.SC advice before taking industrial action, (b) an explicit ban on industrial action on foot of inability-to-pay cases until after the issue of a LCR and (c) reference to an agreed third party or, if that failed, to the ELC.SC who would "determine" a procedure to be followed in deadlocked productivity negotiations [89].

(b) Special economic and financial circumstances (SEFC) — inability-to-pay

The employers first proposed that inability-to-pay settlements could combine a reduction and/or deferment of the norm, and/or improved productivity as a prerequisite for payment of the norm, that LCRs in such cases would be binding and that there should be a total ban on industrial action in this regard.

The ICTU replied that compulsory arbitration on the payment or non-payment of the norm was "totally unacceptable" [90]. It also rejected the notion that a successful plea of inability-to-pay in 1974 would automatically place payment of the 1975 norm in doubt and insisted that, in the last analysis, the employees concerned should be free to judge their employer's plea and take industrial action if they disagreed with it [91]. Congress now expressed a willingness (which was not taken up) to discuss "any proposals on consequential liabilities imposed on either side arising from a refusal to follow the agreed procedures or a failure to do so in good time" [92]. It also argued that any agreed reduction in the size of pay increases should be for a limited period related to the duration of the employer's difficulties [93]. Commenting on the suggestion that an employer should have the right to withhold Clause 3 increases if he (or an independent assessor) felt the employees were displaying an "unreasonable failure to co-operate", Congress stated emphatically that this "would not be accepted under any circumstances" [94].

In the end the 1974 inability-to-pay clause was retained with a new addition stating that the "parties *could* alleviate the cost impact of the norm by introducing *agreed* changes in work practices which would improve

efficiency" [95]. In addition, a new sub-clause headed "co-operation" incorporated into Clause 3 read as follows:

Having regard to present economic conditions trade unions and employers *will co-operate*⁷ in measures to safeguard employment and the viability of businesses, including measures to improve efficiency and alleviate the rise in labour costs resulting from the implementation of the pay increases set out in Clause 3 ... [96].

While this appeared to be an important concession by the unions it will be seen later that the clauses dealing with productivity agreements largely negated any relief which it seemed to offer to employers.

(c) Productivity agreements, incentive payment and payment by results schemes

The opening employer proposal in respect of PBR schemes was that the norm should apply to employees whose remuneration consisted partly or solely of piece rates and if an employee thereby received a (weekly) increase equal to the wage norm the employer would be regarded as having fulfilled his obligations [97]. Congress rejected this and refused to agree with any proposal that would permit the alteration of an existing relationship between basic pay and incentive earnings as had been agreed in the NWA 1974. In the end a similar but vaguer clause (suggesting reference to a third party who would "examine" proposals) was agreed for 1975 [98]. Congress also rejected a proposal that new or amended productivity agreements should be grouped into a single omnibus wages and conditions of employment clause [99]. Eventually, the 1974 terms were carried forward. But these provisions sat uncomfortably beside the terms of Clause 3(p) – "Co-operation" cited above. This latter suggested that productivity improvements could and should be conceded by employees in return for payment of the norm – while the productivity clauses just mentioned made it clear that an employer could not change established practice without the unions' agreement (which he was unlikely to obtain unless he agreed some above-the-norm (productivity) increase).

(d) Anomalies and conditions of employment

With the exception of the negotiation of the norm these two areas, taken together, proved the most difficult and contentious in the 1975 negotiations. The difficulty was due mainly to the fact that the employers now insisted

7. Our italics.

that the right to negotiate separately (established in the first three NWAs) on (a) anomalies, (b) conditions of employment and (c) "productivity" agreements should now be consolidated into a single omnibus clause entitled "Special problems in relation to pay and conditions of employment". They also insisted that guidelines would no longer suffice and that a cash limit equal to 1½ per cent of payroll would be necessary on all such claims [100]. Congress replied that these proposals were "an attempt to put the unions in a straitjacket" [101]. Congress further argued that the 1974 conditions of employment clause should be retained and that "the proposed 1½ per cent anomaly ceiling was unrealistic as the UK experience had shown that all groups would seek increases up to the limit" [102]. Finally, Congress tried (successfully) to widen the exceptions headings of the 1974 conditions of employment clause (pensions, sick pay and hours) to make comparison with existing standards the rule for *all* (i.e., *each*) non-wage conditions of employment [103].

At this stage the employers went so far as to state that they could make no offer on the NWA norm until their proposed "omnibus clause" was agreed [104].

Congress responded by proposing (a) that directly-negotiated cost-increasing settlements be barred, (b) that claims could be made but would be ruled on by the Labour Court, (c) that industrial action prior to such a ruling would be a breach and (d) that if an employer made direct concessions to one group within his workforce he would be in breach and other groups could take industrial action in pursuit of parity without being in breach [105].

The employers countered by proposing that within the omnibus clause a Labour Court ruling might exceed their proposed 1½ per cent (of the payroll cost of the group concerned) ceiling provided the Court stated its reasons for doing this [106]. This too was rejected by Congress. (It subsequently made a brief appearance in the 1977 NWA only to disappear again in subsequent NWAs.) The employers next indicated that they were prepared to permit *direct* concessions of up to 1½ per cent in special cases [107]. The next Congress proposal (a) dealt exclusively with pay anomalies, (b) omitted the employers' ceiling of 1½ per cent, (c) proposed that *all* such claims be referred to the Court or Arbitration for determination *unless* a special ELC Committee granted exemption, (d) set down criteria similar to those in the NWA 1974 and (e) suggested that any party to an agreement on pay which did not respect the foregoing rules would be in breach [108]. This was the first general (as opposed to specific) indication by Congress that it felt that collusive above-the-norm increases should not go totally unchecked.

When the employers again insisted that some limitation on above-the-norm cost increasing claims was essential Congress suggested a cash limit and

proposed that awards exceeding this limit might be deferred except in special cases (e.g., those already in the pipeline) to the end of 1975.

The employers rejected this and proposed (a) that agreements on pay and/or conditions of up to 1½ per cent might be permitted provided there was joint reference to the Court (or Arbitration) if agreement could not be reached within that limit, and (b) that claims for pension or sick pay schemes (where none existed) or for a reduction in hours towards forty could proceed apart from the 1½ per cent limit.

Congress now indicated that it would go along with the employers' main proposals provided they agreed to a "two phase plus escalator" norm [109]. At the penultimate stage in the negotiations the employers again insisted that the Labour Court (or Arbitrator) would have to have regard to such factors as "general economic conditions", the "ability of the employer to bear the cost of an award" and the "level of pay and other benefits and their development since 1970" but none of these points were accepted. The Clause which was finally agreed is summarised in Appendix A (Part Two). Remarkably the Clause dropped the anomaly criteria of the preceding NWAs and reduced the entire issue to one of undefined "inequity" which in the last analysis the Labour Court had to interpret and which Congress considered to be looser than the more detailed criteria of earlier NWAs [110].

(e) Equal pay

There were no changes under this heading in the NWA 1975 except that the imminence of legislation was expressly noted.

(f) Adjudication and interpretation

The only point of note here was the fact that Congress persuaded the employers that the mere making of an above-the-norm claim as opposed to actions or proposed actions in pursuit of such a claim should not be adjudicable as a breach [111].

(g) The NWA norm and its duration

The employers began by insisting that there would have to be a pay pause of three months which could be followed by a twelve-month NWA with two equal phases: the first phase to be on a cash plus percentage basis, the second to be left open for later discussion with the Labour Court having the final say in the event of failure to agree. As for escalation, it was suggested that this should be such as would "compensate employees for price rises in respect of that proportion of their incomes which is normally used to maintain essential living standards" [112]. They also suggested that the norm should apply to all except where:

- (i) it would seriously affect the viability of the company
- or (ii) would undermine its competitiveness at home or abroad
- or (iii) would lead to unemployment or short-time working
- or (iv) could, together with equal pay, add significantly to labour costs.

In such cases it was proposed that the norm could be withheld "if employees unreasonably failed to co-operate in measures designed to promote efficiency" [113].

Congress immediately retorted that (a) "the negotiations would not get off the ground if the employers insisted on a pay pause", (b) an "open" second phase was unrealistic and absolutely unacceptable, (c) no items could be excluded from the CPI as a basis for an escalator clause, (d) the lower-paid needed special provisions as did those in employments which were not secure, (e) prior pleas of inability-to-pay could not be carried forward, (f) payment of the norm could only be delayed if there was a successful plea of inability-to-pay, (g) inability-to-pay, where proven, should be temporary, and (h) the proposition that the norm could be withheld until co-operation was assured was "rejected absolutely" [114].

When negotiations resumed Congress indicated that it would be prepared to accept some of the employers' points in regard to their proposed "omnibus clause" provided the employers accepted the ICTU proposal as to the form of Clause 3.

The employers now said that, if conceded, the Congress wage proposals would lead to inflation of over 30 per cent. Congress replied that if they had no serious offer to bring back to their Executive Council three days later, it was probable that the Council would decide to tell the affiliated unions to go ahead with individual wage claims [115]. To enable the employers to formulate an offer Congress said the norm would (a) have to guarantee the preservation of real wages, (b) provide a small increase in real wages and (c) provide "some special protection for the lower-paid" [116]. The sequence of claims and offers from this point forward is summarised in the following table.

Table 9: *The sequence of offers and claims on the norm in the NWA 1975 negotiations*

	<i>Employers' offer (EO) No. 1</i>
	Duration: 12 months (3 mths. x 4 phases) Phase I: 4%: Min. £1; Max. None Phase II: 4%: Min. and Max. None Phase III: 4%: Ditto Phase IV: 4%: Ditto Possible review after 6 months [117]
<i>Unions' claim (UC) No. 1</i>	
Floor not less than £2.40 (i.e. NWA 1974 minimum). Percentages too low. Threshold essential [118].	
	<i>EO No. 2</i>
	Duration: 12 months (as above) Phase I: 4%: Min. £1.20, Max. None Phase II: 4%: Min. £1.20, Max. None Phase III: 4%: Ditto Phase IV: 4%: Ditto [119]
<i>UC No. 2</i>	
Duration: 12 months Phase I: 8%: Min. £2.20, 4 mths. Phase II: 4%: Min. £1.20, 2 mths. Phase III: 5% Plus 60p. No min. 3 mths. Phase IV: 4% Min. and Max. None Escalator: 1% for each 1% rise in CPI from 17% to 25%; 3 mths. [120]	
	<i>EO No. 3</i>
	Duration: 12 months (as above) Phase I: 6%*: Min. £1.50, Max. none Phase II: 4%**: Min. £1.20, Max. none Phase III: 4%**: Min. and Max. none Phase IV: 4%**: Min. and Max. none * Or CPI % rise if greater ** Or if CPI rise greater than 4.5% in each quarter then 5%. If CPI rose by > 23% in year to mid Nov. 1975 a review to take place to consider a possible extra 2% wage increase [121].
<i>UC No. 3</i>	
Duration: 12 months (as before) Phase I: 8%: Min. £2, Max. none Phase II: 4%: Min. £1, Max. none Phase III: 4%: Min. & Max. none Phase IV: 4% or 5% if CPI rise \geq 22% [122].	

Table 9: (Cont'd.)

	<i>EO No: 4</i>
	Duration: 12 months (as above)
	Phase I: 6%*: Min. £2, Max. none
	Phase II: 4.5%: Min. £1, Max. none
	Phase III: 4.5%: Min. and Max. none
	Phase IV: 4.5%: Ditto
	Escalator: 1% for each 1% rise in year in CPI from 23% to 26% [123]
	* or CPI rise if greater
<i>Terms finally agreed (7 March 1975)</i>	
Duration:	12 months (3 month x 4 phases)
Phase I:	8%: Min. £2, Max. none
Phase II:	4%**: Min. £1, Max. 5%
Phase III:	4%**: Min. none; Max. 5%
Phase IV:	4%**: Ditto
Escalator:	1% for each 1% rise in year in CPI from 23% to 26%
** Or CPI rise in previous quarter up to a Max. of 5% [124]	

In return for these proposals the employers sought and obtained the "Co-operation" sub-clause cited earlier. They also argued for stronger clauses to cover "Industrial Peace" and "Special Economic Circumstances" with modest success on the latter count.

The Sequence of Events Following Completion of the Negotiations

When the ICTU.SDC met in April 1975 the debate had no predominant theme. The ITGWU supported the proposals but suggested that multinationals should not be allowed "to take advantage of the economic climate to welsh on their commitments". The ATGWU opposed the proposals because of its fears that pleas of inability-to-pay would become widespread. The WUI was in favour despite the new restrictions and it observed that "the 1974 Agreement allowed plenty of latitude, but too many of us went beyond that latitude and we are now suffering for it". The BWTU, long opposed to NWAs because they were helping the lower-paid to overtake the higher-paid, now opposed the 1975 draft on the grounds that "the lowest paid workers would get £4.71 while a worker on £80 would get £17.19". The FRW was in favour despite the fact that the Department of Agriculture nominees on the Agricultural Wages Board (AWB) had opposed the implementation of the NWAs "on principle". The ISLWU (although in favour) indicated that it had had to take industrial action on foot of inability-to-pay pleas by two companies. The IPOEU rejected the proposals because it did not want "to be ruled by the ELC", the NWAs kept its members in the "middle income

group" and "no account (was) taken of income tax in the proposals". The INUVGATA accepted with reservations, one being the "tax clawback" another being the fact that the NWAs permitted "flexibility and productivity agreements which were the cause of much of our unemployment". The CPSSA was opposed; it suggested that the compensation for prices "related to price increases that were past and (would) cause prices to rise again" and noted that "there (was) no provision for the all-female grade". The CSEU was in favour, noting that the proposals did not contain a "no cost increasing claims clause as was the case in most agreements prior to the 1970 NWA" [125]. Before the ballot the General Secretary said the terms had the full recommendation of the Executive Council. The ballot result was 281 votes in favour and 117 against [126].

Summary

1 Organisational and Constitutional Developments

Despite some considerable tension between anti-NWA affiliates and the Executive of ICTU the Executive view in favour of the Congress-wide consensus approach to wage policy prevailed. On the employer side, the FUE continued to hold a leading position despite CIF pressure for a stronger central confederation.

2 The NWA Norm

The duration of the new (1975) NWA was again one year. The influence of Phase I of the preceding NWA was broken — but only with the advent of regular quarterly phases. Cash floors again favoured the lower-paid. Indexation was used more explicitly than ever — but with upper limits in the final three phases.

3 The Rules for Below-the-Norm (BTN) Payments

These rules were altered marginally to encourage agreed changes in work practices as an alternative to BTN payments.

4 The Rules for Above-the-Norm (ATN) Payments

The employers made strenuous (but unsuccessful) efforts to bring all ATN items under a single clause. The 1974 criteria and reporting provisions on productivity ATN were carried forward; a new provision was introduced for "third party assessment" in the event of deadlock. Anomaly and conditions ATN were brought within a 1½ per cent ceiling unless the Labour Court approved more. The term "inequity" supplanted the term "anomaly".

5 *The Rules for Conflict Avoidance*

Industrial action was again ruled out for ATN pure and simple, for productivity and for anomalies (except that — in a new sub-clause — it was permitted if an employer failed to pay a Labour Court Anomaly award). Determined employer efforts to debar all industrial action or to slow down movement towards industrial action by procedural means had some success in the anomaly/productivity clauses. Interpretation and Adjudication provisions were unchanged.

6 *The Role of the Government (as such)*

The government remained in favour of NWAs. No explicit guidelines were issued for the negotiations and there was no hint of general wage legislation. Price control criteria remained unchanged. While budgetary prerogatives appeared unimpaired there were to be unprecedented developments on this front within a few weeks of ratification of the 1975 NWA.

Chapter 7

THE ORIGINS, NEGOTIATION AND CONTENT OF THE NATIONAL WAGE AGREEMENT 1976

Section 1: Predisposing Factors

(i) Organisational and constitutional factors

There was only one very small ICTU affiliation (Postmasters' Association) and one very small disaffiliation (Guild of Irish Journalists) in the period 1974-76 [1].

While there were no organisational developments of note on the employers' side major constitutional issues were now being raised. In April 1975 the Minister for Finance said:

There was clearly a case for the Government to be represented in the negotiation of national wage agreements which have a greater impact on the economy than any possible budgetary or legislative measures . . . (however), tripartite negotiations would raise a number of fundamental issues . . . (in particular) . . . how to reconcile Government negotiations with representatives of workers and employers on matters such as taxation with the democratic and constitutional principle that Dáil Éireann is supreme in these matters [2].

Thus despite some heavily guarded gestures in the past the government still seemed anxious to avoid involvement in a trilateral bargaining relationship with the ICTU and the IEC.

It was in this context that the FUE now pressed as never before for precisely such a tripartite bargaining relationship [3]. In this regard it declared that:

Changes in tax allowances and increases in family benefits which are in time and place removed from the bargaining table have little influence with the (NWA) negotiators and questionable impact on the outcome of such negotiations. Ironically, when the Government did come to the bargaining table to encourage the re-negotiation of the 1975 NWA the FUE found the Government was prepared to better the private sector offers on two occasions in quick succession [4].¹

While the government wished to remain aloof so as to preserve its prerogatives it preferred to emphasise that this was because it was apprehensive lest its uninvited intervention would upset the ELC [5]. However, such fears were set aside in the June 1975 Budget when the government offered a major budgetary package designed to break the inflationary spiral *provided* the NWA 1975 could be revised downward [6]. Now at last the budget was on the bargaining table: to a greater or lesser extent it has remained there ever since.

One final rather curious constitutional point on the employer side deserves mention here. The SIMI asked the IEC if it (SIMI) could affiliate on the clear understanding that certain named members (of SIMI) could remain outside any NWA negotiated by IEC or alternatively if the Retailers' Committee of SIMI could affiliate. The reply was negative.

(ii) Experience of the NWA 1975 (Appendix A summarises the main clauses)
 (a) *The duration and temporal dispersion of the NWA norm (Clause 3)*

Although the NWA 1974 was supposed to be of exceptionally short duration (one year) the NWA 1975 which followed was also a one-year agreement [7].

In April 1975 the ELC.SC advised that, while the actual *period or duration* of the agreement could not be altered, there was no barrier to . . . the deferment of the prescribed operative date of any phase or phases [8].

(b) *The invariant nature of the NWA norm (Clause 3)*

By 1975 the norm was so firmly established that there was little likelihood of illegitimate below-the-norm payments in organised employments. The risk of illegitimate above-the-norm payments remained although it was diminished by the economic stringency of the time.

(c) *The NWA norm and wage structure (Clause 3)*

The records of the NWA 1975 period reveal little union interest in this topic. The only point of note is that Congress moved without great difficulty to full one-for-one indexation in the revised 1975 NWA thereby dropping the lower (and upper) limits of the original agreement.

The employers, for their part, argued that they had agreed to cash floors to Phases 1 and 2 in order to obtain agreement on upper limits in Phases 2, 3 and 4 [9]. But their interest in upper limits now related primarily to wage cost rather than to wage structure considerations. In October 1975 the

1. This has happened both before and since. In 1964 the government proposed a norm of 8.9% but when the final FUE offer of 10% was rejected the government offered 12%. In 1976 the government also improved the final interim terms offered by the IEC.

government decided (contrary to its earlier decision) that the NWA increase would not be applied to Parliamentarians and certain other highly-paid public office holders [10].

(d) The NWA norm and real wages (Clause 3)

In 1975 inflation was moving towards an unprecedented peak. In response to this Congress fastened in a pre-emptive and limpet-like fashion to indexation when re-negotiation was mooted by the government and managed ultimately to move from limited to full indexation in the course of that exercise [11]. A Ministerial suggestion that the ICTU might agree to drop a phase of the NWA was dismissed out of hand [12]. The General Secretary emphasised to the 1975 ADC that indexation with a ceiling was increasingly risky and that it would not be reasonable to ask employees to abandon the protection of minimum increases in the remaining phases of the National Agreement and at the same time ask them to accept a 5 per cent ceiling because:

The effect of such an arrangement could well (lead to the) postponement of price increases in one phase which would be followed by much of these increases coming into effect in the next phase with a consequential high increase in living costs which could not be compensated for under the ceiling arrangements [13].

This reaction reflected a widespread conviction within Congress that the government could manipulate the timing of decisions which would result in major CPI rises.

The government had by now become most unhappy in regard to indexation. The Minister for Finance referred to the fact that he had been advised by the social partners to increase indirect rather than direct taxes in his April 1975 Budget. This he had done only to be criticised by some of the same people for having contributed to inflation and worse, to find that these price increases were being used as a basis for claims for further wage increases [14]. In his June 1975 Budget the Minister observed that inflation (and, by implication, indexation) was "a powerful engine inexorably pushing government outlays to intolerable levels" [15]. Predictably, therefore, the government had hopes (which were not fulfilled) of retaining upper limits on indexation in the revised NWA 1975. Yet in October 1975 the same Minister remarked:

While acting to reduce the rate of (price) increases we are anxious to safeguard both the principle and the objectives of the NWA . . . which broadly linked movements in wages and salaries to changes in prices [16].

The private sector employers' opposition to open-ended indexation (on the grounds that it would place the economy in an "extremely vulnerable position") was now reiterated repeatedly [17]. Yet in the last analysis they reluctantly and guardedly conceded the point (but not the principle) in response to a government request to do so [18]. This represented their first-ever concession of full and unqualified wage indexation. (It is worth noting in passing that it was also their last, at least in the period up to 1980.)²

(e) Inability-to-pay (NWA 1975, Clauses 6-7)

The normal pre-1970 wage-round procedure in industries covered by Joint Labour Committees (JLCs) had been for these tripartite committees to recommend certain wage increases to the Labour Court which would then give them legal effect through Employment Regulation Orders (EROs). When the employers pleaded inability-to-pay the NWA 1975 norm in some such cases the Labour Court faced a dilemma. For previously such pleas had only been made at the level of individual firms. Yet EROs which did not apply across the industry would be a contradiction of terms; besides they were precluded by the provisions of the Industrial Relations Act 1946. The Labour Court first wrote to individual members of certain JLCs asking them for their views as to whether or not the Court should be permitted to judge such pleas. Congress and several affiliates replied emphatically that such industry-level pleas could not be tolerated [20]. Then the Labour Court, acting on its initial legal advice, agreed with FUE that it could grant exemption to individual firms pleading inability-to-pay. Subsequent legal advice reversed this position and the idea was never given effect [21].

Individual Congress affiliates now complained bitterly about the whole idea of employers being allowed to use an inability-to-pay clause. The ATGWU complained that some multinational employers were abusing it by using it at all. The AUEW said that as a result of that clause "many craftsmen were now getting less than the national rate for their craft . . . (which rate) . . . used to be sacrosanct; we have been crucified by (this) Clause" [22]. The CPSSA argued that "if most employers are crying that they cannot pay . . . (and if even) the Government (says) they are going to re-negotiate, then we (the unions) do not want a national pay agreement" [23]. The IWWU complained that after the budget statement of June 1975 it had had 60 pleas of inability-to-pay; but when faced with the prospect of a Labour Court investigation 40

2. The FUE's reason for its acceptance of indexation was set down after the event in its *Annual Report* for 1975 as follows: "The concept of indexation which found expression in the NWA 1975 was implicit in the policy enunciated by the Government in its November 1974 White Paper (*A National Partnership*). The Central Bank also suggested, though in a different context, that pay increases of the same order of magnitude as price increases in the previous quarter could gradually reduce the rate of price inflation" [19].

of these employers had decided they were able to pay [24].

Even before the NWA 1975 had been ratified the then President of FUE stated that it could increase unemployment and inflation unless its terms were:

... related in a very specific way to the varying and different conditions of particular industries and firms [25].

A list prepared by the Federation showed that at that time some 41 member companies (with 14,790 employees) were involved in pleas of this kind [26].

The public sector also had its problems. The Minister for Finance noted that the public sector pay-roll had increased 50 per cent in two years to £600 million and he therefore suggested that "in the case of some (anomaly) claims of a significant nature, public sector employers might also have to plead inability-to-pay" [27]. Yet six months later a spokesman for the Department of the Public Service (DPS) expressed the view that the inability-to-pay procedures:

... were not appropriate so far as the Government were concerned and damage to the credit-worthiness of the State and public enterprises could result if certain of these provisions were invoked by the Government [28].

Finally, it may be noted that while only six pleas were referred to the Labour Court in the year to November 1974, some 57 cases were so referred the following year. Clearly, therefore, this became a very live issue during 1975.

(f) The NWA norm and equal pay (NWA 1975, Clause 5)

The Anti-Discrimination (Pay) Act 1974 was scheduled to come into effect at the end of 1975. While Congress remained almost silent on this account in 1975, the private sector employers protested vigorously and pressed for substantial amendments [29]. Eventually the government did agree to amendments broadly in line with the FUE suggestion that industry-level deferments be permitted [30]. The WUI said this decision was "disgraceful" [31].

(g) Anomaly wage increases (NWA 1975, Clauses 8-16)

The General Secretary of Congress, commenting on the public sector embargo on anomaly increases, emphasised the need for flexibility and insisted that in the NWA 1975:

The restriction and limitations on special pay agreements probably reach somewhere near an absolute margin of the degree of rigidity . . . which can be found acceptable [32].

The CPSSA urged Congress to refuse to re-negotiate until the embargo was withdrawn. The LGPSU said they would:

. . . not negotiate with a man (the Minister for Finance) who puts his name to a document and then unilaterally says (before we go into negotiation for a revision of the NWA) he is going to abrogate and is going to put a standstill on because he thinks it is in the public interest [33].

The General Secretary later summed up the Congress position on the 1975 anomaly clause (and the public sector embargo which cut across it) as follows:

The only increases which are allowable are those which arise where serious inequity exists. (But) in cases where serious inequity exists, it is (the Congress) view that the workers concerned should not be asked to suffer a continuance of such serious inequity [34].

The General Secretary explaining the Congress position (in interview) said that "in an emergency of sufficient gravity the Government (as Government) would have a right to overrule the terms of a NWA — but the economic crisis of 1975 was not sufficiently grave to warrant such intervention; indeed it is difficult to conceive of any sufficiently grave situation in peace-time".³

On the employers' side the issue of public sector anomalies was highlighted in April 1975 when the Minister for Finance argued that the anomaly clauses had been overworked (and this often through industrial action). The Minister further argued that "unreasonable anomaly claims would be unjustified when unemployment was rising and that if such claims were pursued the Government might plead inability-to-pay" [36]. Two months later the Minister introduced his emergency budget in which substantial tax/subsidy concessions were offered in return for a downward modification of Phases III and IV of the 1975 NWA and restrictions on anomaly claims which were said to be the "cause of anxious concern to the Government". The Minister then declared:

3. Two other observations deserve mention. The CSCA said "We cannot subscribe to an agreement that contains no processes for the redress of injustice". The POWU argued that "The use of the term 'special pay improvements' is an attempt to divide this Congress" [35]. By clear implication, anomaly claims were considered to be claims for the upward adjustment of below-the-norm wage rates rather than claims for above-the-norm wage increases.

The Government considers it crucial, as part of the fight to slow inflation and protect jobs, that any modification of the standard increases of the NWA 1975 should be accompanied by an embargo on special increases. . . Pending (ELC discussion and agreement on this) and in view of the urgency, the Government has decided that within its own direct area no further special improvements of any kind in pay or conditions will be approved as from today. . . . As a further measure to control the excessive growth on non-capital expenditure, strict observance of budgetary limits will be insisted upon [37].

Later, when the ELC had ruled (see page 128 below) against this embargo the government changed the emphasis of its efforts towards the "harmonisation" of special public sector claims [38]. In fact the embargo operated indirectly until the end of 1976 [39]. In this respect the Minister for Finance stated that:

An important factor in the cost of public service pay has been the existence of different arbitration boards in the public sector, which has contributed to 'leap-frogging' . . . It is critically important that an early solution be found to the problems in this area [40].

This problem was, in fact, alleviated to some extent by the introduction of a single arbitrator for all of the major C & A schemes a few months later.

The growing concern in respect of the number of private sector anomaly claims was reflected in the FUE *Annual Report* in which it was noted that 130 cases went to the Labour Court during 1975 [41]. Of these, 40 claims were based on previous specific relativities (14 accepted and 26 rejected by the Court) and 90 were based on the grounds that pay had fallen out of line (38 accepted in whole or in part and 52 rejected). Finally, it should be noted that an ELC.AC Report in May 1975 implicitly endorsed LCR No. 3408 and thereby gave precedence to occupational pay parity between separate companies in a corporate grouping as against intra-group wage differences based mainly on the geographical dispersion of companies within the group [42].

(h) Incentive payment, productivity and flexibility schemes (NWA 1975, Clauses 18-19)

The unions were virtually silent in this regard during the course of the NWA 1975 — a silence which reflected reasonable satisfaction.

In October 1975, the Minister for Finance (referring mainly to the public sector) stated most emphatically that:

dubious 'productivity agreements' are out [43]

A little later the Minister issued a directive to the effect that public sector productivity agreements would have to have prior Ministerial sanction and could only be paid for out of realised (rather than anticipated) savings [44]. This placed three constraints on public sector productivity agreements (namely, *prior* reporting, *prior* assessment and *ex post* payment) which up to that point the employers had been unable to negotiate into the NWAs.

In February 1976 the ELC.IC ruled that while the procedural recommendations of a special ELC committee in cases concerned with failure to agree on amendments to existing (or the establishment of new) commission, IPS or productivity schemes were binding, the substantive recommendations of any third party used in such procedures were not [45]. Thus, as always, the final decision on such matters remained with the employees.

(i) *Conditions of employment (NWA 1975, Clauses 8-16)*

The unions had little of consequence to say on this topic. The Minister for Finance, however, in his directive to the public sector employers indicated that while negotiations on pension and sick pay schemes (to bring them into line with conditions in comparable employments) could proceed, implementation could be postponed where the cost would impose a burden on such employers [46]. As for the private sector employers they found that in 1975 120 claims for improved conditions were brought to the Labour Court; 46 of these were recommended while 74 were rejected [47]. They were, therefore, increasingly concerned with the number of claims being pursued under this heading.

(j) *Disputes procedures (NWA 1975, Clauses 3, 5, 6-7, 8-16, 18, 20, 21)*

Three points deserve mention here. First, there was the introduction of an arrangement to permit Labour Court participation in public service Arbitration Boards [48]. Secondly, the ELC.AC:

... rejected any suggestion that if one party to a dispute fails to implement the National Agreement in full, the other party is relieved of its obligations under the Agreement. The implications of any such suggestion could have serious consequences for many employees [49].

Thirdly, the Adjudication procedures were used extensively in 1975. Some 30 cases were referred to the ELC.SC that year (10 by unions and 20 by employers). However, because that Committee's advice was accepted in 27

of these cases only three adjudications were needed [50].

(k) The monitoring of the NWA 1975

There were no developments of note in this regard during 1975.

(l) The overall attitude of the ICTU, IEC and Government to the NWA 1975

While the FUE and ICTU had some serious reservations on particular aspects of the NWA 1975, they remained committed to the principle that centralised wage bargaining was preferable to decentralised bargaining or wage legislation [51]. The government also remained firmly committed to that principle even when it was first hinting at the probable need for re-negotiation [52].

(iii) Government policies bearing on the process of wage adjustment

Only a few days after the ratification of the mainly indexation-based NWA 1975 the Minister for Finance said:

Indexation has been proposed by some as a means of making high rates of inflation easy to live with . . . Full indexation to a high domestic rate of inflation is not suited to the needs of a small open economy [53].

Despite all the risks of trying to give effect to national wage guidelines through voluntary NWAs the government remained extremely reluctant to countenance wage legislation. This reluctance sprang directly from the fact that the Coalition Government and the Labour Party in particular had given Congress to understand that it would not introduce such legislation. Nevertheless, when all the government's efforts to induce Congress to re-negotiate seemed likely to fail, legislation was threatened but not given effect, despite the fact that the economy was faced with an unprecedented crisis [54].

There were no further changes during 1975 in the Prices Commission's rules concerning the validity of wage increases as a basis for applications for price increases.⁴

By contrast the relationship between wage and budgetary policies now became a matter of intense debate. In this context the Taoiseach declared that:

. . . without an adjustment of the attitudes and expectations of our people, particularly those in employment, there is little hope

4. See footnote on page 99.

of improvement (in the national economy) through budgetary or other policy [55].

The government's budgetary prerogatives had been the primary instrument of national economic management; as such they had remained firmly aloof from the vagaries of the labour market. However, they were now traded for (a) a reduction of the terms of the 1975 NWA (June 1975 Budget) and (b) the achievement of a pay pause for the following year (January 1976 Budget). While the first endeavour was partially successful, the second failed almost completely. Much the most notable point in all this was the fact that Congress insisted that it would have to have details of the proposed June Budget *before* giving any commitment to a re-negotiation of the new NWA [56]. This Congress obtained when the budget (which followed two weeks later) introduced subsidies on public transport, bread, butter, milk and gas and removed VAT from electricity, fuels (except road fuels), clothing and clothing materials.⁵ It was stated that this should cut the expected quarterly rise in CPI by 4 per cent and that the NWA 1975 should be revised accordingly [59]. Nor was that all. For the government remained anxious lest this reversal of budgetary policy might be rejected despite "the most severe economic conditions to threaten the State since independence." [60] It, therefore, made it clear that if the modification of the NWA was inadequate it:

... would be reluctantly obliged to consider revoking the (fore-going) price reliefs [61].

In short, the government was now threatening to reverse its budgetary policy for a second time in quick succession because of wage adjustment problems.

(iv) The general economic position and outlook at the start of the NWA 1976 negotiations

Reviewing 1975 the ESRI *Quarterly Economic Commentary* of January 1976 predicted a negative growth rate of 2¾ per cent. It noted an important improvement in the balance of payments which was expected to leave it only "marginally in deficit for 1975". Finally, it noted that the level of unemployment, while exceptionally high (105,300), appeared to be levelling off.⁶

5. The balancing items were a surcharge of 10 per cent on the standard and higher income tax rates, a widening of the PAYE net and an increased deficit [57]. FUE later expressed the view that the government made "a serious error of judgement in making budget concessions before securing appropriate changes in the NWA" [58].

6. Live Register, seasonally corrected, last Friday December 1975.

As to 1976 the *Commentary* endorsed the government proposal that there should be a pay pause for the year. It predicted a growth rate of 2 per cent and suggested that the balance of payments would show a return to significant imbalance. Having noted the assumption that a reduction in unemployment was the first priority it suggested that Ireland was "a labour surplus economy" in which "the market price of labour was excessive given the levels of productivity and unemployment" [62].

Section 2: *The Emergence of Congress Wage Policy*

The agenda for the ADC of July 1975 bristled with sharply focused motions on the relationship between pay and taxation. The first such motion (CSEU) adopted called:

... on the Government to adjust the levels of income tax allowances and reliefs in line with movements in the CPI and to introduce realistic capital gains and wealth taxes [63].

The second motion (ITGWU) echoed the call for indexation of TFAs. The government's failure on this count was said to be all the more serious as the Minister had "back-tracked on his original (wealth tax) proposal of 2½ per cent to 1½ per cent and on his original (capital gains tax) proposal of 35 per cent to 26 per cent" [64]. The third such motion (CPSSA) adopted called not merely for the indexation of TFAs but for a substantial prior adjustment so as to provide a proper base line for such indexation [65]. A fourth motion (IWWU) called for increased TFAs in response to its members' "anger at having their hard-earned wages filched away ... by successive Governments ... to solve their economic problems" [66]. A fifth motion (INUVGATA) proposed to make the indexation of TFAs a pre-condition for Congress entry to any future National Wage Agreements [67]. This motion was remitted at the request of the Executive Council, who nevertheless expressed themselves to be "quite in sympathy with the intention of the motion and the motive behind it" [68].

The SDC of February 1976 (held to decide whether or not to enter new national negotiations) decided in favour by 254 votes to 101 [69]. Later that month the Taoiseach asked for the Congress view of the proposed pay pause for 1976. The President of Congress rejected the proposed pay pause by stating most emphatically that they would seek to preserve real wages and existing living standards in 1976 [70]. However, the Taoiseach persisted and stated that:

As pay policy in 1976 would have a critical effect (on competitive-

ness and employment) and in particular on the forthcoming Budget, it was important for the Government to have a view of (the pay) prospects before the Budget was finally settled [71].

Congress replied that it could not hope to finalise its pay policy prior to the budget. Then, to crown its presentation, Congress turned the Taoiseach's plea on its head by suggesting that:

It was important to (Congress) to have an indication of the Government's budgetary intentions and proposals in relation to other incomes, when considering pay policy in 1976 [72].

When the 1976 Budget was presented at the end of January it was stated that:

... inflationary wage settlements are inevitable as long as people insist on compensating themselves by wage increases for the effect of indirect taxes imposed to finance transfer payments or to meet the general needs of managing demand [73].

The government, therefore, proposed to publish a tax-free price index to provide a basis for any future wage indexation [74]. This was dismissed out of hand by Congress as something "which seemed like a waste of good money" [75]. Commenting on the government request for a pay pause in 1976 and the 1976 Budget which was supposed to enable Congress to accept such a pause, Congress observed:

... the increase in (tax free) allowances does not, in fact, compensate for the diminution in money values which has already taken place and, therefore, makes no material contribution towards a policy of providing by way of tax cuts what otherwise (would) be demanded by way of wage increases [76].

The Congress also complained bitterly about the budget's failure to redistribute some of the very considerable income gains to agriculture and dismissed as "waffle" a proposed government document on employment. Finally, the "competitiveness argument which had been thrust before Congress once again" was dismissed on the grounds that Irish "manufactured exports have been doing quite as well as, indeed better than, other OECD countries." [77]

Faced with such an apparently immutable Congress stance the Taoiseach threatened further budgetary manoeuvres by indicating that the government

would have to go ahead with the 1976 Budget and "if necessary review the position (and consider a possible supplementary budget) in the light of developments on incomes later in the year" [78]. *Thus the new sequence of Budget first and NWA negotiations second, which was first introduced in June 1975 was replicated in January 1976. (It was to be repeated more and more explicitly in 1977, 1978, and 1979.)*

At the SDC the President of Congress stated that *if* it were decided to enter into NWA negotiations:

... it will be our intention to do so completely uninhibited by restrictions which a certain panic-stricken Government Minister might seek to place upon us. While the present economic situation ... will be given serious consideration during the negotiations, under no circumstances will we allow either the Government or the employers to impose any pre-conditions or restrictions on us. ... (We will seek) an agreement which will cater for the interests of all workers whether employed or unemployed, whether members of the public service or the private sector [79].

This last remark reflected an anxiety to pre-empt any government thoughts of enforcing its proposed zero norm on the public sector. Two other points of note emerging from the SDC debate were (a) a declaration by the INPDTU that NWAs had been disastrous for most craftsmen and this had given rise to growing support in favour of disaffiliation from Congress by craft unions and (b) a (TUI) proposal that Congress should make a full government commitment to the NWA 1975 a pre-condition for any further NWA [80].

Section 3: *The Emergence of Employer Wage Policy*

The formulation of employer wage policy in the period prior to the 1976 negotiations was again overshadowed by the positions taken by the government as such and as employer. In December 1975 the government, as already noted, took the unprecedented step of proposing that there should be a pause in the growth of all incomes in the period up to the end of 1976. It was stated that even with planned cuts in expenditure there would be a deficit of some £1,000 million unless taxation was increased, for example, by doubling all VAT rates and increasing all income tax rates by half [81].

In the December 1975 Adjournment Debate the Taoiseach declared that the government had adopted:

... a courageous budgetary policy last year — a policy involving acknowledged risks, in the interests of maintaining employment

and living standards . . . [82]

However, this policy had helped to push government expenditure up to such an extent that it was now the government's view that:

. . . it is utterly unreal to think of increasing (the level of borrowing) to boost home demand (as had been suggested by ICTU) or, for that matter, for any other purpose. (The Government were now) . . . strongly of the view that . . . there could be no justification for devoting scarce resources to further increases in pay for those in secure employment in the public sector . . . [83]

In his budget speech at the end of January 1976, the Minister for Finance stated that:

. . . a pay pause after the current national agreement is not merely desirable, it is essential to our economic future [84].

The Minister then indicated that his budget was based on the "expectation" that there would be such a pay pause for 1976 [85]. Later the Minister remarked that income restraint "in one form or another" (voluntary or enforced) "would have to continue for a long time to come" and, he continued:

It has been fashionable to regard income increases as in some way distributing the fruits of growth. On that view, it would be logical, when we have had an actual fall in GNP over the past two years of about 3 per cent, that incomes should have fallen in real terms by a corresponding amount [86].

Finally, the Minister noted that public service pay had grown from £200 million in 1972/73 to £449 in 1975 and was expected to reach £667 million in 1976, *even if* the proposed pay pause were accepted [87].

The private sector employers supported the government views that indexation was inappropriate for 1976 and that there should be an embargo on "special" increases [88]. They also supported the proposed pay pause but seemed to suggest that it might be of less than a year's duration [89]. Finally, they argued strongly for a government-led effort to develop an integrated wage/tax/social welfare policy for 1976 [90].

In summary then, it can be said that whereas employer wage policy prior to earlier NWA negotiations had revealed an interest in the detail of a wide variety of clauses, on this occasion there was an overwhelming preoccupation

with the norm and the proposed pay pause.

Section 4: The Course and the Results of National-Level Wage Bargaining

On the eve of the negotiations the Taoiseach took a unique initiative by writing to ICTU and IEC. These letters stated that although borrowing and taxation "were touching the limits of what was tolerable" more taxation would be needed to safeguard the weaker sectors of the community. Wages, inflation and growth had amounted to 28, 21 and -3 per cent respectively in 1975. It was therefore said to be "absolutely essential to have a moratorium on pay increases in 1976" [91].

In his opening statement the President of ICTU said there could be no negotiations if either side set pre-conditions; that a failure to preserve real wages could induce a deflationary spiral; that increased taxation and food prices had had adverse effects; that Congress was seeking quarterly increases to maintain "existing living standards as far as possible" and a share in the "admittedly very small increase in GNP" which was hoped for. The only other topics referred to were the Special Economic Circumstances Clauses and anomaly claims in the public sector [92].

The employers' first remarks referred to the above-mentioned letter from the Taoiseach. Congress immediately declared that such references should not be permitted as the Taoiseach's letter was:

... extraneous matter and no business of the Employer Labour Conference ... (it) had no bearing on the present discussions [93].

The main points made by the employers related to declining competitiveness, falling profits, the costs of equal pay and social welfare and a suggestion that Congress should seek to have the benefits of the EEC CAP spread through the community during the period of the proposed pay pause.

(a) The standard wage increases and the duration of the agreement

The employers first argued that there could be no immediate increase in wage costs on expiry of the NWA 1975. In return for a pay pause it was stated that FUE "would recommend a similar restriction of dividends and fees" [94]. This proposition was dismissed by Congress as being "not very significant" (as retained profits would serve to boost share values) [95]. The sequence of offers and claims from this point forward is summarised in the following tables.

Table 10a: *Sequence of offers and claims on the norm in the first part of the NWA 1976 negotiations*

	<i>Employers' Offer (EO) No. 1</i>
	Duration: 15 months (9 and 6 mth. phases) Phase I: Nil Phase II: X pppp rise in <i>tax-free CPI</i> for year to Nov. 76 [96].
<i>Unions' Claim (UC) No. 1</i>	
Duration: 12 months (phases 6, 3, 3 months) Phase I: Minimum cash increase. Fixed percentage above that. A maximum which would not adversely affect craftsmen. Phase II: X pppp rise in CPI up to a minimum. Then 1 per cent for each 1 per cent rise up to a maximum in period November '75-Aug. '76. <i>Less</i> amount of Phase I. Phase III: As for Phase II for period Aug. '76-Nov. '76 (no deductions [97]).	
<i>UC No. 2</i>	
Duration: 12 months (7, 3, 2 month phases) Phase I: To be fixed locally and to be deductible from Phase II. Phase II: 1 per cent for each 1 per cent rise in CPI (Nov. '75-Aug. '76) Min. 40p for each point Max. 70p for each point <i>Less</i> amount of Phase I. Phase III: As for Phase II for Aug. '76-Nov. '76 (no deductions) [98]	
	<i>EO No. 2</i>
	Duration: 15 months Phase I: 9 months pause Phase II. 6 month phase 20pppp rise in tax-free CPI in year to mid-Nov. 1976 subject to a maximum of 12 per cent rise in CPI. Possible payment on account in respect of Phase I to lower paid [99].

The 20p figure (in EO 2) was rejected as derisory by Congress and the ELC adjourned *sine die* [100]. The DPS at this stage estimated that concession of the Congress claim (UC 2) would require the addition of 7 per cent to the basic income tax rate or 6 per cent on all indirect tax rates [101]. Within days of the breakdown the employers received claims from the Craft Union Federation and the AUEW which would (if conceded in full) have cost some 45 per cent in the context of a one-year agreement [102].

The Minister for Finance now intervened to say that:

The size of the demands for wage increases which have emerged in the past few days are, to put it mildly, alarming. They could not possibly be met without rocketing unemployment, the closure of many factories, an intolerable increase in taxation and the crucifixion of the economy [103].

Next the Taoiseach met representatives of Congress and insisted that "something much more moderate than the present Congress proposals was needed" [104]. The Taoiseach then met the private sector employers and suggested that a shorter pay pause might suffice. However, he insisted that the government was "giving no rigid riding instructions" and that they could not become involved directly as government because of the attitude of Congress [105]. Negotiations on the norm then resumed, as follows:

Table 10b: *Sequence of offers and claims on the norm in the second part of the NWA 1976 negotiations*

	EO No. 3
	<p>NWA cost to be calculated in advance or have an upper limit. NWA to facilitate improved productivity. NWA to have a "significant" pause.</p> <p>Phase I: Pause (unspecified) Phase II: 30 pppp rise in tax free GPI with a ceiling of 15 per cent (£4.50). This to be an unconsolidated supplement [106].</p>
UC No. 3	
<p>NWA to have no "supplements" NWA must give protection against excessive inflation. NWA must have a definite norm [107].</p>	

Table 10b: (Cont'd.)

	<i>EO No. 4</i>
	Duration: 15 months Pause: 3 months Phase I: £2 (6 months) Phase II: £2.50 (6 months) If CPI rose by more than 20 per cent ICTU could call for ELC Review [108].
<i>UC No. 4</i>	
Duration: 12 months Pause: None Phase I: £2 + 5 per cent (min. £3.50) (7 months) Phase II: £2 + 4 per cent (min. £3.34) (5 months) If CPI exceeded an agreed limit ICTU to be free to agree to a revision or to terminate the NWA on 2 months' notice [109].	
<i>UC No. 5</i>	
Duration: 13 months Pause: 1 month Phase I: £2 + 4 per cent (7 months) Phase II: £2 + 3 per cent (5 months). Minimum/Maximum to be discussed [110].	
	<i>EO No. 5</i>
	Duration: 15 months Pause: 3 months Phase I: £2.75 (6 months) Phase II: £1.75 + 2 per cent (6 months) cut-off point £80 p.w. Deferred consolidation of both phases. General review to be possible [111].

Table 10b: (Cont'd.)

<i>UC No. 6</i> Duration: 13 months Pause: 1 month Phase I: £2.00 + 4 per cent (7 months) Phase II: £2 + 2½ per cent (5 months) Cut-off point £100 p.w. Immediate consolidation. Review clause as proposed earlier [112].	
	<i>EO No. 6</i> Duration: 15 months Pause: 3 months Phase I: £2 + 2½ per cent (6 months) Phase II: £2 + 2½ per cent (6 months) Cut-off point at £70 p.w. Consolidation by local agreement. Review clause as proposed above [113].
<i>UC No. 7</i> As above but possible 2 months' pause provided there was a lump sum to cover one of those months [114].	
	<i>EO No. 7</i> Duration: 14 months Pause: 2 months Phase I: £2 + 3 per cent (6 months) Phase II: £2 + 2½ per cent (6 months) Cut-off point at £80 p.w. Immediate consolidation [115]

This last offer (EO 7) was rejected. When the IEC seemed prepared to offer a lump sum of £15 in recognition of the two-month pause the DPS refused. The Minister for Finance then met the IEC and is reported to have said:

In a nutshell the Government's attitude is that there had to be a pause of at least two months and a maximum in each phase of £2 + 3 per cent. If there was any form of compensation offered in relation to the pause, there would have to be increased taxation. The nadir had been reached in levels of borrowing and taxation. The Exchequer simply had no money. It was not the intention of

the Government to slide into an Italian-like situation. Indeed, the only reason for considering (the Congress) claims at all was fear of a free-for-all [116].

However, the Minister insisted that the government had no plans to intervene in the event of a breakdown. Negotiations then resumed again as follows:

Table 10c: *Sequence of claims and offers on the norm in the third part of the NWA 1976 negotiations*

	<i>EO No. 8</i>
	Duration: 14 months Pause: 2 months Phase I: £2 + 3 per cent (6 months) Phase II: £2 + 3 per cent (6 months) Cut-off point at £100 p.w. Review clause as proposed above [117].
<i>UC No. 8</i>	
Duration: 13½ months Pause: 2 months Phase I: £2 + 3 per cent (5 months) (Min. £3) Phase II: £2 + 3 per cent (6½ months) (Min. £3) Cut-off point at £100 p.w. [118].	
<i>EO No. 9 (Final Offer)</i>	
	Duration: 13½ months Pause: 2 months Phase I: £2 + 3 per cent (5 months) (Min. £3, Max. £5) Phase II: £2 + 3 per cent (6½ months) (Min. £3, Max. £5) Plenary Session Review after 31.1.77 [119].

Congress negotiators agreed to strongly recommend this offer.

During the course of the foregoing negotiations Congress flatly rejected the tax-free CPI idea because they had:

... agreed to adjust the entitlements of the NWA 1975 in view of price cuts, including those achieved by cuts in indirect tax. Trade

unionists would regard themselves as being the victims of a trick if cuts in indirect tax were used to persuade them to accept lower wage increases than they had contracted for but when indirect taxes rise their wages could not rise correspondingly [120].

Finally, Congress stated that the (mainly craft) building unions had threatened to disaffiliate when they heard of the norm offered [121].

Once agreement had been reached on the wage increase norm attention turned to (a) co-operation as a pre-condition for payment of the norm, (b) inability-to-pay, (c) special problems relating to pay and conditions of employment, (d) equal pay, (e) productivity, flexibility and incentive payment schemes, (f) review clauses, (g) interpretation/adjudication and (h) disputes procedures.

(a) Co-operation

The NWA 1975 had been the first to include a co-operation sub-clause in Clause 3 to the effect that the parties "will co-operate" in . . . "measures to improve efficiency and alleviate the rise in labour costs" due to payment of the norm.

The employers now suggested that the co-operation sub-clause be retained and that "co-operation" should be a pre-condition for payment of the norm as they were very anxious to get away from the "idea that one could get Clause 3 increases for nothing". Congress felt this latter suggestion was "unwise" as it would cause problems of interpretation [122]. When the employers persisted Congress replied that:

The increases under Clause 3 (i.e., the norm) would be less than the (increase in the) CPI and there was no ground for asking workers for a further contribution. The ICTU felt that the employers would be pressing them too hard to expect the cost of these increases to be borne by the workers [123].

The employers still persisted and suggested that the cost of the norm be met by mandatory measures to raise productivity, to eliminate waste of time and materials and by any (consequent) redundancy. This last proposition was greeted with incredulity; it was, as Congress put it, "beyond the beyond" [124].

The employers now argued that the ICTU view implied that Clause 3 increases were automatic and that all productivity changes could be used to obtain additional productivity increases. Although the employers said their position on this matter was "absolute" their next draft suggested that co-operation would be in respect of measures "designed to help offset" the cost

consequences of Clause 3 increases. However, the employers also insisted that the Co-operation Clause could not contain any reference to Clause 18 (the "Productivity Agreements' Clause") because they said:

... this was a crucial point (for) if there were any references to Clause 18 in the Co-operation Clause, it would take away totally the value of the (latter) clause [125].

Congress rejected this proposal. However, the next employer draft, which read as follows, was eventually accepted:

Having regard to present economic conditions and the need to safeguard and increase employment, the serious financial problems affecting a number of employments, problems of competitiveness on both export and home markets and the need to take steps to eliminate waste, employers and trade unions will co-operate in measures designed to increase productivity and preserve the viability of businesses. The application of this Clause shall be a matter for joint consideration and agreement in each employment [126].

In summary the ICTU succeeded in avoiding (i) any reference to Clause 3 increases, (ii) any reference to redundancy being used to offset the cost of Clause 3 increases, (iii) any form of censure or penalty on affiliates for failure to co-operate and (iv) any reference to co-operation in Clause 1. The employers, for their part, managed to exclude any reference to Clause 18 [127].

(b) Serious economic and financial circumstances

The employers were emphatic that the inability-to-pay clause should be tightened up and that it should be amended so as to cover JLC industries and the public sector [128]. The negotiations on these items are now considered in turn.

Congress endeavoured (unsuccessfully) to diminish the obligation on the Labour Court to take account of its Assessors' reports [129]. Congress also underlined the earlier ELC.SC ruling that deferment of a phase did not alter its termination date [130]. It also achieved an ELC.WP minute⁷ to the effect that a decision not to challenge a current plea of inability-to-pay by way of industrial action did not debar later industrial action on such an

7. When faced with controversial issues which seemed likely to arise fairly rarely in practice the ELC avoided any reference to them in the NWA texts but agreed on a private ELC minute covering the point instead.

account [131]. Congress also succeeded in making such pleas conditional on payment of the norm threatening employment "primarily (as) a consequence of the level of labour costs" [132]. The employers, for their part, won agreement to the effect that Assessors and the Court should have *full* regard to (i) the "current trading and economic position of the employment" (the NWA 1975 referred to "economic prospects" only) and (ii) the extent to which concession of "(anomaly) claims might disturb previously existing differentials" [133].

The second matter of major contention was the JLC area. After extremely protracted debate Congress reluctantly agreed to a clause which enabled a JLC to commission an economic report on their industry on the understanding that the Labour Court would have full regard to any such report in making a new ERO [134].

The third matter of major contention under this heading was the public sector. The employers argued that the State as employer should be free to plead inability-to-pay but that its pleas should be accepted without the necessity of a Labour Court assessment as that would be "ridiculous" in such a case [135]. It was further argued that such a plea should be accepted if in the government's view the implementation of the NWA would result "in the imposition of additional taxation." [136] It was also suggested that in cases "where rates of pay were subject to Ministerial sanction the Government could give effect to a plea by deferring payment until the budget for the next financial year" [137]. Congress retorted that as this "would make a nonsense of the whole concept of a NWA it was an impossible requirement for the State to ask" [138]. In reply the government's ELC spokesman declared that "the principle was absolute" because the Government could not plead inability-to-pay before the Labour Court (and because) in the final analysis only Dáil Éireann could take a decision of this kind [139]. (It should be noted in passing that ELC Adjudication Report No. 8 had left the government with only three options under the NWA 1975, namely, to pay, to plead inability-to-pay, or to refuse to pay, be declared in breach and risk the destruction of the NWA system.) It was at the conjuncture of this invidious choice and the increasingly intolerable weight of implementing NWAs in the public sector that the government sought deferral as an alternative option — through the incorporation of Clause 72 of the Civil Service C & A Scheme into the NWA 1976 (see p. 197 below). Congress was outraged by this endeavour and declared that such attempts to apply the inability-to-pay clause to state employment were "a huge deception and a deplorable back-track . . . (which) . . . was not acceptable in any way" [140]. They later declared "that no employer could have a right of veto" [141].

In the end the government's achievement fell far short of its aspirations

and the agreed draft merely obliged the Labour Court to have full regard to the conclusions of the Assessor who in turn was to have regard to any contention by the state that implementation of the NWA would "have serious financial or budgetary consequences" or "involve additional taxation in the current year" [142].

(c) Special problems relating to pay and conditions of employment

At the outset the employers indicated that they wanted a total embargo on all *claims* under this heading. Congress proposed that the 1975 clause be retained but that the (weak) restriction on the number of claims, the cost limit of 1½ per cent and the ban on industrial action under this heading should be dropped [143].

The employers later relaxed their position slightly so as to admit the processing to finality within a 1½ per cent limit of such claims made under the NWA 1975 and to accept that benefits in kind would not be unilaterally altered [144].

In the end the draft NWA 1976 included the restrictive employer proposals cited above with two important amendments. First, it was agreed that the Labour Court could exceed the 1½ per cent limit in exceptional cases provided it gave detailed reasons for so doing. Secondly, it permitted claims for a 40 hour week and claims for a pension or sick pay scheme where none existed or where they needed amendment. As in 1975 industrial action taken in pursuit of such claims was barred and pleas of "inability-to-pay" were permissible [145]. These provisions were accepted under extreme protest (as part of the draft NWA) by the Congress negotiators.

(d) Equal pay

It was now agreed that equal pay claims would be resolved peacefully through the procedures provided by law *or* by reference to the Labour Court or Arbitration Board [146].

(e) Commission, incentive payments and productivity schemes

The only point of note here arose when the employers said they were seriously concerned about bonus schemes in which "standards had become loose". They proposed that individual employers with legitimate evidence to this effect should be permitted to defer the application of Clause 3 increases until the standards in question had been tightened [147]. In the end a compromise agreement was reached to the following effect:

... where it is contended that standards have become loose and this can be substantiated by recognised work measurement techniques

then following the application of Clause 3 (increases) such standards *will*⁸ be corrected in consultation with the unions concerned, or, where applicable, in accordance with the provisions of agreements at firm or industry level [148].

(f) *Review clause*

For the first time ever it was agreed that the draft NWA 1976 should contain a clause to permit a joint review in an emergency situation.

The Sequence of Events after the Completion of the Negotiation of the NWA 1976

Between the end of the negotiations and the ICTU vote on the proposals, several exceptionally large claims emerged in the craft area. All contract craftsmen (other than electricians, who had a different claim) and all maintenance craftsmen lodged claims for increases of £26 per week (52 per cent) [149]. About this time the Minister for Finance announced that he was introducing legislation yet again to curb pay increases in the commercial banks.⁹

A few days before the ICTU SDC which had been called to vote on the NWA proposals the Taoiseach said:

Regrettably, the calls for a pay pause to the end of 1976 produced little concrete result in the negotiations. We do not consider the terms of the draft NWA 1976 to be the best solution to our problems. We do, however, consider them to be the best solution which can be got on a voluntary basis at the present time. A rejection of (this) draft . . . would indicate a most disturbing unwillingness on the part of the parties concerned to face up to the problem confronting us at present. It should be clear that there could be no question of increasing the payments which would be made under the draft NWA [151].

In effect the government which had earlier declared that a pay pause for 1976 was "imperative" was now prepared to accept very substantial phased increases in 1976 (some 14 per cent on the average group basic wage) simply because there were no alternatives other than wage legislation or a free-for-all. Two days before the ICTU SDC the ESRI *Quarterly Economic Com-*

8. Our italics.

9. Ironically several directors of the three largest banks had been preaching wage restraint for all (while blatantly failing on this count themselves). The Minister for Finance, with understandable annoyance, stated that the banks should practice what they preached. (In any event his legislation was intended to ensure that they did so) [150].

mentary observed:

The economy is now faced with difficulties which seem to be insurmountable. The proposed NWA 1976 will be damaging ... a pay pause is still seen as essential for the sake of employment ... [152].

Commenting at the SDC on the review clause in the draft agreement the General Secretary said:

The protection of the review clause was sought by us to provide against a situation wherein as a result of supplementary budgets, changes in VAT rates or other such factors ... the cost of living was subject to increases far in excess of (our) anticipation at the time when the fixed money terms (of the proposed NWA 1976) were negotiated [153].

As regards the "Co-operation Clause" it was suggested that the unions should seek improvements in "consultative procedures" in return for any concessions under this heading [154]. Finally, the General Secretary stated that the Executive Council was recommending the terms [155].

While a few SDC delegates spoke forcefully in favour of acceptance most were critical. The NEETU said NWAs "depressed living standards"; the EETPTU said that "NWAs had had a firm ceiling and a weak floor and now the floor was caving in" and "that the lower-paid, whom NWAs were supposed to protect, are rapidly becoming the unpaid (i.e., the unemployed)"; the NUJ said that "the inability-to-pay and the restrictive equal pay clauses were unacceptable"; the ETU said that "NWAs were creating further disparities between groups of workers"; the IGS said that "bonus schemes could be rigged by employers"; the BWTU said that "the proposals offer higher increases to the higher-paid"; the ITGWU objected "to the numerous restrictive clauses"; the ATGWU said that "Waterford Glass, which made a profit of £2 million tried to plead inability-to-pay"; the IPOEU said they thought "the Government did not intend to honour this agreement"; the NGA said "this is not an agreement at all because an agreement means that the money terms would be paid". After the vote the President of Congress announced a rejection by 211 to 202 votes [156].

The ICTU ADC followed less than a week later. The President, in his opening address, said that "(the) negotiations were bedevilled and prejudiced from the outset by undue interference (by the Government)" and he advised affiliates that they "should move forward in an orderly fashion and secure

terms which will best protect their members' interests (avoiding, if possible,) the enormous temporal discrepancies which had marked the last decentralised wage rounds of the 'sixties" [157]. It was in this context that the IEC proposed (for consideration by the ADC) that the first phase of the rejected draft NWA 1976 be implemented mainly within the less restrictive terms of the NWA 1975 to allow the government, unions and employers time for tripartite discussions aimed at drawing up a comprehensive pay policy for 1977 and 1978 [158]. The employers' first proposals were for a two-month pay pause and the continuation of the 3 per cent plus £2.00 first phase increase until such time as a "total pay policy" covering job creation, pay, taxation and social welfare was finalised. However, the Minister for Labour (who had already been invited to address Conference) told the delegates he believed that there was scope for further negotiation. Later, without prior reference to the IEC, the Minister stated that if the proposals for an Interim Pay Agreement were acceptable the government would agree to a two-month pause followed by a single phase of five months duration. Bilateral discussions on the employers' proposals for an Interim National Wage Agreement were completed within a couple of weeks. Apart from the new provisions for the *prior* review of proposed productivity agreements and an advance commitment to a Tripartite Conference and to negotiations for a further NWA for 1977, the proposed terms were essentially the same as those of the NWA 1975 [159].

In his opening address to the September SDC, the President of Congress remarked:

Recently the ILO passed a resolution calling for the effective participation of workers' representatives in the field of social and economic planning. That door it would seem is being opened to us and we may push it open today. The Government has indicated its intention to involve Congress in a meaningful way in the determination of the country's social and economic priorities. The test, of course, of these intentions has yet to be made . . . [160]

At the end of the Conference delegates voted for acceptance by 309 to 90 [161]. The Minister for Finance now declared that the government was about:

to engage with the social partners in unprecedented crucial discussions [162].

With this, the government's previously largely untrammelled budgetary prerogatives (which had first been brought seriously into question in 1975

and 1976) were very greatly diminished. As a result every budget for the remainder of the decade was to be circumscribed to some extent by the government's efforts to formulate budgetary policy in a way which would help to induce order (via NWAs) in the process of determining relative (wage) income shares. The consequences for public finances were to prove unprecedented.

Summary

1 Organisational and Constitutional Developments

The only relevant points are reported under (6) below.

2 The NWA Norm

The employers led by the government argued powerfully, but largely unsuccessfully, for a zero norm. The preceding norm (1975) had little bearing on the 1976 norm. Although the 1975 NWA was re-negotiated to bring in pure full indexation for the first time ever, the 1976 norm — which was essentially a stop-gap arrangement — contained no indexation, largely because of the government's extreme anxiety about its inflationary and budgetary implications. A flat cash element plus a cash upper limit favoured the lower-paid.

3 The Rules for Below-the-Norm (BTN) Payments

These rules were unchanged in 1976. Enormously strenuous government efforts to win special relief under this heading failed (only to succeed briefly in 1977).

4 The Rules for Above-the-Norm (ATN) Payments

The government's unilateral declaration of an embargo on all ATN items (except genuine self-financing productivity deals) enraged the public service unions long before the 1976 NWA negotiations. In the end the anomaly/pay/conditions clauses for 1975 were carried forward to 1976. In a major new development all "proposed productivity deals" had to be referred to the ELC.SC which could order an assessment prior to implementation.

5 The Rules for Conflict Avoidance

These rules were unchanged in 1976.

6 *The Role of the Government (as such)*

After half a decade of passivity the government (as such) now emerged dramatically to demand a re-negotiation of the 1975 NWA, to breathe life into the notion of BTN increases in the public sector, to impose a unilateral embargo on ATN increases, to declare the imperative necessity for a zero norm and even to speak of the previously almost unthinkable option of general wage legislation. In the end it baulked at the notion of such legislation and at the notion of a wages free-for-all and opted (some might say it was enticed) into a new trilateral "bargaining relationship" with the social partners. This remarkable step (and subsequent developments from it) may eventually be seen in retrospect as the most profound change in the nature, functions and prerogatives of democratic government in the history of the state.

EPILOGUE 1977-1980

To facilitate the reader the salient terms of the Annual Budgets from 1977 to 1980, the National Wage Agreements 1977 and 1978 and the National Understandings 1979 and 1980 are now summarised chronologically. As this summary is based directly and exclusively on the above-mentioned documents detailed references are not given.

The 1977 Budget and the 1977 NWA

The 1977 Budget

The Minister for Finance in his budget speech (26 January 1977) observed that:

The Government regard moderation in income increases as the pivot on which the future of the economy hinges. . . . The Government's commitment to moderation in the growth of incomes is total.

The Minister further stated that the 1976 Interim NWA marked an important new departure in that it provided for discussions between employers, unions and government on economic and social strategy for 1977-1978. It was in this context that the government were making their "offer of tax concessions of £50 million and proposals for expenditure of £50 million extra on employment . . . in return for income moderation (although it) would not be possible to maintain (the foregoing offers) . . . in the event of non-ratification of the (proposed 1977 National Wage) agreement".

It was also stated that "the combination of tax concessions, expenditure on employment (creation) and (the) reasonable standard pay increases (of the proposed 1977 NWA) was possible only because the (proposed 1977 NWA) put limits on costly special claims." Having referred to the 1976 embargo on special claims in the public sector the Minister said "we are confident that public servants will show the responsibility which is required to keep the cost to the Exchequer within modest limits." The Minister concluded by hinting that, if such claims exceeded the budgetary provisions made to meet them, the government might well invoke the inability-to-pay clause rather than impose further taxation to meet such claims.

Finally, the 1977 Budget increased the main tax-free allowances by between 7 and 9 per cent approximately, cut the scale of income tax rates considerably and held excise duties at their existing levels.

The 1977 NWA

The 1977 NWA was ratified on 23 February 1977 — less than a month after the above-mentioned budget. Its wage increase norms were to cover a period of 14 months. It began with a pay pause of 3 months followed by phases of 7 and 4 months. Phase I gave an increase of 2½ per cent plus £1.00 (Minimum £2.00; Maximum £4.13). Phase II also gave an increase of 2½ per cent plus £1.00 (Minimum £2.00; Maximum £4.23). Overall these two phases added some 9.4 per cent to the then average wage (see Table 11 on page 171 below). The 1976 Co-operation sub-clause was retained in Clause 3 (see page 137 above). However, the phrase in that sub-clause which suggested that co-operation was (or might be) a *quid pro quo* for payment of the standard increases was dropped.

Next the clauses dealing with below-the-norm (BTN) cases should be noted. The preamble to the “Serious Economic and Financial Difficulties” (or inability-to-pay) Clause of the 1977 NWA indicated that a plea could be made when an employer considered that the standard terms “would seriously affect the viability and economic position of the employment *or* undermine competitiveness in domestic *or* export markets *and* lead to a contraction in employment.” A plea might also be made if application of the NWA terms would have “serious financial or budgetary consequences.” This was the first agreed NWA reference to public sector inability-to-pay. The idea of improved productivity as an alternative to inability-to-pay was retained. It was also suggested that a below-the-norm settlement could (only) be negotiated “where it can be shown that competitiveness is being undermined and jobs are at risk *and* this is primarily a consequence of the level of labour costs.”

The clauses of the 1977 NWA dealing with above-the-norm (ATN) cases can be considered under three headings, namely, anomalies, conditions of employment and productivity agreements. The 1977 NWA introduced a unique and very specific restriction on cost-increasing ATN claims. In brief, all such claims submitted after 31 October 1976 — other than those specifically admitted — were barred for the period of the 1977 NWA. Claims submitted after that date were precluded from entry to the new “pipeline” into which claims, submitted before that date under certain previous NWAs, could be introduced with a view to their being “processed to finality”. The 1977 NWA retained the omnibus clause of 1975/1976 (see page 139 above) with a limit of 1½ per cent on all cost-increasing ATN claims. The Labour

Court, in making a ruling in excess of the 1½ per cent limit, was obliged to "have regard to the economic circumstances of the employment concerned and the extent to which the concession of any claim in whole or in part might disturb previously existing relativities." There was also a unique provision (never repeated before or since) which obliged the Labour Court to give detailed reasons if it recommended more than the 1½ per cent limit. As regards ATN conditions of employment claims these were covered by the foregoing provisions. In addition the 1977 NWA introduced a new clause barring changes in conditions of employment except in accordance with the terms of (existing) domestic agreements or custom and practice in each employment. The 1977 NWA repeated the productivity provisions of the 1976 NWA (see page 139 above) but added back the clause (which had been dropped in 1976) to the effect that "a copy of productivity agreements *shall* be forwarded to the Secretariat of the ELC."

As regards restrictions on industrial action the 1977 NWA, like all others in the 'seventies, permitted any legal industrial action when an employer refused, without giving any reason, to pay the NWA norm. Conversely, the 1977 NWA, again like all others in the 'seventies, explicitly barred all forms of industrial action in pursuit of ATN claims pure and simple (i.e., claims which are pursued without reference to the NWA enabling/procedural clauses concerning legitimate ATN claims). Industrial action was barred on foot of a plea of inability-to-pay until a Labour Court Recommendation had been issued or until four months had elapsed from the date of reference of the case to the Court — whichever was earlier. Industrial action was barred in respect of all valid ATN claims unless and until an employer refused to implement a Labour Court Recommendation in such a case.

The 1978 Budget and the 1978 NWA

The 1978 Budget

In his 1978 budget speech (1 February 1978) the Minister for Finance said:

Moderation in income increases is of crucial importance to the Government's programme for economic and social improvement. . . . It is essential therefore that the increase in incomes this year be a moderate one. . . . The logic of the argument is inescapable . . .

The Minister went on to say that each one per cent increase in wages cost the exchequer £8 million which sum was equivalent to the cost of creating 2,000 new jobs. As regards the size of the wage increase envisaged — the

Minister said:

... for the year 1978 our target is for pay increases of about 5 per cent. To make this acceptable we have already reduced or abolished rates, motor taxation and social insurance contributions and are proposing concessions in personal taxation . . . which will result in substantial gains in after-tax pay for wage and salary earners. The (Government's pay) target was formulated only after careful and detailed examination of the requirements of the economy. . . . The Government's commitment (to the 5 per cent guideline) is unequivocal and if agreement to such moderation cannot be achieved, we shall have to take the necessary measures to ensure that excessive increases, if any, are recovered from those who secure them. The Government would be failing in its duty to the community if it did not take such steps.

The Minister said that the government appreciated the difficulties facing the representatives of both the employers and trade unions "who are at present seeking to negotiate a new National Agreement" and (hoped) that a moderate Agreement for 1978 would be achieved.

Finally, the 1978 Budget increased the main tax-free allowances by between 30 and 57 per cent while leaving the scale of income tax rates largely unchanged. There were some minor adjustments of VAT and excise duties remained largely unchanged.

The 1978 NWA

The 1978 NWA which was ratified seven weeks later (on 23 March 1978) had wage increase norms which were to apply for a period of 15 months in two phases of 12 and 3 months. Phase I gave an increase of 8 per cent (minimum £3.50); Phase II gave an increase of 2 per cent. There was also a provision for local bargaining — unrestricted in scope — within a limit of a further 2 per cent (this provision is described below under the heading of above-the-norm increases). The co-operation sub-clause (which had appeared in 1975, 1976 and 1977) was dropped altogether. The reference to agreed changes in work practices, as part of a solution in cases where a plea of inability-to-pay was made, was retained.

The 1978 clauses dealing with below-the-norm (BTN) cases were essentially the same as in 1977. There was, however, a new provision which required the Labour Court to appraise the employer and the unions of the contents of its assessor's report in cases of inability-to-pay.

The clauses of the 1978 NWA dealing with above-the-norm (ATN) cases

can be considered under three headings, namely, anomalies, conditions of employment and productivity agreements. The 1978 *NWA* covered the whole area of above-the-norm increases by a clause entitled "Negotiations at Industry or Firm Level". In an entirely new departure this clause permitted local-level bargaining on wages and conditions of employment up to a limit of 2 per cent of the weekly/monthly basic pay cost of the group(s) concerned. This was a unique experiment with the notion of "kitty bargaining" in Ireland in the 'seventies. Claims and settlements on the "kitty" were not restricted by any substantive criteria (other than the upper limit of 2 per cent). Local procedures were to apply.

In addition to the foregoing provisions a new list of anomaly criteria was introduced to allow the Labour Court to concede ATN wage claims (and/or claims on conditions of employment) without any upper cost limit. The criteria for such a recommendation were (a) "that a serious inequity exists" or (b) "that a rate of pay, or a condition of employment is out of line with generally established standards" or (c) where the Court feels "a rate of pay does not accurately reflect the existing or enhanced duties and responsibilities attaching to particular work or positions" or (d) "other relevant considerations stated by the Court". In making such a recommendation the Court was obliged to have regard to benefits conceded under the 2 per cent "kitty" clause, the general level of pay and conditions of the claimant and recent improvements, the effect of the increases in labour costs on the employment and the need for the phasing in of any change. The ATN pipeline clause was dropped. The 1978 *NWA* Clause just outlined also covered special claims for improved non-wage conditions of employment. The 2 per cent provision for "kitty" bargaining did not prejudice claims concerning the inadequacy or non-existence of pension or sick pay schemes or hours in excess of 40 a week.

The 1978 *NWA* also included a clause which envisaged productivity agreements in excess of the 2 per cent "kitty" for local bargaining. Such agreements were to be such as would:

- (a) involve significant changes in work practices and methods or increases in duties or responsibilities and
- (b) involve a clear contribution on the part of employees towards increasing productivity and efficiency and
- (c) not result in an increase in costs adversely affecting prices or charges to the consumer or community and
- (d) allow benefits to accrue for the development of the undertaking or service.

The criteria which applied in the period 1972-1977 are stated as below on

page 202. Criterion (a) above represented an important addition to the list of criteria cited in the NWAs 1972-1977. Criterion (b) above, was the same as criterion (a) of 1972-1977. Criterion (c) above, was similar in intent to criterion (b) of 1972-1977. Criterion (d) was the same as criterion (d) of 1972-1977. Criterion (c) of 1972-1977 (the need to take account of consequential cost increases elsewhere within the undertaking) was dropped in 1978. In a new departure, another sub-clause envisaged reference, in cases of disagreement, to the Labour Court, which, with the help of its assessors, would "assist in evaluating the benefit which should accrue to the employees from the (productivity) changes". This was the first explicit NWA reference to "evaluation" and the first implicit reference to productivity "shares".

The rules implicitly allowing industrial action in respect of below-the-norm pure and simple (refusal to pay without stating reasons) and the rule explicitly barring industrial action in respect of above-the-norm pure and simple (unjustified ATN claims) remained unchanged. The restrictions on industrial action in cases of inability-to-pay pleas were unchanged. As regards restrictions on industrial action in cases involving legitimate claims for above-the-norm extras, the restrictions were as before but in addition (and uniquely in the period 1970-1980) industrial action was specifically permitted subject to certain procedural and temporal constraints. These were (i) a secret ballot on a Labour Court Recommendation by those eligible to vote, (ii) a period of strike notice as required by domestic agreements, or three weeks, whichever was longer — such notice to issue not earlier than six weeks from the date of the Court's Recommendation, (iii) clearance of the notice by the ICTU where more than one union was involved and (iv) a majority of those entitled to participate in the ballot had voted in favour of industrial action.

If an employer simply refused to discuss ATN claims, in a case where there was no firm or industry agreement, only one month's strike notice was required. In cases where an employer refused to implement a Recommendation strike notice was to be as per the relevant firm or industry agreement.

The 1979 Budget and the 1979 National Understanding

The 1979 Budget

In his 1979 Budget speech (7 February 1979) the Minister for Finance said:

I reject the (view) that the unrestricted pursuit of self-interest will prevail in pay negotiations this year. Price restraint and the creation of jobs on the scale needed . . . would be totally incompatible with such an irresponsible attitude. . . . The average rise in unit wage

costs in the European Community in 1979 will . . . be about 6 per cent. . . . An increase in unit wage costs in Ireland could be kept within such a figure only if further income increases this year were small. . . . The increase in average earnings per worker in 1978 worked out at over 16 per cent (and) real earnings rose by about 8 per cent . . . (this) should be followed by (a year) of pay moderation. (If the Government's approach to such an incomes policy is not achieved through consensus) the Government will not abdicate their responsibilities. We cannot allow a "free-for-all" to take place which would damage everyone's prospects . . .

The Budget increased the main tax free allowances by 29 per cent and modified tax bands slightly. The taxes on cigarettes, spirits, beer, wine and petrol were increased moderately and the VAT rate on certain electrical goods was modified somewhat.

The 1979 National Understanding

The 1979 National Understanding which was ratified in July 1979 had wage increase norms which were to apply for a period of 15 months in two phases of 9 and 6 months. Phase I gave an increase of 9 per cent (Minimum £5.50). Phase II was for 2 per cent plus full indexation to cover CPI rises of between 7 per cent and 12 per cent and partial indexation at the rate of 60p per percentage point rise in the CPI between 13 per cent and 16 per cent inclusive — this latter being subject to a maximum of £2.40. The overall minimum for the Phase was £3.00. These phases represented a total compound increase of about 13.7 per cent on the then average wage. There was no "co-operation" sub-clause in the Standard Increase Clause and there was only an oblique reference to improved productivity as an alternative to a plea of inability-to-pay.

As regards below-the-norm (BTN) cases the 1979 National Understanding had a briefer clause on "Economic Considerations at the level of the Employment". This indicated that when implementation of the terms would threaten "jobs and the viability" of the "businesses" in question "alternative arrangements" should be negotiated locally (if necessary with the help of the Labour Court). All references to inability-to-pay in the public sector were dropped.

The clause in the National Understanding 1979 dealing with above-the-norm (ATN) cases dropped the concept of "serious inequity". It resurrected the pipeline concept to allow clearance of "cases" which had reached the "offer" or "third party" stage on or before 31 May 1979. In addition it permitted:

- (a) cases based on a restoration of previously accepted, well-established relationships — the reasons for which have not changed — such changes to be phased in starting not earlier than 1 July 1979. (This was the first ever sluice gate clause introduced at the request of the government's ELC representatives to defer the impact on the Exchequer of certain major special public service claims.)
- (b) minor claims not related to basic pay, particular to an individual employment and not related to external comparisons.

The National Understanding 1979 Clause on "Special Circumstances" referred to above also covered ATN claims for improved (non-wage) conditions of employment. In this regard it dropped the "are out of line" criterion of 1978. It specifically permitted claims for the introduction or improvement of pension schemes and for up to 17 days annual leave. It re-introduced the pipeline provisions for cases at the "offer" or "third party" stage on 31 May 1979. The first ever sluice gate provisions referred to above deferred the first phase of implementation to 1 July 1979.

The same clause in the National Understanding 1979 had a sub-clause allowing productivity-based ATN wage increases "where employees accept major changes which result in significant and measurable current cost savings". Once again, the use of "competent assessors in the event of differences in evaluation" was recommended. Reference was also made to the possible nomination of "suitable persons" by ICTU and employer organisations "to monitor and assist in the application of this clause". No one was subsequently so nominated.

In the National Understanding 1979 the rules allowing industrial action in respect of cases of below-the-norm pure and simple (refusal to pay without stating reasons) and the rule explicitly barring industrial action in respect of cases of above-the-norm pure and simple (i.e., unjustified) remained unchanged. The restrictions on industrial action in respect of inability-to-pay cases were also unchanged. The rather complex procedural and temporal constraints which the 1978 NWA had placed on industrial action related to legitimate ATN cases were dropped. The earlier convention barring all industrial action in such cases (except where, in such a case, an employer failed to implement a Labour Court Recommendation) was re-instated.

One highly significant development was the decision to drop the Adjudication Clause. In effect, joint (ELC) adjudication was replaced by unilateral assessment of, and attention to, allegations of breach.

The change from NWAs to National Understandings in 1979 signalled the introduction of a major new "non-pay" part to national level agreements. Thus, entirely new sections on employment, taxation, industrial relations

(aspects other than pay), industrial democracy, education and training, health and social welfare were brought into the agreed text for the first time.

The 1980 Budget and the 1980 National Understanding

The 1980 Budget

In his 1980 Budget speech (27 February 1980) the Minister for Finance said:

Payments due under the second phase of the 1979 National Understanding will come to about 10 per cent of average industrial earnings. This is even higher than the 9 per cent first phase nine months earlier. By international standards these are very high rates of increase indeed. From a strictly economic viewpoint, there would not appear to be scope for any further pay increases this year. . . . The Government at this stage have an open mind about what arrangements should follow the National Understanding. But the dominant consideration must be that levels of pay should be appropriate to the more difficult economic conditions with which we are now confronted at home and abroad. Arrangements which ensure this in the interests of our common well-being will be welcomed by the Government. Arrangements which did not, could not be acceptable.

Later, the Minister turned to the more specific question of public sector pay and the government's own pay-roll. In this regard the Minister observed:

The growth in the cost of public service pay and pensions is a matter of serious concern. The 1979 cost at £1,158m represented an increase of 25 per cent on 1978. About £110m arose from special pay increases of the pay Agreements of 1978 and 1979. It is therefore particularly disturbing to find fresh demands for special increases – some of them very substantial – coming from groups who have already benefited in the current series of such increases in 1978 or 1979. I would ask those concerned to consider carefully the consequences for themselves and for the public generally of such unreasonable demands.

The 1980 Budget (a) increased the main tax free allowance (for the PAYE sector) by 18 to 35 per cent, (b) widened the main tax bands to some extent,

(c) increased the tax on petrol by 20p per gallon, that on twenty cigarettes by 10p, that on a glass of spirits by 16p, that on a pint of beer by 6p and that on a bottle of table wine by 40p. There were also a variety of other changes of lesser importance.

The 1980 National Understanding

The 1980 National Understanding which was ratified in September 1980 had wage increase norms which were to cover a period of 15 months. It had a pay pause of 1 month and two phases of 8 and 6 months. Phase I gave 8 per cent plus £1.00. Phase II gave 7 per cent. Once again the use of percentages reflected a concern to maintain differentials. Despite extremely protracted negotiations, two breakdowns and two government interventions the parties failed to agree on indexation and introduced a unique review clause to trigger further discussions if the CPI for the 9 months to mid-February 1981 increased by more than 10 per cent.

As regards the 1980 clauses dealing with legitimate below-the-norm (BTN) pleas of inability-to-pay — they were the same as in 1979.

The clauses of the 1980 National Understanding dealing with above-the-norm (ATN) cases can be summarised as follows. Under the sub-heading of Anomaly (ATN) cases, the 1980 Understanding retained the pipeline concept for “cases” at the “offer” or “third party” stage on or before 31 July 1980. It also retained the 1979 notion of “previously accepted, well established relationships” — but made “industry level” claims of this type subject to a Labour Court investigation in all cases. No settlement based on this criterion could be implemented before 1 January 1981. It re-introduced the criterion “out of line with generally established standards” which had been dropped in 1979. No settlement under this criterion could be implemented prior to 1 April 1981. Both of these sluice gate provisions had the same origins and intent as those of 1979.

Under the sub-heading of Conditions of Employment (ATN) the 1980 Understanding re-instated the “out-of-line” criterion and retained the pipeline concept for cases at the “offer” or “third party” stage on 31 July 1980. Sluice gate provisions delayed implementation of “established relationship” cases to 1 January 1981 and “out of line” cases to 1 April 1981. Under the sub-heading of Productivity (ATN) the 1980 National Understanding repeated the provisions of the 1979 Understanding.

In the National Understanding 1980 the rules allowing industrial action in respect of below-the-norm pure and simple (refusal to pay without stating reasons), the rule barring industrial action in respect of above-the-norm pure and simple (i.e., unjustified) claims, the rule barring industrial action in respect of proposed productivity schemes, the rule barring industrial action in respect

of Anomaly/Conditions of Employment (ATN) cases (except where an employer refused to implement a Labour Court Recommendation) all remained unchanged.

The unilateral "adjudication" procedure of 1979 was retained in 1980.

The section on non-pay items which had been introduced in 1979 was retained and expanded in 1980. There were sub-sections on such matters as employment, industrial relations, maternity leave, hours of work, industrial democracy, disclosure of information, child care for working parents, services for handicapped persons, taxation, social welfare, health services, education, training, trade union education and advisory services, paid educational leave and housing. This was by far the most comprehensive range of items ever covered in a national level agreement.

Part Two

ISSUES AND IMPLICATIONS

Preview

Chapter 8 opens with a reference to the organisational and constitutional aspects of the concept of power. The power of labour market organisations is then considered in some detail. As such power appears to be a major (and perhaps the major) determinant of relative income shares it is of vital importance to our study. Chapter 9 deals with the concept of the norm. The substantive norm has been the pivotal feature of the NWAs which have emerged from the exercise of Congress and Confederation power. This is not surprising given the mores and methods of trade unions and federations. Chapters 10 and 11 deal, respectively, with the procedural norms which have governed legitimate exceptions above and below the substantive norms. Chapter 12 deals with the NWA rules on conflict avoidance. These rules provide the counterbalance to the NWA rules which compel an employer to pay the substantive norm or plead inability to pay it. Chapter 13 considers the evolving role of the government as reflected in its efforts to influence the level of NWA norms as they have emerged and to ensure respect for such norms once they had emerged. Chapter 14 synthesises the discussion and makes a variety of recommendations for sectoral and public policy.

Chapter 8

POWER AS A FUNCTION OF ORGANISATION AND CONSTITUTION

Preview

Although the exercise of power by labour market organisations has attracted growing attention in recent years no generally accepted definition of such power has yet emerged. However, Goldthorpe's definition seems appropriate for present purposes. Goldthorpe has suggested that:

(power is) the capacity to mobilise resources — human and non-human — in order to bring about a desired state of affairs [1].

National wage agreements in Ireland depend on the ability of each side to make a commitment to negotiated terms. The extent to which either party can so commit its members depends on its organisation (its strength of numbers) and its constitution (its ability to marshal its members). It is to these vital aspects of labour market organisations that the discussion now turns.

Section 1: The Labour Side of the ELC

The proportion of employees in the work-force grew steadily between 1971 and 1976. The rate of increase in total trade union membership more than doubled in that period (see Table 2, page 21 above). At the same time there was a definite tendency towards affiliation to Congress. Yet Congress remained in a rather uncertain organisational state. There were several reasons for this. First, the MPGWU left because of a Congress decision against it in an inter-union dispute, while the AUEW was suspended for similar reasons. Second, the NBU which had splintered from the largest Congress affiliate (ITGWU) in 1964 remained excluded on that account. Third, some unions, notably the IBOA, remained unaffiliated.

What, one must now ask, do these points imply for public policy? Here two major issues arise. The first is whether the non-Congress unions might be absorbed into the NWA system through membership of the ELC; if this is not possible does it matter and, if it does, what other options remain open in this regard?

Congress has always insisted that its Executive Council alone should represent organised labour on the ELC. As a result individual affiliates, non-

Congress unions and groups of such unions have been systematically excluded. There are several reasons for this. To begin, Congress felt it could not permit disaffiliated or expelled unions to join the ELC lest this should encourage other affiliates to disaffiliate and/or to seek such separate representation. Similarly, Congress felt it could not permit unions which had been formed by groups which had splintered from affiliates into the ELC; if it did sundered affiliates might well leave Congress in protest. Similarly, Congress felt it could not allow unions which have chosen not to affiliate to have representation on the ELC. Finally, and most importantly, Congress considers it essential that the trade union movement should speak with one voice rather than with several.

The Congress refusal to admit ITUF¹ to the ELC also reflects an experience in the 'fifties when both the CIU and ITUC were negotiating separately with the FUE with a view to a national agreement. In the end agreement was reached with one Congress in the absence of the other and to the eventual discomfort of both. The ICTU has not been prepared to run such a risk. Besides, the ITUF once installed on the ELC would represent a rival camp which could provide a refuge for disenchanted ICTU affiliates, or worse, for the disenchanted members of affiliates. In all these circumstances it is scarcely surprising that ICTU has flatly opposed the admission of the ITUF to the ELC even when it (ITUF) offered to respect the NWAs if so admitted. On balance, therefore, one is driven to the conclusion that Congress was right in this respect and that ministerial and employer efforts to the contrary were misguided.

Being excluded from the ELC the non-Congress unions felt strongly justified in their view that they were under no obligation to respect NWAs [2]. They therefore felt free to pursue above-the-NWA-norm wage claims without regard to NWA criteria or to the absolute NWA restrictions on industrial action in pursuit of such claims. While these endeavours have had some success their direct wage cost and conflict consequences have been of secondary importance. However, the indirect consequences were, and continue to be, of great significance. For some non-affiliates have appeared to pursue such wage policies not merely to increase wages but for the purpose of winning new members even if this entailed the enticement of members away from affiliated unions.

This is a matter of the first importance. For the activities of such militant non-Congress unions may well prompt disaffected groups of members in affiliated unions to demand more aggressive action and to threaten desertion to a non-Congress union if this is not forthcoming. Such affiliates then have

1 Irish Trade Union Federation (comprising mainly the MPGWU and the NBU).

little option but to respond to their members or risk losing them. But in so responding they may find themselves in breach of a NWA and faced with disciplinary action by Congress. Even more critically, they may force Congress to demand higher norms and/or greater ATN "flexibility" than its own wider and better judgement might suggest. In sum, the majority which Congress represents finds it very difficult to respond to reason while dissident minorities act in contempt of reason and of the majority's view.

This leads neatly to a review of the internal (self-) discipline which must exist in Congress if its ratification of a NWA is to be meaningful. Internal discipline requires effective penalties which can be applied to affiliates which act in contravention of its policies or in contempt of its constitution. But the only penalties which Congress could impose are apt to be either negligible and ineffective or substantial and counter-productive. In fact the only penalty of consequence is suspension, followed, failing amendment, by expulsion.² But this, in the absence of other provisions, relieves the expellee of any obligation to abide by any Congress policy and especially the policy of respecting NWAs once ratified.

In practice Congress has consoled itself with the hope that the risk of losing access to its services and its procedures for the granting of general pickets would serve to induce wayward affiliates to avoid expulsion. The hope was that as unaffiliated unions could not avail of such services or call for such a picket their ability to function would be severely curtailed. But this effect turned on the assumption that the members of affiliates would pass the pickets of unaffiliated unions. However, there has been little to suggest that unaffiliated unions were so hampered on this account that they felt compelled to sue for re-admission to Congress. There is another side to this coin. The "organisational imperative" — growth — enshrined in the Congress constitution (see page 22 above) tempts its leadership to seek to avoid policies (such as "excessively restrictive" NWAs) which might induce breach by affiliates and so raise the spectre of further expulsions³ not least because expellees seem happy enough to remain outside.

All this suggests that both the external and internal threats to Congress efforts to develop and implement a consensus on general wage adjustments (wage-rounds) have the same roots. Both turn on the fact that life outside Congress (and for the unofficial striker inside Congress) has tended to be

2. Financial penalties have been considered but it was felt that these, if small, would be ineffective, and if large might lead to a refusal to pay and thence to suspension and expulsion.

3. This preoccupation found its clearest expression in the *National Understanding* (1979). That sequel to the NWAs 1970-1978 shied away from the whole idea of ELC Adjudication in respect of alleged breaches by individual unions, thereby casting doubt on the durability of any national wage policy which risked further expulsions from Congress. The need to leave Congress some latitude to apply its own discipline in its own way was heavily underscored by the suspension of AGEMOU and the threatened suspension of the POWU from Congress for breach of the 1978 NWA [3].

less constrained than life for the self-disciplined members of unions in Congress. On the one hand, unaffiliated unions (and unofficial strikers in affiliation) have enjoyed the full protection of trade union law, the full benefit of economic and social advances won by Congress and the increases incorporated in NWAs. On the other hand, they appeared to be free to pursue any other claim (by any legal means) without fear of retribution from any quarter. It was inevitable that action would be taken to try to correct this extraordinary and critical imbalance of advantage.

To begin, the government insisted that no group could adopt the attitude of not being bound by NWAs which were part of national economic policy. Initially, the government was reluctant to do more than this. However, when this attitude found expression in a series of agreements negotiated by the commercial banks and their employees the government was advised by the ELC that failure to check this practice would jeopardise the possible renewal of the National Agreement. In response to this the government introduced legislation⁴ on several occasions to control the pay of bank employees [4].

Secondly, the ELC has emphasised, in the preambles to the later NWAs, that they were intended to apply not just to "the parties" involved but to *all* unions and *all* employers. This has helped to clear the way for further legislation (aimed at specific groups) similar to that mentioned above.⁵ As a preliminary to this the Minister for Labour could refer specific cases of breach of the NWAs to the Labour Court for investigation and report [7].

Thirdly, there are several tendencies on the employers' side which have been re-inforced. Employer federations tend to brief those responsible for new employments on the reasons why particular unions are not affiliated. Naturally such employers will tend to avoid such unions and to this end they may seek (pre-start-up) pre-entry closed shop agreements with affiliated unions. Similarly, existing employers tend to avoid recruiting members of non-affiliates and to steer new employees towards affiliated unions where this is possible. Employer bodies could consider the adoption of a definite policy on such matters.

Finally, additional measures could be developed by a reconsideration of (a) registration requirements (licence and deposit), (b) fiscal benefits (to unions and their members), (c) access to the mediation services and (d) legal protection from retribution in respect of strikes in pursuance of wage claims in breach of a NWA. At present all unions (and even disaffected minorities within a union) have almost equal rights in all of the foregoing respects.

4. The ICTU declined to make any protest about this legislation despite its usual implacable opposition to law of this kind. Indeed, when the General Secretary of Congress was asked what he felt about it he expressed dissatisfaction with the fact that it made no provision for the nationalisation of the banks [5].

5. In June 1980 the High Court finally cleared up doubts about the constitutionality of such legislation when it dismissed an IBOA case to the effect that such legislation was unconstitutional [6].

While sharply focused "banks type" legislation may be the most effective deterrent, it must be said that Congress has always been extremely anxious to avoid any legislation directed against any union (other than the IBOA). It fears that even carefully tailored and temporary legislation aimed at non-Congress unions acting in breach of NWA rules could set the entire trade union movement on the slippery slope to more general and permanent wage legislation. The present writer believes these fears are rather exaggerated. Indeed, far from damaging its long-term interests, such legislation would be of benefit to the movement. For it would serve to relieve it at once of many of the most serious external and internal threats to its solidarity. These threats arise from the illegitimate activities of non-affiliates or disaffected affiliates or disaffected members of particular affiliates (the latter categories would, in any case, be less prone to disaffection if the former were so curbed).⁶ To conclude, if the Congress consensus in favour of orderly wage adjustment is deemed to be of value in public policy terms then public policy should not merely foster it; it should also protect it against attack.

A strategy of the foregoing type could only serve to strengthen the authority and hence the power of Congress. This in turn would tend to increase its influence on national economic and social policy generally. This, of course, begs a second very fundamental question as to whether such developments are desirable. It could well be argued, for example, that, far from seeking to strengthen the trade union movement by strengthening Congress, public policy should be directed to the task of diminishing its power and influence on the grounds that trade unions and Congress have already over-reached themselves. But this would be to suggest a choice which does not exist. For the tide of economic and social history appears to be moving towards proportionately more employees in the labour force and more union members in the employee sector of the labour force. Besides, even in the most chaotic decentralised bargaining situation it is unlikely that unions could be proscribed. The constitutional changes required would almost certainly not be approved by a majority of the electorate. Nor could trade unions be stripped (except briefly) of their collective wage bargaining prerogatives. In this setting there are only two choices. On the one hand, society could opt for a growing but fragmented union movement which would indulge in uncoordinated decentralised wage bargaining in respect of the competing demands of several thousand bargaining groups to the exclusion of the national and other sectoral interests. On the other hand, society could opt for a growing but unified union movement which engages in centralised wage-bargaining in which the preoccupations of the several thousand bargain-

6. It is assumed, of course, that union members who had been fairly disciplined by their own union would not be free to switch to another affiliated union.

ing groups might first be forged into a coherent whole through Congress and in which there would be some prospect that the national interest and other sectoral interests would be respected. This would mean that the trade union movement would represent its interests more powerfully than ever. However, sooner or later the movement may learn to do this in a balanced way. For while it may well dictate restraint on the incomes accruing to capital and to the self-employed, it is bound by its own constitution to respect the electorate's commitment to an evolutionary movement towards a socially responsible free enterprise (or mixed) economy. In pursuing this end, Congress will have no option but to try to defend trade unions and their members without placing profit-oriented enterprise in Ireland at a comparative international disadvantage in cost, conflict or freedom of contract terms.

ICTU Wage Policy Formulation and Voting Procedures

Congress wage policy derives from motions adopted by Delegate Conference. Any motion from an affiliate which is not inconsistent with the constitution of Congress must be entered on the preliminary agenda. This is circulated (ten weeks before Conference) to all affiliates who may then submit amendments. The Standing Orders Committee next ensures that composite motions are prepared where possible. Two weeks before Conference the final agenda is circulated; it then becomes the property of the Conference. A motion, once adopted, never lapses until its ends are realised or until it is superseded by events or a later motion. Defeat of a motion represents a definite rejection of the policy which it proposes but it does not imply that the opposite policy is established. Remission of a motion is sometimes proposed (usually by the Executive Council) when the objective cited is approved but the proposed means of pursuing it seem inconsistent with the Congress Constitution or with pre-existing policy.

The Executive Council's potential role is now considered. The Council can play a defensive role in response to the initiatives of others and a positive role by proposing motions of its own. Such motions can serve one of three purposes. First, they can serve to fill a gap in Congress policy. Secondly, they can provide an alternative to other motions which the Council feels it should (but might not otherwise be able to) pre-empt. Thirdly, as the Council can put forward an emergency motion during Conference it has an important tactical advantage as such motions, being unanticipated, cannot be forestalled by prior voting mandates of affiliates' delegates. As has been seen in the previous chapter, Special Delegate Conferences have a very special part to play in regard to NWAs. In effect, the Council can fix the date, venue and agenda (the latter with the approval of the Standing Orders Committee) for all SDCs on wage policy. This gives it a further tactical advantage.

The Executive Council's actual role as reported in the previous chapter can now be assessed against the foregoing points. The general conclusion must be that the Council has played a remarkable and entirely legitimate leadership role in the formative years of the consensus in favour of the orderly centralised approach to wage adjustment. It is also fair to say that the Congress procedures for wage policy formulation have worked remarkably smoothly in the 'seventies, so much so that it is difficult to see what reforms might be proposed.

However, the same comment does not apply to the voting procedures used by Congress affiliates to decide for or against national wage negotiations and/or agreements. These are unsatisfactory in several respects. Different unions adopt different procedures. Block voting is widely used. Some ballot results are released while other ballots are still in progress. Finally, some groups of union members complain that they are inadequately briefed as to the alternatives. Given the new maturity and self-confidence of the trade union movement it seems appropriate that Congress should now examine these matters itself and propose amendments for adoption — as indeed it was instructed to do by the 1971 ADC [8].

Section 2: *The Employer Side of the ELC*

Turning to the employer side of the ELC similar organisational and constitutional matters deserve consideration. During the period 1971-1976 there was a steady increase in federation membership among private sector employers. The FUE membership (which provides an adequate index) grew from 1,651 firms in 1970 to 2,157 firms in 1976 while revenue from subscription income rose from £101,581 to £396,453 [9]. The latter figures, even when discounted for inflation, reflect a major growth in the number of employees covered. As to the membership of the IEC, the Chairman in his first Annual Report said that federations representing some 4,000 firms (with some 200,000 employees) were in membership. It must be admitted that growth in the membership of the various industrial federations was more modest than that of FUE. Nevertheless, the overall trend was towards greater organisation. This trend, when combined with more clearcut centrally negotiated wage-rounds, gave the concept of simultaneity a steadily growing importance. Thus efforts to settle below-the-norm became more futile while offers to settle above-the-norm became more unnecessary.⁷

Three constitutional issues of importance arose on the employers' side in the period 1970-1976. Within the IEC the SIMI adopted some remarkable positions. First, despite its participation at early IEC meetings and the fact

7. The writer acknowledges Professor Sir Henry Phelps Brown's elaboration of this important point.

that the words "and regulate" (relations between employers) were dropped from the IEC draft constitution at its behest, the SIMI never joined the IEC. Later, when the 1972 NWA was about to be ratified, the SIMI indicated to the ELC that it did not wish to be bound by the proposed agreement.⁸ These decisions were made because it was felt that membership of the IEC would create difficulties for some of its multinational manufacturing members. For such members it has always been international company policy to handle their own wage and labour negotiations rather than become involved in collective negotiations with other employers. Thus these firms sought to retain complete freedom as to their labour relations and labour market policy despite the fact that the NWAs were a major element of national economic policy. While this study did not try to identify the direct de-stabilising effects of such autonomous multinational wage policies, it is clear that the whole notion of NWAs would be unworkable if a significant number of substantial firms were to adopt such wage policies.⁹

These conclusions lead to a consideration of discipline within the employer side and within its constituent federations. One must ask what will happen if a federated firm acts in contravention of the IEC constitution or of IEC policy. If, as has sometimes been the case, the breach takes the form of an unjustified above-the-NWA-norm increase conceded by a federated firm without opposition, it is unlikely that any corrective action will be taken. For neither the IEC nor the constituent federation is likely to hear of the event unless, of course, the member is a prominent firm. Even if the IEC (or the federation) did hear of such a breach, it, like Congress, is likely to baulk at the possible expulsion of the offender. For this would leave the offender free to contemplate further and possibly more serious breaches. This in turn could cause serious labour relations and labour market problems for other members. In short, expulsion is unlikely. So here again the main task of public policy should be to make life for those who remain outside the IEC with a view to breach much less comfortable. There are many corrective policies which might be mentioned in this regard. Fiscal penalties, denial of aid from state agencies, withdrawal of state contracts, special aid to competitors, the use of "banks type" legislation and public denunciation are some fairly obvious examples. But obviously any such measures taken in this regard would be quite futile if ICTU and IEC affiliates who were so inclined

8. In fact, the SIMI adjusted its (federation-level) lists of wage rates for motor mechanics strictly in accordance with the standard increases of later NWAs. Then in 1976, the SIMI, anxious for ELC/NWA protection for its retail members asked if it could join the IEC on the understanding that certain named members would be exempt. Predictably, this request was refused.

9. The SIMI take the view that the pursuit of such policies by multinationals is no more harmful than collusive agreements by affiliated unions and employers to pay more than the NWA norm. The present writer would agree but feels that both types of departure from NWA terms are likely to damage the NWA consensus in a cumulative way.

could surpass the NWA norm by the familiar device of agreeing to sign a spurious anomaly deal or productivity settlement. The necessity for reporting and vetting procedures and for criteria in this regard is considered in detail in a later chapter.

While no constitutional issues arose in respect of the semi-state companies some enormously important issues concerning the government's position on the ELC did arise in the mid-seventies. Because these issues have such wide ramifications for government prerogatives they are the subject of the penultimate chapter which discusses the role of the government in detail.

Employer Wage Policy Formulation and Voting Procedures

As regards the procedures used to formulate wage policy, the employers' ELC representatives have, like their labour counterparts, successfully avoided bargaining mandates with numerical content or with other preconditions. In general, federation wage policy formulation and decision-making procedures are much less formal than those of Congress. An earlier study has considered whether federation procedures could or should be more formal. It concluded:

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 until some kind of consensus emerges. . . . 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 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 [10].

The evidence of the present study suggests that there is little reason to qualify this viewpoint. There is, however, good reason to suggest that the wage policies of major (non-federated) firms should be subjected to systematic scrutiny and publicity and, where appropriate, corrective government action.

The sections of this chapter which have dealt with the union/employer consensus and the measures needed to encourage its adherents, and deter those who dissent from it, are arguably the most vital of this entire study. For if a voluntary consensus cannot endure then either the law must be invoked or "lawlessness" must be allowed to prevail.

Chapter 9

THE NATIONAL WAGE AGREEMENT (OR WAGE-ROUND INCREASE) NORMS

Preview

This chapter has six sections which deal successively with the temporal dimensions of the norm, the invariant nature of the norm, the norm and relative wages, the norm and real wages, the norm and unit wage costs and the overall significance of norms and normality in respect of the process of general wage adjustment (wage-rounds).

Section 1: The Temporal Dimensions of the Norm

Since 1970 Irish wage-rounds have become much more clear-cut simply because NWAs have coincided with them. This leads to a consideration of the length of time, the point-in-time and the continuity aspects of the NWA norms.

The notion of a NWA norm implies equal treatment for all bargaining groups both as to the level of the NWA increase and as to the period of stability to apply thereafter. Equality on the first count would be meaningless without (near) equality on the second. Thus the standard length-of-time aspect of the NWA norm was introduced at the outset in 1970. It has since been systematically upheld by the ELC (except to the extent that movements towards point-in-time equality cut across it). It may be noted that the average duration of wage-round agreements which had fallen from twenty-four to eighteen months in the 'sixties fell further to between twelve and fifteen months in the 'seventies. It is now likely to stabilise at this level if only because both parties would be reluctant to sign a NWA that would span two successive annual budgets.

Point-in-time equality has also asserted its importance. The late-starters trailed the early-starters by up to twenty-one months in 1970. They have successfully pressed for a major reduction (to two or three months) in the spread of the entry dates of various groups into each NWA/wage-round. By implication, time differentials greater than this are now considered inequitable and unacceptable.¹ Little change in either direction is either likely or necessary

1. In the late 'sixties wage-round agreements negotiated by various groups had widely differing durations. Some employers gained some temporary cost relief as a result. The NWAs in the period 1974-1977 obliged those same employers to bear the fairly substantial cost of largely eliminating such temporal disparities.

in this regard in future centrally negotiated wage-rounds.

The continuity (or end-to-end) aspect of NWA norms has been another notable feature of the 'seventies. The only discontinuities were due to two brief voluntary pay pauses of two and three months in 1976 and 1977 respectively.

To summarise, centralised bargaining has restored and maintained temporal order in the wage-round system. It is impossible to imagine how, in practical terms, decentralised bargaining could do this. Indeed the evidence of earlier research points firmly in the opposite direction [1]. This is important as temporal normality is a prerequisite for substantive and procedural normality.

Section 2: *The Invariant Nature of the NWA Norms*

Below-the-NWA-norm wage increases have arisen for two reasons. On the one hand, some employers have neglected or refused to pay the norm. On the other hand, some individual employers have successfully pleaded inability-to-pay the norm. The first possibility is considered here as an illegitimate departure below the norm; the latter is considered in the next chapter which deals with legitimate below-the-norm increases.

The question of an employer neglecting to pay the NWA norm is always a possibility in non-union houses, especially if the employer is not federated. It is also possible that unilateral decisions not to pay NWA norms were an important factor contributing to the steady rise in union membership in the 'seventies. The extent to which unorganised employees missed out is not known. However, it has been usual for newly organised groups to negotiate significant "rationalisation" increases which have served to bring them broadly into line with other similar groups already in union membership. As a rule the position of previously organised employees has been very different. In our survey of two hundred groups the farmers alone repeatedly refused to amend (agricultural) wages in line with the NWA norms. This exception largely proves the rule. The reason for this was that in the early 'seventies the unions sought and obtained a number of interpretations which copper-fastened the norm and made it clear that it was an entitlement which no employer of union labour could unilaterally refuse to pay without the risk of immediate and legitimate industrial action.

In summary, illegitimate below-the-norm settlements were exceedingly rare in organised employments mainly because, from 1972 onwards, employers had no options but to pay or plead inability-to-pay or face the risk of immediate industrial action.

The position in regard to illegitimate above-the-norm payments has been very different for several reasons. First, the employers' side of the ELC never succeeded in getting correspondingly stringent rules concerning such increases

incorporated into the NWAs. Secondly, individual employers have sometimes been reluctant to resist unwarranted "productivity" or "anomaly" claims. Finally, employers who wished to increase wages by more than the NWA norm could usually do so without reference to, or serious fear of intervention by, any outside body.

The general conclusion of this section is that there has been a significant and uncontrolled bias towards illegitimate above-the-norm settlements in the (early) NWAs. This is a major flaw which could, if it persists, pose a serious threat to the rational development of the NWA system.

Section 3: *The NWA Norms and Relative Wages*

In Chapter 2 a number of economic experts were cited to the effect that competing claims for relative income shares are a vital phenomenon. Previous Irish research has already underscored the importance of comparability (and relativities) in Irish wage bargaining [2]. Similarly, the UK Pay Board has declared that:

Pay relationships between groups of employees — relativities — lie at the heart of pay determination [3].

It is therefore important to consider what the NWAs have tried to do in this respect and what has happened in practice.

The first point to note is that the NWAs have made a definite distinction between specific and general wage relativities. The former is essentially a matter of wage anomalies as between the wages of specific groups; it is considered in a later chapter. The latter, which is now to be considered, concerns the relationship between the "lower-paid-generally" and the "higher-paid-generally". Table 11 gives a statistical summary of the impact of successive NWAs on the national wage structure. These statistics are derived from a survey of wage rates negotiated by 200 bargaining groups in the period 1971-1976. The sample used was first developed for a study of decentralised wage bargaining in Ireland in the 'sixties which was seen, *inter alia*, as a precursory complement to the present work. The method and rationale of the original survey are detailed in that study [4]. Suffice to note that it covered two hundred and two bargaining groups (including *every* trade, industry and regional grouping in Ireland and *all* other bargaining groups (for which data were available) with five hundred or more employees). It was estimated that in 1970 the groups in the sample covered about half of the entire employee workforce and two-thirds of all union members. Two of the groups in the original sample had ceased to function as such by 1970 and this left two hundred groups in operation in the period 1971-1976. The

Table 11: *Statistical summary of the evolution of the national wage structure (200 bargaining groups) in the period 1971-1976*

Statistics	Wage prior to round/phase	13 I	13 II	14 I	14 II	15 I	15 II	15 III	16 I	16 II	16 IV	17 I	18 I
1 Mean		19.26	21.47	23.06	26.66	27.16	30.69	32.92	36.28	39.61	42.03	43.74	47.29
2 Minimum		14.90	16.90	18.21	20.99	20.91	23.60	25.73	28.30	31.15	33.30	34.82	37.86
3 Maximum		29.92	34.31	36.25	36.00	41.62	46.67	49.89	54.88	60.02	63.77	66.31	70.30
4 Max. as % of Min.		200.8	203.0	199.1	171.5	200.5	197.8	193.9	193.9	192.7	191.5	190.4	185.7
5 Lr. Decile		16.45	18.47	19.87	23.26	22.58	25.43	27.65	30.42	33.45	35.72	37.33	40.45
6 Upr. Decile		23.38	25.82	27.48	30.62	33.39	36.93	40.37	44.40	47.96	50.36	54.48	58.11
7 UD as % of LD		142.1	139.7	138.3	131.6	147.8	143.2	146.0	146.0	143.4	141.0	146.1	143.6
8 Lr. Quartile		16.95	19.00	20.55	24.24	23.35	26.45	28.62	31.50	34.66	36.80	38.94	42.10
9 Upr. Quartile		20.54	23.00	24.61	27.31	29.63	32.91	34.82	38.31	41.88	43.79	46.16	49.55
10 UQ as % of LQ		121.2	121.1	119.8	112.6	126.9	124.1	121.6	121.6	119.4	119.0	117.6	117.7
11 Range		15.02	17.41	18.04	15.01	20.71	23.07	24.16	26.58	28.87	30.45	31.49	32.44
12 Standard Deviation		3.13	3.39	3.55	3.23	4.55	5.21	5.42	5.97	6.43	6.77	6.97	7.18
13 Coefficient of Variation		16.25	15.79	15.39	12.11	16.77	16.97	16.46	16.45	16.20	16.10	15.94	15.18
14 Skewness		1.38*	1.58*	1.53*	1.01*	1.19*	1.23*	1.31*	1.28*	1.31*	1.37*	1.38*	1.37*
N		193	194	195	78	195	196	195	196	193	193	185	184

Notes: *Indicates that for a sample of size (N) the measure of skewness given would be significant at the one per cent level. See Table 34(B) of the Biometrika Tables for Statisticians, Vol. 1 (Second Edition), edited by Pearson and Hartly, Cambridge, 1958. The value of N = 78 in Column 4 is due to the substitution provisions of the 1974 NWA (see page 86 above). The slight decline in N in the final columns is due to the delays in payment of phases in JLC industries in the mid-seventies. Four groups did not adhere to NWA phases at all. Two were in a multinational company (craft and general workers), one was in a County Council (general workers) and one was the AWB (farm labourers). There was no 16 III increase as the CPI actually fell in that index-linked phase.

statistics in Table 11 were derived from the horizontal dimension of the national wage structure. In effect each observation recorded the basic wage at a particular wage-round at the point of entry to male adult service in one of the two hundred bargaining groups surveyed.²

The notion of a fair wage relationship between the "lower-paid-generally" and the "higher-paid-generally" presents an immediate problem of definition. For in Ireland there is no official benchmark such as a national minimum wage. Consequently, the relationship between such general classes tends to be articulated by expressing the wages of one imprecisely defined category as a proportion of the wages of another. The above-mentioned relationship is now considered on this basis.

The first point to note is that rows 4, 7, 10 and 13 of Table 11 reveal a series of gentle expansions and contractions in the national wage structure. The most remarkable aspect of these results is the way in which, over a six-year period, the expansions and contractions largely cancel out. The coefficient of variation, which is the best general statistical indicator of dispersion around the mean, moved within an extraordinarily tight range (i.e., with one exception caused by a much reduced set of observations it remained within the limits of 15.18 per cent and 16.97 per cent). This raises serious doubts about the ability of NWAs to help the "lower-paid-generally" in an enduring way simply by using norms biased in their favour.³

The figures in the final row of Table 12 indicate some significant gains by the lower-paid civil servants *vis-a-vis* the highest-paid grades. Given that the NWAs never included a norm more favourable to the higher-paid than a straight percentage and given the persistent biases towards the lower-paid (cash floors, cash ceilings, diminishing percentages and partial indexation), the fairly persistent decline in the relative position of the highest-paid grades is not surprising. However, with the advent of pure percentage NWAs in the late 'seventies the relative decline was stabilised. Then with the second special review of higher Civil Service salaries the decline was reversed. This reversal is not altogether surprising as other surveys have shown that only about 50 per cent of private sector executives were paid strictly in accordance with NWA norms in 1976 and in 1979 [6].

2. The implications of NWA norms for the vertical dimension of wage structures within major organisations can be most conveniently discussed by reference to the Civil Service wage hierarchy. The evolution of that structure in the 'seventies is summarised in Table 12 and is discussed below.

3. Some might argue that straight percentage norms would benefit the higher-paid more. Two aspects of this matter should be noted; (1) If the norm is intended to compensate for price increases, then, as price increases are denominated in percentage terms they can only be fairly compensated for by straight percentage increases in incomes; (2) If the norm is intended to distribute a real productivity gain, then equal percentage increases are necessary to preserve relative real pay levels. While many might accept a reduction in relative real pay differences few would accept this process if carried to the point where absolute real pay differences were held unchanged.

Table 12: *The impact of the NWAs (1970-1979) and special reviews on the civil service pay structure*

Wage-round Grade (max.)	Pre- 13th round	Pre- 14th round	Pre- 15th round	Pre- 16th round	Pre- 17th round	Pre- 18th round	Pre- 19th round	Pre- 20th round	Pre- 21st round (at 20.6.80)
(1) Clerical Officer	1765	1977	2159	2806	3399	3605	3894	4589	5480
(2) Executive Officer	2400	2637	2991	3818	4605	4848	5199	6183	7336
(3) Higher Executive Officer	3070	3334	3753	4742	5706	5967	6374	7580	8966
(4) Assistant Principal	3615	3901	4251	5347	6427	6688	7125	8516	10761
(5) Principal	4500	4821	5333	6663	7994	8255	8692	10389	13415
(6) Assistant Secretary	5665	6033	6555	8146	9762	10023	10460	12502	16496
(7) Secretary	6960	7380	8171	10419	12470	12731	13168	15739	21076
Secretary (max.) as percentage of Clerical Officer (max.)	394	377	378	371	367	353	338	343	385

Notes: The NWA norm increases and special above-the-norm increases are incorporated into the foregoing figures. The grades Assistant Principal to Secretary incorporate the first phase of the Devlin Review Body Recommendations of 1979. In order "to underline the urgency of securing restraint and moderation in income demands throughout the community" the government asked (June 1980) those at Assistant Secretary level and above – together with certain other public servants – to agree to a deferment of the second phase of these increases [5].

Source: Department of the Public Service

Table 13: *Some statistical measures of the compression of the national wage structure from 1959 to 1970 and from 1970 to 1976*

<i>Dominant level of wage bargaining</i>		<i>Decentralised bargaining over 5 out of 6 wage-rounds (1959-1970)</i>		<i>Centralised bargaining over 5 out of 5 wage-rounds (1971-1976)</i>
<div><div></div><div><i>Statistics</i></div></div>	<i>Surveys of 202/200 bargaining groups as at</i>	<i>(1) Start of 7th round (1959)</i>	<i>(2) End of 12th round (1970)</i>	<i>(3) Start of 17th round (1976)</i>
Max. Wage as % of Min. Wage		383.5	201.1	190.9
Upr. Dec. as % of Lr. Dec.		179.3	140.9	146.1
Upr. Qrt. as % of Lr. Qrt.		130.0	120.2	117.6
Standard Deviation £		1.58	2.93	6.97
Coefficient of Variation %		20.00	15.39	15.94
Skewness*		0.19*	1.46*	1.38*

Notes: (1) *Indicates significance at the one per cent level. See notes on Table 11.

(2) The stabilisation in the process of compression which occurred in the period 1970-1976 occurred despite the fact that the average basic wage (in the sample) increased twice as fast in the latter period (i.e., from £7.90 to £19.04 between 1959 and 1970 inclusive as against £19.26 and £47.29 between 1971 and 1976 inclusive).

These results must raise further serious doubts about the ability of NWAs to improve the relative position of the "lower-paid-generally" in an enduring way.⁴

The statistics in Table 13 are even more noteworthy in this respect. They indicate that while the "lower-paid-generally" made considerable relative gains in the 'sixties they made little or no relative gains in the early 'seventies.

Taken together, the evidence in Tables 11, 12 and 13 suggests that while the "higher-paid-generally" may be prepared to admit further temporary relative gains by the "lower-paid-generally" (e.g., for one or two wage-rounds) they (the higher-paid) are not prepared to acquiesce in any further sustained or permanent erosion of their relative position.⁵

Faced with the foregoing accumulation of evidence⁶ Congress might still decide that even if NWAs with norms biased to the "lower-paid-generally" have not improved their relative position, they can be retained as heretofore for the sake of appearances as they also do no harm. This would be unfortunate. For NWA norms biased towards the "lower-paid-generally" have tended to be seriously inflationary in several respects. Consequently, the Congress campaign to "soldier-up" the "lower-paid-generally" through NWAs with biased norms is not only unlikely to succeed, it is also likely to have a significant attrition rate (in terms of jobs lost) among the lower-paid. The inflationary biases which the low pay issue has forced into various NWA norms must now be considered in some detail.

Other things being equal, above average increases for the lower-paid must be balanced by below average increases for the higher-paid if inflationary consequences are to be avoided. Yet the ELC has repeatedly negotiated terms which do not adequately reflect this fact. The reasons why this has happened should first be noted. This can be done by taking a simple example of a percentage norm (with a cash floor) equal to the percentage growth rate in a period of zero inflation. In such a case the inflationary impact of the norm will depend on (a) the relationship between the definition of low wages

4. The position in regard to relative earnings in Irish manufacturing industry (1970-1977) has been examined by Mooney who concluded that "the available data on industrial earnings provides no evidence of the effectiveness of the (NWA) bias towards the lower-paid." [7] Layard has considered the efforts of UK wages policies in the 'seventies to improve the relative position of the lower-paid generally. That study also concluded that wage policies biased to the lower-paid are unlikely to improve their relative position [8].

5. It would be wrong to assume that a return to decentralised wage-rounds would force the "higher-paid-generally" in this direction. For such relative gains as the "lower-paid-generally" made in the decentralised wage-rounds of the 'sixties were due almost entirely to the prevalence of cash norms. The likelihood of cash norms being repeatedly accepted by the higher-paid in the future can probably be dismissed as negligible.

6. This evidence does not mean that efforts to improve the relative position of specific lower-paid groups have failed or are likely to face a similar fate in future. On the contrary, as will be seen in Chapter 11 below, specific groups have been free to gain ground under the Anomaly Clauses of successive NWAs.

implicit in the norm and the average wage, (b) whether, and the extent to which, the (low-wage) floor defined in the norm is balanced by a (high-wage) ceiling defined in the norm and (c) the extent and nature of any skewness in the national wage distribution. These three items are now considered in turn.

As to the first point, the ELC bargaining records for 1970 contain proposals (by the ELC Chairman, the employers and the Government in its Prices and Incomes Bill) which implicitly defined any group on 103.8 per cent or less of the then-average basic wage in our sample as lower-paid. Similarly, Phase I of the 1972 NWA norm implicitly defined those with less than 108.4 per cent of the then-average wage as lower-paid.⁷ The notion that the lower-paid could include many who earned more than the average-paid is nonsensical in economic, social and statistical terms. It is, however, largely explained (which is not to say justified) by the "conventional wisdom" within union circles that the cash value of the norm in one round should always exceed that of the preceding round. This had indeed been the case in virtually every wage-round in the 'sixties. It was this tradition that prompted the employers to accept Congress arguments that no NWA was possible without such a concession. This convention foundered in the mid-'seventies after a life of almost thirty years. For in 1974 the employers made an opening offer which implied that a low wage was 73.6 per cent (or less) of the then-average wage and they settled at a figure of 81.1 per cent. In 1975 they offered and settled at only 68.9 per cent.⁸ However, these results reflected a change of policy rather than a change of heart by Congress. For, faced with rapidly rising inflation, Congress gave priority to the achievement of shorter agreements and to wage indexation. It had unprecedented success on both counts in 1974 and 1975. It is obvious that unless wage developments are carefully monitored in the future the inflationary bias caused by the illogical or casual definition of the lower-paid may re-establish itself.⁹

This first inflationary bias of NWA norms has been compounded by a second, namely, the absence of cash ceilings (to percentage norms) aimed at balancing the cost consequences of cash floors. It was not until 1976 and 1977 that such upper cash limits appeared on percentage norms only to disappear again in 1978 and 1979. In fact the 1976 norm (3 per cent + £2 with a floor of £3 and a ceiling of £5) implied a definition of £33.33 for low wages and £100 for high wages when the average basic wage was £43.74. Even in a

7. More specifically, the 1970 proposals cited were for phases of 6 and 3 per cent with minima of £1.20 and £0.60 respectively. Each of these phases implies that those with less than £20.00 per week were lower-paid when the actual average wage in our sample was only £19.26 per week. In the 1972 NWA cited the notional and actual average wages were £25.00 and £23.06 respectively.

8. In the 1974 NWA the notional wages were £20 and £22.22 while the actual average wage was £27.16. In 1975 the notional wage was £25.00 while the actual average was £36.28.

9. This problem has never arisen in decentralised bargaining for the simple reason that settlements (norms) of this (percentage with a cash floor) type are unknown in such circumstances.

normal distribution such limits would not provide anything like a full balance of extra costs incurred and saved. (In this regard it has been suggested that the inadequate adjustment of tax bands in successive budgets forced the ELC to avoid realistic upper limits so as to alleviate the fall in the real disposable wages of the higher-paid). The diminishing percentages of the 1972 and 1974 NWAs were the only other moderate gestures made towards such a balance during the 'seventies. Thus, in practice, the balance agreed in principle by the NIEC in 1965 was rarely attempted and only briefly and partially achieved.

A third inflationary bias in NWA norms arose from the fact that the question of skewness in the wage distribution was never mentioned much less taken into account by the Employer Labour Conference. The persistent positive skewness shown in Table 11 indicates that observations below the measures of central tendency are concentrated close to such measures while those above are distributed over a much wider range. This implies that the balance mooted by the NIEC would require that the lower-paid be defined as being at a level considerably below the mean (perhaps in the region of the lower quartile) and that the higher-paid be defined as being at a level only slightly above the mean.

To all of this a fourth inflationary bias must be added. For while the foregoing biases did "soldier up" the "lower-paid-generally" in the short-term, this seems merely to have created a higher base on which the "higher-paid-generally" successfully rebuilt their initial relative advantage in later wage-rounds.¹⁰ Further statistical surveys and analyses are urgently required to enable the ELC to respond to and correct these inflationary biases of NWA norms.

The foregoing discussion recalls the fears which the General Secretary of Congress laid before Conference in 1972. No enduring reconciliation of the conflicting claims of the "lower-paid-generally" and the "higher-paid-generally" has emerged. The latter continue to seek cash increases and the former continue to seek percentage increases while both continue to seek special reviews. Consequently the sum of all increases persistently outstrips the growth of real output to the persistent disadvantage of the economy as a whole. The final result may be that major national economic decisions bearing directly on the aggregate of real wage incomes and so indirectly on relative wages may soon be forced on the Government. As a result the decisions which most influence relative wages may indeed pass — as the General Secretary feared — "to other hands".¹¹

10. A fifth inflationary bias occurred in the 1970 NWA because of the failure to distinguish between low pay for juveniles and low pay for adults. In the 1972 and subsequent NWAs a new clause was added to allow local negotiations on this matter. This probably served to reduce this particular bias to some extent.

11. See page 52 above.

Having considered the several grave defects in the relative wage aspects of NWA norms one must next consider whether any positive relative wage aspects of such norms can be mentioned in mitigation.

The first such advantage of NWA norms relates to the rank order of various bargaining groups within the wage structure. Here the popular notion of a wage league table immediately comes to mind. Like all league tables this tends to be a competitive one in which every group strives not merely to retain its rank order but to improve it by overtaking the groups immediately ahead. If many (or most) groups behave in this way a damaging wage spiral is likely to result. Yet the NWAs, by fixing the wage-round norms *ex ante*, have greatly reduced the scope for such competition. For, regardless of their form, such norms leave rank ordering unchanged.

A second advantage lies in the fact that by fixing rank ordering for a period the NWA norm enables genuine anomalies to be considered rationally on their merits in a stable setting. This in turn means that genuine anomalies may be eliminated with a reduced risk of consequential claims and settlements and that spurious anomaly claims can more easily be rejected.

A third (as yet purely potential) advantage is that the NWA norms could conceivably provide a setting within which the wages payable to groups which were in short supply and/or *sui generis* might be set or improved. Again, one could imagine the NWA system altering the relative wages of whole classes (manual, clerical, craft, technical, professional, etc.). These last possibilities deserve detailed study as they could be of immense importance as the pace of technological change gathers momentum.

None of the foregoing advantages attaches to decentralised bargaining. Such wage-rounds throw up an "average increase" which can be referred to as the norm *ex consequenti*. However, that average will be made up of wage increases emerging from a series of uncoordinated and competitive bargaining exercises in which industrial action will be threatened or taken by many groups to varying effect. In such a process (a) temporal disorder is virtually inevitable, (b) a group forced to settle below the norm in one wage-round would claim (and would tend to achieve) "pre-round" adjustments or above-the-norm settlements in subsequent wage-rounds, (c) many rank orderings would be rudely upset and an increasing number of anomaly claims would have to be assessed against a very unsettled background, (d) genuine anomaly settlements could more easily set off a chain reaction, while spurious anomaly claims might well succeed in the general confusion and (e) an orderly approach to the re-ranking of groups or whole categories would be out of the question.

This section on the relative wage aspects of NWA norms has identified a very mixed bag of effects. Several grave inflationary biases sit side-by-side

Table 14: Summary of the indexation provisions of the NWAs 1970-1979 inclusive

Characteristics of NWA indexation	NWA							
	1970	1972	1974	1975	1976	1977	1978	1979
1 Ex ante or ex post?	Ex post	Ex post	Ex post	Ex post	No indexation	No indexation	No indexation	Ex post
2 Continuous coverage (end to end with previous NWA)	NA	No (6 mths. not covered)	No (6 mths. not covered)	Yes	End to end claimed and rejected	—	—	No
3 (a) Partial Indexation*	Yes	Yes	No	No	Offered and rejected	—	—	Yes
(b) Proportional Indexation*	No	No	Yes (one-for-one)	Yes (one-for-one)	One-for-one claimed and rejected	—	—	No
(c) Limited Indexation	No	No	Yes — 10% threshold	Yes (but with Ph. I cash floor Ph. II percentage floor: No for Ph. III/Ph. IV)	Never discussed	—	—	Yes
4 Thresholds	No	No	10% (No ceiling)	No	Never proposed	—	—	12% (16% ceiling)
5 Base periods	Varied with Phase I	Varied with Phase I	Fixed — Mid Nov. 73 to mid Nov. 74	Fixed — Mid Nov. 74 to mid Nov. 75	Never discussed	—	—	Mid Nov. 78 to mid Nov. 79
6 (a) Index proposed	CPI	CPI	CPI	Modified CPI	Tax free CPI proposed and rejected	—	—	Tax free CPI
(b) Index used	CPI	CPI	CPI	CPI	None	—	—	CPI

Notes: NA (not applicable). *Partial and proportional indexation are defined on page 48 above. Limited indexation is defined as full one per cent for one per cent indexation but with a threshold and/or a cut-off point.

with several powerful stabilising factors. An optimistic but cautious conclusion seems justified. The social partners may find ways of eliminating the worst relative-wage features of NWA norms without simultaneously destroying the best. However, it must be said that on the evidence presented here, NWAs alone are unlikely to help the lower-paid generally in an enduring way. More and more it looks as if the solution — if there is one — must lie (largely) in unbiased norms taken in conjunction with a progressive income tax structure.

Section 4: *The NWA Norms and Real Wages*

The first question which arises is why indexation became such an important issue in the 'seventies? In the period 1946-1970 wage agreements generally (whether at company, industry or national level) did not contain any indexation provisions. However, Table 14 reveals a very substantial preoccupation with the concept of wage indexation in the NWAs of the 'seventies. There are several reasons for this historic change. First, in the 'seventies inflation moved into and stayed in persistent double figures for the first time since the wage-round system began in 1946. Secondly, while the average inflation rate more than doubled in the 'seventies as against the 'sixties, the average growth rate was almost halved (Table 15). Thirdly, and consequently, the excess of average inflation rates over average growth rates increased dramatically. Fourthly, the NWAs themselves provided an almost ideal means of implementing orderly and general indexation. The advent of indexation raises a variety of questions as to its types, its temporal incidence, its forms and its effects; it is to these that the discussion now turns.

Table 15: *Inflation and growth rates in Ireland 1959-1971 and 1971-1976*

Year(s)	1959-1971 (average)	1971	1972	1972	1974	1975	1976	1971-1976 (average)
Inflation ¹	7.0	9.3	10.0	13.5	23.8	16.1	16.7	14.9
Growth ²	4.0	3.6	5.6	3.1	1.5	-0.2	3.0	2.5

Sources: 1 *ISB*, March 1974, p. 20 and Sept. 1978, p. 182 (year to mid-Feb.)

2 *Irish Economic Policy: A Review of Major Issues*, ESRI, Dublin 1978, pp. 44-45.

The Types of Wage Indexation

Once indexation became a live issue a choice had to be made between the *ex ante* and *ex post* types. *Ex ante* indexation (although almost a contradiction of terms) may be defined as a present payment based on the inflation

rate anticipated in the period (usually a year) immediately ahead. This would have been an unfortunate choice especially in a period of high and/or rising inflation. For in such a context the unions' estimates of expected inflation would tend to be substantially exaggerated for safety sake. However, if general wage demands based on such estimates were fully met they would, *ceteris paribus*, inevitably help to push future inflation to levels which would not otherwise materialise. *Ex post* indexation, by contrast, is free of this serious defect.

As reported in the previous chapter Congress moved with remarkable speed and finality towards the *ex post* alternative. The employers, faced with the virtual inevitability of some type of indexation, acquiesced with that choice. The Minister for Finance, however, felt that the concept of *ex post* indexation was fatally flawed if it involved compensation for price rises in a period already past at the point when a new NWA came into effect. But this was to attribute to Congress a notion which, initially at least, it was not particularly interested in. Indeed it was only when the indexation provisions of one NWA failed to cover unanticipated inflationary inputs in the second (or final) phase of that NWA, that Congress tried to cast the indexation base period (in subsequent NWA negotiations) back beyond the starting date of a proposed new NWA.¹²

These points lead to the conclusion that *ex post* indexation (at least when used in its partial and/or limited forms) is a better choice than the alternative. For this reason it may well emerge again in the future particularly in periods of high and/or accelerating inflation.

The Temporal Coincidence and Continuity of NWA Indexation Base Periods

The only point to note in regard to the coincidence of base periods is that by 1974 the NWAs had moved to a common indexation base period for all bargaining groups. This coincidence became possible only when a substantial measure of coincidence of termination dates had been achieved.

The continuity of base periods became a very live issue with the near standardisation of termination dates. Discontinuities increase the risk of serious disagreement in successive sets of NWA negotiations. This is particularly so when a gap in indexation coverage extends over the entire period (as opposed to one (usually the last) phase) of a given NWA. It is therefore rather surprising to find that base-periods have been end-to-end only once in the 'seventies (1974-1975). This raises a question as to why the social partners, who rarely

12. It was not until the NWA negotiations in the Spring of 1979 that Congress made a really major issue of cast-back (to mid-November 1978). This was done with the explicit intention of recovering the cost of cuts in consumer subsidies and increases in indirect taxation in the period December 1978 to April 1979. Cast-back had been claimed but not achieved in 1972; it was also claimed and achieved to a very limited extent in 1974/5.

ignore an opportunity to avoid disorder, should have had such a slight interest in this kind of continuity. The answer seems to be that Congress priorities change with inflationary trends. On the one hand, Congress is not very interested in indexation (with its conditional increases) and concentrates on obtaining the largest possible unconditional increases in periods of lower or falling inflation. In such periods Congress seems almost indifferent to discontinuities. On the other hand, its interest in indexation has tended to take precedence over unconditional increases (even to the extent of sacrificing them altogether) in periods of high or increasing inflation. When, as in recent years, the rate of inflation fluctuates, discontinuities of indexation base periods and the problems which they pose (notably, casting-back) seem inevitable. To summarise briefly, both parties have tended to view full indexation and unconditional increases (roughly equivalent to the national growth rate) as overlapping alternatives rather than as full-blown complements in a period of high inflation and low growth. The fact that the opposite principle might apply in the opposite circumstances is a point of some consequence in favour of the NWA system.

The Forms of NWA Indexation

In the 1970 and 1972 NWAs, Congress settled respectively for partial indexation (that is, a fixed cash amount for each one per cent rise in the CPI) at the rate of 15 and 16 pence per percentage point (pppp) rise in the CPI. At first sight this is surprising as Congress might have been expected to argue for proportional indexation (that is, a wage increase of a fraction of one per cent for each one point rise in the CPI) when full indexation was unobtainable. In fact it has never done so. This choice again reflects the constant Congress endeavour to "soldier up" the lower-paid.

In the 'seventies full proportional (one-for-one) indexation occurred only once — in the first and revised third and fourth phases of the 1975 NWA. On other occasions otherwise-full indexation has been qualified by cash floors and/or ceilings (again for the special benefit of the lower-paid) or thresholds — to which latter topic the discussion now turns.

Exaggerated inflationary expectations — however caused — prompt unions to seek greater wage increases than they might otherwise demand. These demands in turn are likely to lead to wage settlements which will help to fulfil the initial inflationary expectations. This process can be partly neutralised if employers offer some form of *ex post* indexation above a given threshold. In general the unions will try to negotiate the lowest possible threshold and the highest possible partial indexation factor. The employers, by contrast, will seek the opposite. At first sight it would seem as if a balance between these two elements might easily be achieved. However, the reality is more

complex. For Congress always wishes to achieve the largest possible unconditional increase. Indeed, with four exceptions (14 III, 16 I, 16 III and 16 IV – 14 III is not counted as a separate phase elsewhere in this paper) every NWA phase in the 'seventies included such an unconditional payment. By tradition these unconditional increases occur in the opening phase(s) of NWAs. This, together with the convention that the first phase of any NWA should be greater than (or at least equal to) its counterpart in the preceding NWA, cuts into the indexation phases by raising the threshold and lowering the compensation factor. Thus the "optics" of the first (unconditional growth-related) phases of successive NWAs have tended to dominate the structure of the second conditional (indexation) phases. The excesses of the former have also tended to be balanced to some extent by a curtailment of the latter. This is significant because the level of the first-phase increase almost invariably implies a rate of growth which is unlikely to be realised. So while the threshold idea might be useful in periods of high inflation, it is unlikely to be used until the Congress view as to the "necessary" level of Phase One increase is brought much more closely into line with the expected national economic growth rate.

The Extent and Implications of Real Wage Gains 1970-1976

During the period covered by the NWAs 1970-1976 a group with a basic wage (equal to the average basic pre-thirteenth round wage in our sample) entering the NWA 1970 on 1 January 1971 would have received increases of 133 per cent through the NWA norms alone. In the same period (1 January 1971 to 31 July 1976) the CPI rose by 112.0 per cent (quarterly CPI increases being split *pro rata*). Thus, in a period in which growth amounted to almost 21 per cent such a group had a real wage increase of almost 19 per cent. The fact that such a real increase occurred is notable as that period overlapped a major recession which saw (a) average growth rates fall by almost a half and the first (annual) fall in GNP in almost twenty years, (b) adverse movements in Ireland's international terms of trade, (c) major inter-sectoral adjustments of income shares in favour of agriculture and (d) unemployment rise from 64,865 in 1970 to 115,595 in the third quarter of 1976 [9].¹³

The foregoing points lead to a consideration of the implications of using the CPI for wage indexation purposes. In the early 'seventies the use of the CPI was never seriously questioned. However, by the mid-'seventies there were some suggestions that the CPI, being a base-weighted index of the Laspeyres type, seriously over-compensated the higher-paid when used as a basis for NWA indexation. More specifically, it was suggested that such

13. It must be emphasised that these figures do not cover developments in the latter half of 1976 and in 1977 when the recession had belated effects on real wages.

indexation enabled the higher-paid to purchase larger quantities of goods and services than had been the case in the base period, while the lower-paid tended to have a lesser choice of cheaper alternative goods when prices rose unequally as is always the case. In this regard Kennedy and Bruton have considered whether different classes of household are affected unequally when the prices of different consumer goods rise at different rates. They were particularly concerned to see whether the lower-income classes, either in large or small households, suffered adversely in this respect at a time when the overall rate of inflation was high. They concluded that there was no significant bias of this kind [10]. So while the over-compensation argument may be valid for the highest paid it has little relevance to the range of wage incomes which cover the great majority of wage earners.¹⁴

The next point arising here is vastly more important. As reported earlier Congress introduced the expression "conflict inflation" into one of its draft policy documents in 1974. This reflected a new and rather sudden realisation that the rapid rise in the CPI was closely related to inter-group, inter-sectoral and international struggles for greater relative income shares.¹⁵

At the international level (assuming fixed exchange rates and other things remaining equal) it is obvious that CPI-based indexation places all the strain of the economy's adjustment to imported inflation on the level of total employment rather than on the level of real wages. Whatever its justification as a short-term counter to recession full compensation for the increased costs of imports cannot be sustained indefinitely. The only hope of enduring relief lies in economic growth sufficient, *inter alia*, to meet increases in the cost of essential imports. In the period 1970-1976 Congress did not demonstrate any inclination to accept this reasoning. However, early in 1980 there was at least an implicit indication that Congress might reconsider its position in this regard provided all other domestic sectors did likewise [11].

At the inter-sectoral level similar issues arise. The employed, the self-employed (notably farmers), the social welfare recipients, the *rentiers* and the entrepreneurs each comprise sectors competing to preserve and even to increase their relative income shares. The Government (which might be classed as the redistributing sector) also competes in this way. The two major difficulties arising here relate to the agricultural and Government sectors. As to agriculture, the major upward adjustment of Irish agricultural prices in the

14. In any case a progressive income tax structure is very likely to cancel out any such advantage.

15. In fact both the unions and the employers have shown a persistent and almost total agreement that rates of wage increase equal to the rate of growth in national productivity or output (no careful distinction was made between these two in the ELC until 1979) should be at least an implicit part of any NWA norm. Such discord as has arisen has been mainly on the issue of compensation for inflation and secondly, but much less importantly, on the Congress notion that wage increases should also help to redistribute wealth to wage earners (a point abandoned — at least temporarily — in February 1979).

years following accession to the EEC in 1972 is now completed. Annual price reviews under the CAP are therefore unlikely to pose wage adjustment problems of the same kind or size in the foreseeable future. The Government sector, by contrast, has demonstrated an unrelenting appetite for funds. Its annual expenditure has risen steadily as a proportion of national income.¹⁶ In recent years there have been declarations of good intention and amendment in this respect (usually to the effect that as a first step towards moderation the public sector borrowing requirement will be reduced). A much more important point, however, is that Congress pressure against fiscal drag has grown to almost irresistible proportions. This prompted a significant adjustment from direct to indirect taxation in the February 1980 Budget. But this, in turn, has served to highlight the Government's insistence that increases in the CPI so caused must be excluded from NWA wage indexation¹⁷ and Congress's equally adamant insistence that such an exclusion would be unacceptable. These vital and as yet unresolved issues are taken up again in the two final chapters.

Finally, reference must be made to the problems of income distribution in the employee sector. Suffice to note here that the problem of competition for increased relative income shares is minimised when Congress negotiates at national level and is maximised when every group must fend for itself in decentralised wage bargaining.

This discussion of indexation as an element in NWAs has two general conclusions. First, if the idea of wage indexation based on an (adjusted) CPI has any merit — and the record of the 'seventies suggests that the social partners may feel it has — it is only possible for it to find coherent expression in the context of a succession of NWAs. Secondly, it is clear that many issues arising from the concept of indexation require detailed theoretical and empirical analysis. While that task is beyond the scope of the present study it is hoped that the foregoing discussion will help to direct such research towards the questions which are of most immediate relevance in practical terms.

Section 5: *The NWAs and Wage Costs*

The private sector employers have invariably expressed concern about the cost implications of NWA norms. However, their concern to preserve industrial peace has also been evident. Indeed, only once (in the mid-'seventies) have

16. For example, this trend has resulted *inter alia*, in a steady rise in the ratio of the national debt to GNP from 26.2 per cent in 1947 to 69.0 per cent in the period 1971-1975. Similarly, total government expenditure as a proportion of GNP has soared from 28.1 per cent in 1958 to 52.6 per cent (estimated) in 1979 [12].

17. In June 1980 the Taoiseach declared that he was "aghast" at the suggestion that the 1980 NWA might include such indexation as would compensate wage earners for the substantial price rises which followed this restructuring of the tax system [13].

they appeared to give cost containment a higher priority than conflict containment.

The Government was concerned with the national economic implications of the NWA norms from the outset (1970). On the other hand, the Government responded much more slowly to the payroll and budgetary implications of such agreements. Eventually, in the mid-'seventies, notwithstanding several public disclaimers, serious thought was given to the possibility of general statutory wage controls not least because the government's pay-roll and budgetary problems had become so acute that it felt compelled to plead inability-to-pay above-the-norm increases.

It would appear that Congress has never publicly accepted any responsibility for unit wage cost trends (costs or productivity). At most it has been willing to recommend proposed NWA terms. But these, up to 1976 at least, were pitched at a level which gave the protection and growth of real wages a persistent and emphatic priority over cost and output (i.e., unit wage cost) considerations and therefore over employment.

The term unit wage cost can be described in summary form as follows. If in year t , the total number of labour hours is N_t , the total current labour cost is L_t , the volume of GDP is Y_t , all in index form with the same base year then:

$$(1) \text{ Current hourly cost of labour} = C_t = \frac{L_t}{N_t}, \text{ and}$$

$$(2) \text{ Productivity of labour} = \pi_t = \frac{Y_t}{N_t}, \text{ so that}$$

$$(3) \text{ Unit labour cost} = \frac{L_t}{Y_t} = \frac{C_t}{\pi_t}$$

or, in words, the unit labour cost is the quotient of current money wages per hour by labour productivity [14].

Table 16 summarises unit wage cost developments in Ireland and in six of the world's most important industrial economies. Throughout the period 1959-1976 the Irish pound was on a par with sterling. As the UK is by far Ireland's most important trading partner comparison with the UK in the period 1959-1970 (a period of mainly decentralised bargaining in Ireland) and 1971-1976 (a period of centralised bargaining in Ireland) is of interest. In the first-mentioned period unit wage costs increased by 46 per cent in the UK and 64 per cent in Ireland. In the later period the increases were 122 and 112 per cent respectively. This suggests (but it certainly does not

prove!) that, on balance, Ireland fared somewhat better *vis-à-vis* the UK under centralised bargaining than under decentralised bargaining. However, this is no more than an impressionistic conclusion as wage adjustment practice varied widely in the UK over the years in question. It also ignores such developments in the other countries (and currencies) cited.

Table 16: *Indices of wage costs per unit of output in manufacturing industry (in national currencies) 1959-1976*

	<i>US</i>	<i>Japan</i>	<i>Germany</i>	<i>France</i>	<i>Italy</i>	<i>UK</i>	<i>Ireland</i>
1959	100	100	100	100	100	100	100
1960	98	99	104	100	95	102	103
1961	97	103	111	103	96	110	104
1962	97	113	118	107	98	110	112
1963	95	116	120	112	109	109	114
1964	94	116	119	112	112	111	121
1965	94	121	127	115	109	115	121
1966	96	123	133	113	103	121	127
1967	95	119	127	115	105	123	129
1968	97	121	122	119	104	125	132
1969	100	126	125	120	108	131	146
1970	103	134	137	124	127	146	164
1971	104	149	147	131	141	159	179
1972	106	158	149	135	144	165	199
1973	110	169	156	145	157	177	218
1974	116	219	168	167	187	219	254
1975	125	260	174	202	249	287	322
1976	128	250	172	209	277	324	347

Source: Department of Finance (based in NIESR (for overseas countries) Review and Outlook (for Ireland).

Before passing to a general consideration of the norm the question of wage drift before and during the NWAs in the period 1971-1976 deserves mention. Table 17 shows the average of basic wage rates in 45 manufacturing employments and the average male adult earnings in manufacturing industry as a whole in the years 1959, 1970 and 1976. The widening of the wages/earnings gap is noteworthy; particularly as the wage figures include above-the-norm increases negotiated by the 45 bargaining groups sampled. These figures suggest that wage drift is becoming endemic under the NWAs. In 1972 the ELC.SC decided "to inform the IPC that wage drift was not at present among the more important matters in the area of ELC interest" [15]. However, it has since become clear that research on wage drift (at the levels specified

Table 17: *Average male adult earnings and average male adult basic wage rates in collective agreements in manufacturing industry, 1959, 1970 and 1976*

<i>Year</i>	<i>1959</i>	<i>1970</i>	<i>1976</i>
<i>Weekly earnings/wages</i>			
Average male adult earnings in manufacturing (CIP) £	9.15 ^(a)	24.0 ^(b)	65.83 ^(c)
Average male adult wage rates in manufacturing (survey of 45 bargaining groups) £	7.60 ^(d)	17.73	43.56
Average earnings as a percentage of average wage rates	120	135	151

Sources: (a) CSO (Oct. 1959 — average hours 46.9)

(b) CIP (Sept. 1970 — average hours 45.2)

(c) CIP (Sept. 1976 — average hours 44.4)

(d) ESRI, Paper No. 79, Table 11E, p. 44

below) would facilitate the further articulation of wage policy in this important respect.

- (a) at company level — within industry-level bargaining units
- (b) at plant level — within company-level bargaining units
- (c) at workgroup level — within plant-level bargaining units
- (d) at the level of individual employees
- (e) at existing employments to facilitate the creation of new and additional jobs at higher than average wages
- (f) in new firms starting up in Ireland at higher than average wages.

A decision not to undertake such research would in effect be a decision to work behind confusion. Some such confusion will always exist. Some may even be necessary. However, confusion, if ignored, is likely to be cumulative. It would then threaten the normative order and so the consensus which underlies the NWA system.

Section 6: *The Overall Significance of Wage-Round/NWA Norms*

Some writers (referred to below) have argued that specific numerical wage-round norms are neither necessary nor desirable. Before responding to this one must consider why the wage increase norm has become the fulcrum

of Irish NWAs. In 1970 the tradition of decentralised bargaining was abandoned in favour of centralised bargaining. The evidence of this study suggests that there were several inter-related reasons for this historic change. First, serious difficulties emerged in respect of the critical craft/unskilled relativity in the decentralised wage-rounds of the late 'sixties [16]. Secondly, and partly as a result of this, inflation rose to exceptionally high levels. Thirdly, both of the foregoing factors contributed to a growing temporal disorder in the wage-round system. Fourthly, this in turn contributed to a substantial rise in the level of industrial conflict. Finally, this industrial disorder strained the solidarity of both the ICTU and the FUE to an unprecedented degree and caused growing concern in government circles. While the first four factors listed above predisposed union and federation members to opt for a more ordered system through their central organisations, the final factor prompted the central organisations to respond with some enthusiasm to this change of membership mood.

Next one must consider why the switch to centralised bargaining also resulted in the negotiation of precise pre-established wage-round norms in successive NWAs. This aspect of the matter can be very largely explained by reference to the mores and methods of trade unionism. The reason why "the norm" is the cornerstone of union action in the process of wage bargaining is familiar but bears repetition. The prerequisite to success in collective bargaining is unity of purpose. This presupposes a willingness on the part of every member to share the risks (e.g., of a possible strike or, at national level, of a measure of wage restraint) equally. But that willingness is unlikely to materialise unless there is a corresponding willingness to share any anticipated gains equally. Hence the everyday trade union objective of a common basic wage within each bargaining group which it represents.¹⁸

The earliest unions, the craft societies, epitomised all this by unilaterally fixing "a rate for the craft" below which no member was allowed to work. Later, the general unions applied the principle of a "common basic wage rate" at the level of the bargaining unit. Later still, when decentralised bargaining became so disordered that it seemed to set union against union, Congress persuaded its affiliates that solidarity could only be preserved by a switch to centralised bargaining. Obviously such national-level wage agreements could not hope to establish a "common basic wage rate" and build a national system of wage differentials upon it at a stroke. Nevertheless, for reasons similar to those just outlined it was recognised that a "norm" was a prerequisite to unity of action at national level. The only norm within reach was a "wage increase norm" for each wage-round. However, it was

18. Wage differentials built on the common basic wage are, of course, seen as a perfectly legitimate supplementary aspiration.

further recognised that that norm would have to be applied to the existing wage structure, which structure had no enduring validity. It was therefore recognised that there would be cases which would demand special treatment. Consequently, the ELC also established a supplementary set of procedural norms to govern departures above and below the substantive norm.

That the new emphasis on normality (literally — the prevalence of norms) provided enduring relief for the general body of union members is demonstrated by the fact that they have democratically voted for this process (and against the alternatives) ten times in succession in the past decade.¹⁹ The same comment applies *mutatis mutandis* to the general body of federation members. It also applies, *a fortiori*, to successive governments.

Having discussed the foundations of NWA norms one must consider their functions. Two points deserve particular emphasis in this respect.

First, the most essential fact about NWA wage-increase normality is that it has come to be viewed by the ICTU, the IEC and the Government as a necessary and as a potentially sufficient condition for substantial industrial order at least in respect of wage-round-related issues. This normality turns on the twin principles that no union can legitimately seek more than the wage-round/NWA norm (and no employer can legitimately seek to grant increases of less than that norm) other than in accordance with appropriate NWA procedures and criteria and constraints on industrial action.²⁰ Thus normality fosters harmony between the wage sector and other income sectors.

Secondly, the NWA norm was rarely a norm pure and simple. In fact such norms were not a sequence of fixed figures (expressed in money or percentage terms) which treated all groups "equally". In practice the structures of successive norms have been tailored to the consensus-building preoccupations of the ELC and especially to those of Congress. Thus modulated the substantive NWA norm fosters harmony in respect of general wage relativities within the wage sector.²¹ Neither decentralised nor legislated wage-rounds would be likely to serve either of these vital functions in an enduring way.

Even if the NWA norm has such deeply rooted foundations and such highly valued functions one must also emphasise its limitations. The search for a formula which might determine the level of the norm by reference to

19. Several independent opinion polls have endorsed this preference [17]. It should be noted that in 1972 and 1976 the vote in favour was only achieved at the second attempt.

20. Of course, such procedures and criteria being a matter of trial, error and evolution and bargaining on a multi-item agenda were very much less than perfect or stable. Their shortcomings and potentialities are discussed in detail in the next two chapters.

21. The extent of industrial peace achieved through NWAs is usually judged in relative terms by reference to the last period of decentralised wage-rounds, namely, the nineteen sixties (excluding 1964). Given the great changes that have occurred since then and the fact that such changes seem likely to persist (e.g., much higher unionisation, higher average inflation, lower average growth etc.) the more appropriate comparison would seem to be with what might happen in the next period of decentralised wage-rounds — especially if that occurred soon.

national economic circumstances has been unsuccessful so far. Perhaps this is not so surprising. For fixing the level of the norm is a no-technical-solution problem. It has to be tackled through a complex process of bargaining which process in turn has had to rely on very inadequate information. The employment consequences of unrealistic national level wage claims are widely appreciated within Congress. Yet its restraint, great as it has been given the demands of its most militant affiliates, has also been inadequate given the levels of unemployment and of productivity in Ireland. In effect NWA norms have tended to be too high and the rules on above-the-norm extras have tended to be too lax. The reasons why Congress has pushed so hard on both counts can, we would suggest, be explained in large measure by the organisational and constitutional position of militant minorities as discussed in Chapter 8 above.

It is now possible to reply to those who oppose specific numerical wage-round/NWA norms. In Ireland, McCarthy has suggested that there should be no NWA norm and that instead general guidelines and the well-tried procedures of the ELC should be used to manage general wage adjustments (wage-rounds) [18]. But such a guideline would invite every group to try to exceed it and few groups would feel able to agree to settle below it. If the ELC tried to operate as suggested in such circumstances, its procedures would quickly collapse simply because it could not enforce the guidelines. By contrast, the NWA norms have survived (to put it no more strongly) precisely because most bargaining groups have accepted them as such and relatively few groups have tried to exceed them; consequently they have not had to be enforced.

Phelps Brown has suggested that there should be no norm because a norm tends to become a minimum and a challenge to union negotiators to beat it [19]. This would probably be the case if (a) it was proposed unilaterally by government or (b) if it were set jointly by the social partners but lacked a procedural framework to deal with and validate below-the-norm and above-the-norm claims. However, the evidence of this study strongly suggests that neither the guideline nor the no-norm approach would have much prospect of success in the present Irish context.

There is, in any event, a further point which must weigh heavily against the "guideline" or "no-norm" approaches in Ireland. Over the past thirty-five years the wage-increase norm has become the central feature and the very essence of the wage-round. No person, no institution and no government can decide that there will be no more wage-rounds or wage-round norms. The next question is obvious. Which type of bargaining is most likely to produce wage-round norms which create the greatest measure of consonance between national economic objectives and the real and relative wage policies

of Congress? A legislated norm with all its limitations may occasionally be unavoidable if Congress, in its determination to survive as an organisation, demands the "highest common factor" of claims mooted by its competing affiliates while federations concede for similar reasons. A free-for-all "norm" may occasionally be inevitable if governments baulk at the thought of legislation in such circumstances. However, given the general distaste for both of these courses it is scarcely surprising that the voluntarily negotiated national-level norm should have established itself as a new tradition. This is not something which employers wanted *per se*. Rather it is something which they have conceded to Congress because they realise that jointly determined norms are a prerequisite to the orderly exercise of power by Congress. This in turn is seen as the only alternative to the disjointed use of power by individual unions or the autocratic use of power by governments of one political persuasion or another.

Chapter 10

BELOW-THE-NORM WAGE INCREASES

Preview

This chapter has two sections which deal respectively with inability-to-pay the NWA terms in the private sector and in the public sector.

Section 1: Inability-to-pay in the Private Sector

There are several reasons why private sector employers proposed inability-to-pay clauses. First, there is a considerable variation in labour intensity between industries and a great range in net output (value added) per person employed within each industry. Geary has noted as "sensational" a finding by Linehan that even within a single manufacturing industry an effective ratio (upper decile to lower decile) of up to 4:1 can obtain [1]. Again, even within a single employment this ratio can vary significantly from one period to the next reflecting the changing efficiency of the establishment over time. Secondly, NWA norms have often been biased towards the lower-paid. This has had the effect of levelling out the absolute cost impact across industries while exaggerating the relative cost impact in the lower-paid industries which also tend to be the most labour intensive. Thirdly, the anomalies clauses have had a like effect within particular occupational groups. Although never articulated explicitly these and related points lay behind the private sector employers' early insistence that an inability-to-pay clause was essential.

The second question arising concerns the employers' aspirations in regard to the concept of inability-to-pay, the unions' reactions and the evolution of such clauses through time. At first sight the Congress acceptance of this idea is curious. However, it is readily explained. On the one hand, Congress wanted to tighten up the norm by dropping the phrase "amounts up to" which preceded the NWA norms of 1964 and 1970. On the other hand, Congress wanted to reduce the likelihood of the alternative, namely, unilateral declarations of inability-to-pay which could leave affiliates without redress. Finally, while employers may have assumed initially that unilateral declarations of inability-to-pay would not justify industrial action, Congress realised that a formalised inability-to-pay clause could help to neutralise that view.

The extent to which the employers' hopes in regard to the inability-to-pay clauses were fulfilled must now be reviewed. First, one must note that

initially the private sector employers believed that the inability-to-pay provisions of the 1972 and subsequent NWAs might give individual firms (or even whole industries) the hope of full exemption of indefinite duration from the obligation to pay the norm (and/or legitimate above-the-norm anomaly increases) in particular wage-rounds. In the middle 'seventies it became clear that the obligation to pay could never be abolished and that at best it could be deferred for a limited period. With hindsight this is not so surprising as a permanent exemption from the obligation to pay the norm would, in effect, have been tantamount to a permit to cut wages. Secondly, the private sector employers hoped that pleas of inability-to-pay would succeed on the basis of information selected by the employer and made available to the Labour Court (or its assessor) in confidence. The first hope withered almost immediately in the 1972 NWA negotiations; the second finally disappeared in the NWA 1978. Thirdly, the private sector employers hoped that a simple consideration of a firm's profit/loss prospects might suffice to win such a plea. While the 1972 and 1974 NWAs seemed to imply that a curtailment of profits which might result from payment of the NWA terms could suffice to win a plea, the 1975, 1976, 1977 and 1978 NWAs made it clear that such pleas were only likely to succeed if payment would also threaten employment. The curtailment of profits (unless so sharp and sustained as to induce early redundancies) could no longer justify such a plea.¹ Fourthly, up to and including the period of the NWA 1974 both sides tended to think and act as if the inability-to-pay clause was essentially something which applied to the norm rather than to above-the-norm anomaly claims. By the end of 1974, however, employers generally and Government as employer in particular, were coming to the opposite view. The unions, for their part, became more emphatically of the view that as a wage anomaly was an inequity it could have no economic justification. Fifthly, the IPC became the principal Assessor to the Labour Court in 1974. If the IPC felt that a firm was likely to fail in any event, it did not look favourably on a plea of inability-to-pay. It also insisted on looking into group profits — an approach quite at variance with current business practice. Again, the IPC took a severe view of bad management and gave as much weight to management's ability to recover, given deferment, as to the firm's financial and economic prospects. The IPC did recognise the problems of poor cash flow but again felt deferment on this count should be strictly limited. The ELC.SC gave an opinion (in October 1975) to the effect that even a firm going into

1. An important but little known early event under this heading was the endorsement in a Labour Court Recommendation of a company's request that it should not have to pay the first phase of the NWA 1970 until its profits reached £500 per month [2]. This must be regarded as an extremely low prerequisite in a company which then had 305 employees. This was one of the earliest signals to employers that a plea of inability-to-pay was unlikely to be an easy option.

voluntary liquidation could not declare inability-to-pay — it had to plead it. It was also suggested that unsecured creditors had no automatic precedence over payment of the NWA norm to employees [3]. Sixthly and finally, the Labour Court never recommended cancellation as opposed to deferment. Thus retrospection never became statute barred and could only be renounced by way of collective agreement — which was most unlikely to materialise.

As a result of all this it became clear that the right to plead inability-to-pay was so demanding in regard to the level of information to be disclosed, so unpredictable as to the questions that might be asked about management's performance, so uncertain as to its prospects of success, so transient as to the advantage which success might confer and so uncertain as to the prospect of peace in the event of success, that few individual employers, and no industrial or trade groups of employers, were prepared to pursue this course until the recession of the mid-'seventies reached an advanced stage.

Against all of these disappointments the employers could set a few modest advantages. The first advantage lay in the fact that from the NWA 1975 to the NWA 1977 employers in difficulties could seek some quid pro quo in the form of extra co-operation for payment of the norm as an alternative to inability-to-pay. However, this sub-clause disappeared again in the NWA 1978. Again, the beneficial effects of deferment in critical cash-flow situations deserve mention. Finally, the process of assessment of a plea sometimes helped to dispel exaggerated union views as to the profitability of the firm concerned.

The next question arising concerns the extent to which inability-to-pay pleas have been made in the private sector. In the light of the foregoing discussion it is scarcely surprising to find that with the exception of the worst years of the recession (1975/76) private sector employers at company level made very little use of the inability-to-pay provisions.

There can be little doubt that commercial considerations and fear of a run of creditors also prompted caution in this regard. As for industry-level cases, these only occurred in the JLC industries. However, they proved so contentious both in the ELC and outside it that the Labour Court decided to treat the problem by deferring the making of an Employment Regulation Order whenever the employers' side of a JLC argued that the industry or trade was in difficulties. Eventually, in October 1976, the Labour Court asked the ELC if it could issue an ERO incorporating a NWA norm without regard to the inability-to-pay clause of the NWA. The Court received no satisfactory answer and no final solution to this particular problem emerged in the 'seventies.

The general and rather paradoxical conclusion of this discussion is that successive inability-to-pay clauses have offered relatively little and rather

Table 18: *Summary of numbers of private sector cases of inability-to-pay coming before the Labour Court in the period 1972-1978 inclusive*

<i>Year/ NWA clause</i>	<i>Number of cases assessed</i>	<i>Number of cases rejected or conceded prior to assessment</i>	<i>Number of cases approved in full or in part</i>
1972 ⁽¹⁾	10	4	2
1973	5	5	—
1974	2	2	—
1975			
Clause (6)	31	4	27
1976			
Clause (6)	41	7	34
1977			
Clause (6)	19	4	15
1978			
Clauses (6/7)	5	2	3

Source: Irish Productivity Centre (cases assessed) for 1975-1978 and Labour Court Recommendations for 1972-1974.

Note: (1) No specific Recommendation was made in four of these cases.

cold comfort to individual private sector employers. On the other hand, these clauses have given all unions a powerful defence against individual employers who might otherwise have asserted unilateral but unwarranted pleas of inability-to-pay. As will be seen in the next two chapters correspondingly tight control of above-the-norm increases was never remotely in prospect.

Section 2: *Inability-to-pay in the Public Sector*

Here three points arose. First, it proved impossible to find an acceptable assessor of the state's ability-to-pay. However, as no government is likely to agree to the appointment of an assessor of its ability-to-pay, the notion may as well be dismissed. The practical solution which eventually emerged in the NWAs of 1977 and 1978 was to make it clear that a plea of inability-to-pay could be made if application of the terms of the NWA "would have serious financial or budgetary consequences". All of this meant that the Government would have to act as judge and jury on its own plea. This, as will be seen below, posed some serious difficulties.

Secondly, there was apparently never any question of the state claiming inability-to-pay on any count until the recession of the mid-'seventies had

reached a critical level. Even then its plea was based as much on considerations of equity as on economic grounds and related only to above-the-norm claims. Because the Public Service Unions were unable to establish priorities between such claims the Government felt that, for the sake of consistency and fairness, it would have to contest all or none. For obvious reasons neither option offered much comfort.

Thirdly, and this point links directly to the last, there was apparently never any question of the state claiming inability-to-pay the NWA norm to either a segment or the totality of its own workforce. Either would have been so discriminatory that Congress could not have acquiesced. Even if Congress had acquiesced it would almost certainly have been under great pressure to make the redress of any such default a precondition for any further NWA. In practice *every* phase of *every* national agreement in the period 1970-1979 has been implemented with effect from (or back to) the due date for *every* group covered by the nine public service C & A Schemes.

In the early 'seventies the Government may have had some unarticulated notion that the NWA norms and ATN claims would be processed through, and face all the hurdles involved in, the procedures set down in the various C & A Schemes. As the Civil Service C & A Scheme is much the most important of these and as all the others are (with minor exceptions) similar to it, the issues surrounding that notion can best be analysed in terms of that scheme.

Standard NWA (norm) increases are similar to a general revision of civil service pay. At the C & A Scheme's General Council a claim for such an increase might lead to a decision to "record disagreement" (Para. 29) which, being arbitrable (Para. 59(c)(i)), would ultimately lead to an award being submitted to the Government through the Minister for Finance (Para. 69) and thence to the Dáil by the Government (Para. 70). Alternatively, an Agreed Recommendation might go from the Conciliation level of General Council to the Minister for Finance for a decision (Para. 31). In the event of the Minister refusing sanction, the claim, being arbitrable (Para. 59(c)(ii)), would again lead, as above, to an Arbitrator's Report being placed before the Dáil by the Government (Para. 70). In either of the foregoing events the terms of Para. 72 of the Civil Service Scheme (quoted in full hereunder) would then automatically apply.

72 (1) If the report of the Board concerns a claim for a general revision of Civil Service pay, the Government will when presenting the report to Dáil Éireann in accordance with paragraph 70 preceding adopt one of the following courses:

- (a) signify that they propose to give *immediate effect* to the finding of the Board in full;

(b) introduce a motion in Dáil Éireann

- (i) proposing the *rejection* of the finding, or
 - (ii) proposing the *modification* of the finding, or
 - (iii) proposing (because they consider that it would not be possible, without imposing additional taxation, to give full effect to the finding within the current financial year) the deferment of a final decision on the report until the budget for the next following financial year is being framed and indicating to what extent, if any, they propose in the interval, without prejudice to the final decision, to give effect to the finding, the extent of the payment in that event to be determined by the amount which can be met without imposing additional taxation.
- (2) Should Dáil Éireann have approved of a motion presented to it in accordance with the terms of sub-paragraph (1)(b)(iii) preceding, the Government will, save in entirely exceptional circumstances, make full provision in the budget for the following financial year for the annual charge appropriate to that financial year in respect of the Report of the Arbitration Board and also for the amount necessary, as an addition to any amount already paid, to give full effect to the Board's finding from the date of operation recommended in the report to the end of the financial year in which the report was presented to Dáil Éireann. Where the Government do not so propose to give effect to the Board's finding, they will introduce a motion in Dáil Éireann indicating the action they propose to take and recommending such action to the House.

This clause seemed to suggest that the Government had a variety of options other than a decision to pay NWA norm increases or to plead inability-to-pay, namely, to reject, modify or defer such terms. However, Congress, on the one hand, would view a plea of inability-to-pay a recently ratified NWA norm as altogether unjustifiable. On the other hand, Congress takes the view that the obligations imposed by any NWA supersede those government prerogatives (cited above) which have been enshrined in the C & A Schemes. On this view, it is not simply the specific C & A options cited above that fall on ratification. Far more significantly, the general protection contained in Para. 2 of the Civil Service C & A Scheme (cited below) also falls:

2. The existence of this scheme does not imply that the Government have surrendered or can surrender their liberty of action in

the exercise of their constitutional authority² and the discharge of their responsibilities in the public interest.

The foregoing discussion suggests that the inability-to-pay clause offers little comfort to the Government (as public service employer). By contrast it has been of great benefit to public service employees simply because it has *never* been invoked in respect of the NWA norms. As to the Government's public sector embargo (1975) on above-the-norm claims, it has caused such sustained and cumulative difficulty that it is unlikely to be repeated except as a last resort.³

The final question arising is whether the inability-to-pay concept has served any useful purpose and whether amendments are needed. Quite clearly they have served several enormously useful purposes for trade unions in both the private and the public sectors. They have obliged *all* employers to *pay* (the norm and legitimate above-the-norm claims) or *plead* (inability-to-pay). The other options, so commonplace in decentralised bargaining, of refusing to offer the norm, or unilaterally making payment of the norm conditional, or unilaterally altering the timing or phasing of the norm — were all rendered illegitimate by the inclusion of inability-to-pay provisions in the NWAs. Yet these developments were not without benefit to the employers who initially provoked them. For by sacrificing the freedom of the individual employer (which freedom had been much reduced in any case) the IEC has helped to sustain the centralised system which in turn has helped to ensure industrial peace for the great majority of employers during the period under review.

The general conclusion of this section on inability-to-pay provisions is that they are certain to be viewed by both employers and unions as an essential part of any future NWAs. Only one change in this regard seems likely. For the ELC may soon decide that the assessors' terms of reference should be widened to allow them to investigate the possibility of improving efficiency as an alternative to a simple endorsement or rejection of a plea of inability-to-pay.

2. See Constitution of Ireland Articles 20-22 inclusive.

3. In fact, such embargoed claims have since been processed to finality or swept forward in a cumulative way. This process has continued to such an extent that by 1979 the Government faced above-the-norm claims valued at £300 million per annum in respect of a pay-roll of about £1,000 million per annum.

Chapter 11

ABOVE-THE-NORM WAGE INCREASES

Preview

Illegitimate above-the-norm increases were discussed in Chapter 9. This chapter is concerned with legitimate above-the-norm increases. It has three sections which deal, successively, with productivity agreements, anomaly settlements and conditions of employment (other than wages).

Section 1: Productivity Agreements and Incentive Payment Schemes¹

The co-existence of national-level wage bargaining and company-level productivity bargaining immediately presents a dilemma. For just as the wage-rate norm is fundamental to collective bargaining, action and agreement by one union at firm or industry level, so the wage-increase norm is fundamental to collective bargaining and agreement by the trade union movement at national level. Why then has productivity bargaining been permitted? The reasons are obvious enough. On the one hand, many employers are caught in the pincers of cost and competition. They seek to lessen the one in order to combat the other and productivity bargaining is one means to this end. On the other hand, unions are always eager to impress their members. They see productivity agreements as a means of achieving above-the-norm wage increases. It is therefore no surprise that each NWA has had enabling and procedural clauses concerning the negotiation of productivity agreements. This aspect of the NWAs also reflects the ELC view that technological and market changes dictate the need for rules permitting major jumps in capital intensity at enterprise level. As this usually implies higher output per man-hour there is often a case to be made for higher earnings per man-hour.

Next one must consider the frequency, incidence and level of productivity increases. The lack of detailed information in this respect is acute. Indeed, there seems to have been an unspoken agreement within the ELC to avoid data collection in this regard. The survey of the bargaining achievements of two hundred groups carried out for this study does not fill this particular information gap. For that survey does not reveal anything about productivity bargaining at the level of individual employments which are covered by

1. The discussion which follows concentrates on productivity bargaining as opposed to effort bargaining (as exemplified in the negotiation of new or revised incentive payment schemes). This latter was and has remained an area of limited and peripheral interest in Ireland.

industry, trade or area agreements. Nor does it reveal anything on this count in respect of the thousands of long-established small employments which are not covered by industrial agreements. The same applies to the hundreds of new employments established since 1970. However, despite its considerable shortcomings the survey's results, as summarised in Table 19, may provide some pointers for further discussion and research.

Table 19: *Numbers of productivity agreements negotiated by 200 bargaining groups in the course of the National Wage Agreements 1970-1976 inclusive*

Bargaining Sector	NWA Wage-Round	1970		1972		1974		1975		1976		1970/1976	
		(13)		(14)		(15)		(16)		(17)		(a) (b)	
		(a)	(b)	(a)	(b)	(a)	(b)	(a)	(b)	(a)	(b)	(a)	(b)
	N.												
Clerical	(15)	1	9.1	1	7.7	2	7.7	5	4.9	0	—	9	6.2
Craft	(46)	3	4.5	6	19.6	9	7.5	—	—	1	3.9	19	10.7
Distributive	(25)	—	—	—	—	1	15.7	—	—	—	—	1	15.7
Manufacturing	(45)	3	4.9	2	4.7	5	6.9	1	3.4	—	—	11	5.4
Services	(58)	—	—	3	19.6	2	13.3	1	7.1	—	—	6	15.4
Technical/professional	(11)	—	—	1	7.7	1	9.8	—	—	—	—	2	8.8
No. of increases		7	—	13	—	20	—	7	—	1	—	48	—
Average increase (%)		5.3		15.5		8.4		5.0		3.9		9.3	

Notes: (a) — Number (b) — Average per cent increase

The temporal distribution of productivity agreements is as might be expected. Under the first NWA there were few productivity agreements. The numbers grew with the onset of the recession but fell away again as the recession ran its course. The incidence of productivity agreements in the various bargaining sectors is also much as might be expected. The craft, manufacturing and clerical groups had a disproportionate share of these agreements while distribution, services and technical/professional groups had very few. The fact that three-quarters of these groups had no productivity agreements in this six-year period is not altogether surprising given the substantial number of industry, trade, district and public service groups in the survey. The levels of increase do not lend themselves to any firm general interpretation.

The third question arising concerns the nature of the NWA rules on productivity bargaining. The ELC has been content to lay down rather loose criteria in the hope that they would provide guidance for local-level bargainers and for assessors. Five such criteria were introduced in the 1972 NWA. They

were repeated in 1974, 1975, 1976 and 1977 only to be relaxed in the 1978 and 1979 NWAs. These criteria suggested that a productivity agreement:

- (i) should ensure that there would be a clear contribution on the part of the workers concerned towards increasing productivity and efficiency
- (ii) should not result in an increase in unit costs
- (iii) should take any consequential costs elsewhere in the undertaking into account
- (iv) should allow benefits to accrue for the benefit of the undertaking
- (v) should provide for the participation of workers in the benefits of increased productivity and for the safeguarding of employment.

These criteria were obviously open to widely varying interpretation by both bargainers and assessors.

As to reporting, most NWA productivity clauses merely indicated that the employer should send a copy of any new productivity agreement to the secretary of the ELC *after* implementation. As to assessment, it was not until the 1976 NWA that provision was made for the *prior* reference of productivity proposals to the ELC.SC, which in turn could refer them to the Labour Court, which in turn could refer them to its assessor (the Irish Productivity Centre).² However, although these terms were carried forward into the 1977 NWA, they were diluted in 1978 and 1979. As a result the IPC had had very little practical experience of this type of assessment work by the end of the 'seventies. In effect a provision for evaluation (in some cases) was introduced shortly before the criteria cited above were dropped. To summarise, the NWAs of the 'seventies have had a varying mixture of (a) criteria (b) rules on reporting and (c) rules on assessment. There has been a tendency to view these three ingredients as alternatives rather than as complements. In addition the strength of the mixture has varied; it has tended to become more stringent in times of recession and less stringent in times of recovery.³ As a result, pro-

2. The IPC is governed by a joint FUE/ICTU Council.

3. Some employers believe that the obligation to pay the NWA norm in full when due and without preconditions is a major (perhaps the major) disadvantage of the NWA system. Those who hold this view argue that if there were a return to decentralised wage-rounds employers would be able to withhold the wage-round increase until some productivity concession was made by the unions. It is true that some employers achieved some productivity improvement in return for the last decentralised wage-rounds (1967-1970). However, as wage-rounds have since become much more structured in temporal and substantive terms the prospects for employers in this respect may now well be less than they have ever been in the thirty-five year history of the wage-round system. This raises an important question as to whether and on what terms employers could negotiate future NWAs which would ensure the acceptance of normal ongoing change in return for the NWA norm and would limit above-the-norm productivity wage increases to cases in which above-the-norm growth in productivity was achieved. The problem of "double counting" under the heading of productivity deserves some further elaboration here. NWA norms invariably include an amount which, implicitly at least, is equal to

ductivity proposals have not been systematically evaluated and an opportunity to develop more enduring principles has been lost. This failure poses a growing threat to the entire NWA system.

The fourth question concerns the ways that the different productivity bargaining potentials of the public and private sectors have been handled under the NWAs of the 'seventies. Up to this point in the discussion the public sector (and especially the public service) has been largely ignored. Such employments are usually less amenable to productivity bargaining than private sector employments. However, this does not mean that bargaining groups in the public sector should be expected to allow their private sector counterparts to forge ahead indefinitely. Such a policy would be untenable for industrial relations, labour market and political reasons. Sooner or later such factors will dictate the use of the principle of fair comparison. This, in turn, would necessitate the development of a fully-fledged Pay Research Unit. Public sector wage policies developed through such a research unit would need to have regard to the fact that non-wage conditions and security of employment are usually better than in the private sector.⁴ Given these advantages such policies could reasonably require some lagging effect so that private sector wage advances through productivity bargaining would be reflected in public sector wage rates after a (modest) lapse of time. This would enable the Exchequer to benefit from private sector tax buoyancy before the weight of above-the-norm public service extras was added to current government spending. Finally, and most crucially, such policies would have to recognise the fact that the principle of fair external comparison is likely to be incompatible with the preservation of many traditional internal relativities.

The fifth and final question arising is whether the endeavours of the ELC in regard to productivity bargaining have served to reduce the knock-on (or anomaly creating) effects of productivity deals in general and to lower the incidence of spurious productivity bargains. A reasonable general conclusion would seem to be that the NWAs have helped (to a considerable extent) to neutralise the indiscriminate comparison which characterised decentralised wage bargaining. Thus the inherently incompatible notions of "equality" through-the-norm and "exceptionality" above-the-norm have been brought into a state of rather more stable co-existence than had been

labour's share of the full addition to national production anticipated through all increases in productivity in the year ahead. At the same time NWAs invariably permit above-the-norm wage increases in return for any locally negotiated productivity deals which happen to emerge after ratification of the NWA. In effect, therefore, much improved productivity is paid for twice over. The ELC should address itself once more to these admittedly difficult issues as a matter of urgency.

4. The recent departure from this approach in the UK suggests that the conduct of such pay research in the UK was seriously flawed — not that such pay research is wrong in principle. In any case it is difficult, if not impossible, to formulate a plausible alternative.

the case in the 'sixties. However, successive NWAs have not evolved towards a reasonably strong and stable mix of criteria, of reporting rules and of assessment provisions which could contain spurious productivity bargaining. As a result there is a growing threat to the NWA consensus as more and more groups are tempted to negotiate productivity (or anomaly) deals of doubtful validity. Unfortunately, the exigencies of particular periods and the general determination to achieve "the next" national bargain have militated against progress on this front. Yet the effort to achieve such progress cannot be deferred indefinitely without placing the NWA system at increasing risk. This vital point is taken up again in the next section which deals with anomalies.

Section 2: *Anomaly Settlements*

The first question to be considered here is why each NWA has included provisions in respect of above-the-norm anomaly claims and settlements. This is a complex matter. However, Runciman's analysis, which can be summarised as follows, seems to encapsulate the foundations of the wage anomaly idea [1].

People's aspirations and grievances largely depend on the frame of reference within which they are conceived and from this truism the notions of "reference groups" and "relative deprivation" are derived. A "comparative reference group"⁵ is one with which comparison is made and when the comparison is unfavourable a sense of "relative deprivation"⁶ is engendered. The three essential questions to be asked in any consideration of these joint concepts are as follows. First, with what group is comparison being made; second, what is the allegedly less-well-placed group to which the person feels that he belongs; third, by virtue of what attribute does he feel that the inequality should be redressed. Referring to this last question Runciman suggests that it must be posed in two separate parts: first, what determines a person's choice of reference group, and second, what results from that choice?

The study of decentralised wage-rounds in Ireland referred to above found a high degree of introversion within occupationally-based bargaining sectors.⁷

5. Runciman notes that despite the enormous multiplicity of possible reference groups, the number habitually used by any one person is small and particular reference groups are likely to be specified in the context of particular problems. Earlier Irish research which considered these concepts in relation to the process of wage determination certainly supports these contentions [2].

6. Runciman defines relative deprivation as follows: "A is relatively deprived of X when (i) he does not have X, (ii) he sees some other person or persons, which may include himself at some previous or expected time as having X (whether or not this is, or will be, in fact the case), (iii) he wants X and (iv) he sees it as feasible that he should have X. (Possession of X may, of course, mean avoidance of or exemption from Y) [3]. Relative deprivation can vary in magnitude (the extent of the difference between the desired situation and that of the person desiring it as he sees it), in frequency (the proportion of the group who feel it) and in degree (the intensity with which it is felt) [4].

7. However, the same research also suggested that extroversion (choice of comparative reference groups outside one's own occupational/industrial category) is not uncommon. On the one hand, it may occur when groups within lower-paid occupational categories (e.g., a distributive trade) feel

The present study has noted the evolution of the notion that there should be a generally established wage rate for a particular type of job.⁸ In effect, occupational comparison has emerged as the dominant type of comparison in both decentralised and centralised wage bargaining in Ireland. A major attraction of occupation as a basis for comparison in wage bargaining is that it presumes an independence of the economic characteristics of the employment. The argument has tended to be that a clerk is a clerk, a craftsman is a craftsman and a labourer is a labourer. Consequently, the scope of occupational comparisons has tended to expand from a company-wide to industry-wide, to sector-wide and finally towards an economy-wide base without due regard to the economic implications of this process.

Although occupation tends to be the dominant characteristic in wage bargaining comparisons there is no generally accepted definition of a wage anomaly. However, anomaly wage claims usually relate to one of the following situations:

- (i) The absence of *equality* (or near equality) between the wages of *occupationally* similar bargaining groups.
- (ii) The existence of an unacceptable relativity between the wages of occupationally different groups. Such cases can be divided into two sub-categories:
 - (a) cases where there is an unacceptable *wage differential* incorporated into a collective agreement negotiated by a bargaining unit comprising several occupational groups.
 - (b) cases where there is an unacceptable *wage relativity* between the wages specified in collective agreements negotiated separately by two or more bargaining groups in the same employment (or in two or more separate employments).

The majority of anomaly wage claims tend to be of the first type cited above. The strength of the notion that there should be equal (or near equal) pay for all within an occupational class has been the primary reason why the NWAs have permitted anomaly wage claims. The even more difficult problems of variable inter-class wage relativities is the second major reason why such claims and settlements have been permitted. The latter is an area of potentially great instability, particularly as it sometimes appears to be influenced more

that levelling up to the generally established wage rate for that category is too low an aspiration. On the other hand, it may occur when groups within higher-paid occupational categories (e.g., technical/professional) feel impelled to use negative (lower-paid) reference groups so as to restore their relative position above them [5].

8. This notion eventually found explicit expression in the NWA 1978 only to return to a more implicit form in 1979.

by the exercise of disparate bargaining power than by considerations of equity or of economy. So far this vital issue has sheltered uneasily under the NWA anomaly clauses. The fact that the ELC might be able to respond more effectively to this issue has already been noted (see page 178 above).

The second question arising here concerns the extent to which anomaly wage settlements have been negotiated under the NWAs 1970-1976. The following table summarises the numbers and average percentage levels of anomaly increases implemented in the period 1971-1976 in respect of the two hundred groups surveyed for this study.

Table 20: *Numbers of anomaly agreements negotiated by 200 bargaining groups in the course of the NWAs 1970-1976*

Bargaining sector	NWA Wage-round	1970 (13)		1972 (14)		1974 (15)		1975 (16)		1976 (17)		1970/1976	
		(a)	(b)	(a)	(b)	(a)	(b)	(a)	(b)	(a)	(b)	(a)	(b)
	<i>N</i>												
Clerical	(15)	1	2.5	0	—	1	5.0	0	—	1	5.0	3	4.2
Craft	(46)	7	3.0	3	4.9	3	5.8	2	2.6	1	5.4	16	4.0
Distributive	(25)	4	3.1	2	5.7	3	6.4	1	4.4	0	—	10	4.7
Manufacturing	(45)	4	9.2	3	8.6	3	5.0	0	—	1	5.3	11	7.6
Services	(58)	1	1.8	1	4.6	4	12.3	1	3.4	0	—	7	8.4
Technical/professional	(11)	1	3.7	0	—	2	9.6	0	—	0	—	3	7.5
<i>No. of increases</i>		18		9		16		4		3		50	
<i>Average increase (%)</i>		4.3		6.3		7.8		3.3		5.2		5.7	

Notes: (a) number of cases, (b) average percentage increase.

These numbers of anomaly settlements seem low. However, to this total of 50 one can add 24 quasi-anomaly settlements (restructuring of scales, consolidation of existing extras etc.) and three compound (anomaly/productivity) settlements. This gives a total of 77 such settlements. The total of 48 productivity settlements cited earlier can be added to this to give an overall total of 125 above-the-norm settlements achieved by the 200 bargaining groups surveyed in the six-year period 1971-1976. This can be compared with a total of 330 above-the-norm increases (that is, increases of all types over and above wage-round settlements) negotiated by the 202 groups surveyed for the period 1959-1970 [6]. So while, on average, 10.4 per cent of the groups surveyed had an above-the-norm increase each year in the period 1971-1976, some 13.6 per cent of all groups surveyed had an above-

the-norm increase each year in the period 1959-1970. This suggests that the average annual frequency of above-the-norm extras negotiated by the more developed/largest bargaining groups fell under the NWAs. However, as will be seen below, this conclusion must be very heavily qualified.

The third question arising concerns the way in which the ELC has tackled the problem of managing anomaly claims and settlements. Ideally the ELC approach to anomaly management should have comprised stable criteria, a definite obligation to report and systematic assessment — at least as regards claims by groups above a certain size. In practice the criteria have been unstable, reporting has never been mandatory and only the cases going before the Labour Court were subject to assessment. It must also be said that while the ELC first seemed determined to exercise at least some measure of surveillance its efforts in this regard soon fell far short of its aspirations. This is an important failure. For while the survey figures cited above suggest that there were relatively few anomaly settlements the survey has very considerable limitations in this respect. In fact it says nothing about the frequency, incidence and level of anomaly settlements negotiated by sub-groups within the groups surveyed or by the thousands of smaller groups or new employments which were not covered by the survey. There are indications of extensive above-the-norm anomaly bargaining activity in these quarters. For example, as reported earlier, 130 anomaly cases went to the Labour Court in 1975 and it seems very likely that an even larger but unknown number of settlements were reached at conciliation or even directly. Thus, for the reasons cited above, the ELC's efforts to cope with above-the-norm anomaly settlements have probably been even less effective than its efforts in regard to above-the-norm productivity agreements. Here, yet again, systematic data collection and analysis are essential to the formulation of more coherent policies.

The fourth major question arising concerns the economic implications of efforts to eliminate occupationally-based wage anomalies. A consideration of this process in relation to manufacturing industry is instructive. Some of the possibilities in this area have been summarised as follows:

- (a) Equalisation of hourly rates for workers paid on a time basis. While this will equalise hourly earnings it will not equalise average direct labour cost per unit of output (unit labour cost) because of variations in plant and in the quality of labour.
- (b) Equalisation of piece-rates per unit of output. This will not equalise earnings because of variations in both plant and worker efficiency.
- (c) Equalisation of wages per unit of skill and effort required. This would not necessarily equalise the earnings of workers on the same job, but

differences would reflect only differences in skill and effort. Unit labour costs would not be equalised [7].

In general methods which ensure uniformity of earnings militate against uniformity of labour costs and vice versa. Faced with this dilemma both employers and unions tend to give greatest weight to the equalisation of *basic* wage costs (hourly or weekly wage rates) and to let unit wage costs and earnings evolve as they may. The economic consequences of unions' wage levelling activities depend on the quality of labour (usually a minor factor) and differences in firms' wage-paying ability (normally a major factor). Two contrasting situations deserve mention in this respect. First, there is the situation within an industry in which inter-firm differences in hourly earnings are due entirely to differences in time rates which precisely reflect differences in labour efficiency. If wage rates in the lowest paying firms are levelled up so as to impose a standard wage rate on the industry, this will impose higher unit labour costs on the firms with inferior workforces. Such firms will be eliminated unless they can raise the efficiency of their workforce in line with the rise in their wage level. This will imply some displacement of less efficient by more efficient labour which presents little difficulty provided there is sufficient scope for labour mobility. Secondly, there is the situation in which the quality of labour is more or less uniform throughout an industry and in which inter-firm differences in wage rates are due solely to ability to pay. If uniformity is now imposed the heaviest pressure will fall on the firms with the lowest wages and the less efficient (and less capital intensive) plants within the industry and their future will be placed at risk. Similar effects would follow attempts to level low wage (low efficiency/low capital intensity) industries up to higher paying industries. As reported earlier, this problem has been most evident in the JLC industries. However, no enduring solution has emerged as yet.

The fifth question arising is whether the procedures which have operated in regard to anomaly claims in the public service have posed any special problems? The NWA clauses dealing with such public service claims specified procedures which were intended to culminate in an award made in accordance with the terms of the relevant C & A Scheme (or where appropriate, a Labour Court Recommendation). It is to these procedures that the discussion now turns. If, on the one hand, an anomaly claim were to arise concerning the wage relationship of the general body of employees covered by a C & A Scheme to some other groups, procedures such as those set down in Paras. 72(1) and (2) of the Civil Service C & A Scheme (see pp. 197-198 above) were taken to be appropriate. On the other hand, if an anomaly claim made by a sub-group falling within the ambit of a C & A Scheme were to go as far as

Arbitration, a procedure such as that set down in Para. 71 of the Civil Service C & A Scheme (cited hereunder) was deemed relevant.

If the report of the Board does not concern a claim for a general revision of civil service pay, the Government will, as soon as may be after presenting the report to Dáil Éireann. . . either authorise the implementation of the finding contained in the Board's report or will introduce a motion in Dáil Éireann recommending either the rejection of the finding or such modification therein as they think fit.

Even before the 1975 embargo on "special" public sector claims, doubts had been raised about the standing of Para. 71 in the context of the NWAs. The unions were inclined to the view that, just as a Labour Court Recommendation was intended to resolve such claims in the private sector, so an Arbitration Award should be the end of such claims in the public service. However, the Government always believed that the terms of the NWAs implicitly incorporated all of the C & A procedures including those in Paras. 71 (cited above) and 2 and 72 (pages 197-198 above). This, it was assumed, preserved the Government's prerogatives as something antecedent to the terms of any anomaly award made under NWA procedures.

When a serious difference of opinion emerged on this count in 1975 it was not related to any individual claim or case.⁹ Rather it was due to the Government's conviction that anomaly claims in the public service had created a self-perpetuating spiral and because the backlog of such claims seemed likely to continue to increase. In response to this the Government asked the public service unions to agree that all such claims not already close to finalisation be deferred pending a re-negotiation of Clause 3. This was refused. It was then decided that the fact that Paras. 71 and 72 were not written into the 1975 NWA left the Government with no option but to unilaterally suspend all "special" public sector claims. This it did pending re-negotiation of the NWA to this effect, only to be found in breach by the ELC. Thereafter, the Government agreed to observe C & A procedures and although it resorted to the device of not making offers at conciliation, in no case did it actually refuse to pay an Arbitration Award. Eventually the Government did plead inability-to-pay on a case-by-case basis. These experiences prompted the Government to make the most strenuous but unsuccessful efforts to have clauses similar to Paras. 71 and 72 incorporated into the 1976 NWA. The object was to gain some measure of control over the apparently self-perpetuating

9. See footnote 3 in Chapter 10.

round of above-the-norm claims in the public service. However, by the end of the decade the problem had not been resolved. On the contrary, it has tended to become more and more acute with each passing year.

The detailed analysis of this problem is beyond the scope of the present research project. However, it seems reasonable to suggest that, if it is to be effective, any analysis of public service pay developments will need to consider the frequency, incidence, size and content of all ATN public service pay claims and settlements since 1970. Above all, that analysis will need to focus with the greatest possible precision on the reasons used to justify such claims. In this regard one can point to a phenomenon which appears to lie at the heart of the self-perpetuating spiral in public service pay. This phenomenon is the desire of public service groups to pursue *both* fair external comparison and traditional internal relativities. It has already been argued that there are several compelling reasons why fair external comparisons should be used where possible. However, if certain public service groups, which have agreed to follow a particular private sector analogue, also insist on preserving traditional internal relativities with other public service groups which are directly or indirectly tied to a quite different private sector analogue it is clear that an upward spiral must ensue. A full-scale study of these and related issues is a prerequisite to the formulation of coherent policies in regard to pay in the public service.

Section 3: *Conditions of Employment*

The first question arising here concerns Congress policy. At its 1972 ADC Congress adopted a policy in favour of the equalisation of each non-wage condition of employment for *all* employees. This implied a process of levelling-out by levelling-up in respect of each such condition. However, Congress has also argued persistently for a substantial measure of flexibility in regard to local negotiations on conditions of employment. Taken together, these two policies imply that those with less than average conditions should be free to push the norm for various conditions up from below while those on above-the-norm conditions should be free to pull the norm up from above. There was apparently never any Congress decision that there should be an upper limit on any particular condition of employment as an aid to levelling up (i.e., catching up) by those with the least favourable conditions. Here, as with wage anomalies, there is little evidence of Congress concern about the cost and employment consequences of simultaneously pursuing conflicting policies.

The second question arising here concerns the employers' response to Congress policies. If Congress has considered it necessary to allow its affiliates to bargain behind confusion in this regard, the employers have been uncertain

as to the best approach. Understandably, they have been primarily concerned to minimise the cost impact of union efforts to improve non-wage conditions of employment. They agreed that hours could be negotiated down to, but not down below, forty. They proposed but did not develop the notion of guideposts. They tried with little success to win agreement that excellent arrangements under one heading (e.g., pensions) could justify more modest arrangements under another (e.g., sick pay). They failed to win agreement to the effect that above-the-norm non-wage conditions could justify below-the-norm wages, but in the light of our discussion of the NWA (wage-increase) norm this failure was perhaps inevitable. Similarly, the employers failed to win agreement that improvements in below-the-norm conditions could be made contingent on improved productivity.

Against these disappointments the employers could set some modest gains. The 1972 NWA implied that conditions of employment *as a whole* had to be out of line so that the Labour Court had to take an overall or package view of the conditions applying to a group in assessing a claim for an improvement in one particular condition by that group. In the 1975 NWA the foregoing constraint was lost. As a result the Court was entitled to consider any claim on any one condition of employment without regard to all other conditions in the same employment. However, this loss was redressed to some extent by the introduction of a ceiling of 1.5 per cent of pay-roll on all conditions of employment *and* all wage anomaly settlements negotiated directly by each bargaining group. But this constraint was in turn weakened by the fact that the Labour Court could exceed the ceiling without regard to any higher limit and without giving reasons for doing so. In 1976 the employers unsuccessfully proposed (although uniquely in the 1977 NWA it was agreed) that the Court would have to state its reasons for exceeding the 1.5 per cent limit. The first constraint was lost in 1978 and failed to re-appear in 1979. Similarly, the 1.5 per cent limit became 2 per cent in 1978 and disappeared in 1979. The most notable employer achievement was the omnibus above-the-norm (wages and conditions) clause which appeared in 1974. Although this survived for some time it was significantly eroded by 1979. The foregoing points reflect a sustained but generally disjointed employer effort to contain the cost of improved conditions of employment. The tightness or looseness of the conditions of employment clauses (and indeed anomaly clauses) in successive NWAs has moved, broadly speaking, in counterpoint to the relative stringency of the norm. At the same time both together have become more or less restrictive in harmony with the prevailing general economic situation.

This chapter has three general conclusions. First, the ELC were right to decide that rules on above-the-norm claims and settlements would be an

essential part of the NWA system. It was hoped that such rules would help to keep the number and level of above-the-norm settlements within manageable bounds. Secondly, the rules in question varied rather erratically from one NWA to the next, with the result that the foregoing hope was not fulfilled. Thirdly, and consequently, experience has confirmed the obvious point that while stable rules may serve to reduce the number of anomalies over time, unstable rules are more likely to generate an increasing number of anomalies.

Chapter 12

PROCEDURES FOR CONFLICT AVOIDANCE

Preview

This chapter has four sections. The first defines the areas of potential conflict governed by the NWAs. The second notes how such areas of conflict were allocated for solution at national or local level. The third section deals with the role of mediation under NWAs. The fourth considers how the pattern of conflict changed with the advent of NWAs.

Section 1: Areas of Conflict Governed by NWAs

It has been the very essence of the NWA idea that the unions should provide a guarantee of substantial industrial peace in return for the employers' commitment to pay the NWA norm. The first point to be considered is why certain areas of potential conflict have been deemed to fall outside the NWAs? The agenda for the 1970 NWA negotiations was confined to matters falling within the traditional scope of decentralised collective wage bargaining. Sporadic efforts to extend that agenda are of interest if only because they failed. In 1970/71 the employers tried to activate the Prices and Incomes Committee which had been proposed by the NIEC. They expressed a willingness to give that Committee an important voice in respect of proposals to increase specific prices provided Congress agreed to give it an equally important say concerning proposed above-the-norm (ATN) wage increases. Congress rejected this for two reasons. First, it felt that employer organisations could not obtain a mandate to negotiate price restraint as an element in a national agreement. Secondly, Congress was pressing through political channels for the establishment of a National Prices Commission (NPC) which would monitor and investigate proposed price increases without any corresponding check on ATN wage claims. A few tentative employer suggestions that dividends might, as part of a national agreement, be held to some recently-past level were dismissed by Congress on the grounds that retained profits merely boosted share prices. As to profits, Congress felt they could only be managed through price surveillance/control and through taxation. A tentative CIF proposal that corporation profits tax be put on the NWA agenda was never taken up. Two controversial subjects which might have been brought into the NWA agenda were short-time working and redundancy. The first was studied inconclusively by an ELC committee so leaving traditional

management prerogatives on this matter unimpaired. The question as to whether a unilateral declaration of redundancy was in breach of Clause 10(d) of the Maintenance Craftsmen's Agreement (which Agreement was underpinned by the NWAs) was considered by the Labour Court. The Court ruled that it was not, again preserving managements' prerogatives [1].¹ A few other issues hovered for a time on the brink of the NWA agenda but they never entered it.² Finally, the entire range of rights issues remained firmly outside the NWA agenda. It will by now be clear that the NWAs could not hope to guarantee total industrial harmony when so many areas of potential conflict fell outside their scope.

Section 2: *Conflict Avoidance at National and Local Level*

The next point to be considered is the division of disputes concerning matters covered by the NWAs into two categories, namely, those which were to be settled at national level by the ELC and those which were to be settled at local level following NWA criteria and procedures. Why was this distinction made and how did it operate?

At the start of the present series of NWAs in 1970, the (national-level) ELC claimed the right (a) to negotiate the wage-round norm, (b) to fix procedures and criteria for the handling of settlements below- and above-the-norm and (c) to interpret NWA texts. The reasons why the ELC claimed these three prerogatives should be noted. Given the apparent inevitability of the wage-round and of the wage-round norm it was natural that the ELC should have a special interest in this item. For the NWA approach appeared to offer the social partners the possibility of settling this norm, undoubtedly the most contentious of all recurrent industrial relations issues, without any risk of conflict. Given the substantial costs of industrial conflict to employers and unions alike it is difficult, if not impossible, to imagine a majority of Congress affiliates or Federation members opting for either of the alternatives without at least trying national-level wage-round negotiations.

The second prerogative taken by the ELC in 1970 was the right to jointly establish rules governing above- and below-the-norm increases. Although the ELC's work in this area has been less decisive than it might have been it is difficult to imagine any other body being asked to, or being able to, undertake this task.

The third prerogative referred to above was the right to interpret the NWA

1. More recent legislation and practical realities do oblige management to consult unions on proposed group redundancies. For industrial relations reasons the same applies to short-time working and small-scale redundancies.

2. The most notable examples were (a) Abolition of Outmoded and Restrictive Practices, (b) Industrial Democracy and (c) Codes of Fair Employment and Dismissal Procedures.

texts.³ Here, yet again, the inherent attraction of self-determination combined with a natural aversion to the alternatives prompted the social partners to claim this right. On the one hand, interpretation by the ELC itself seemed likely to produce fairly balanced, reasonably consistent and morally compelling decisions. On the other hand, neither party felt that the Government or the Labour Court could be relied upon in this regard. In fact there was never even the slightest suggestion that the Government could provide acceptable interpretations. The Labour Court, the only other conceivable interpreter of NWA texts, strayed briefly into this role in 1971 but its first interpretation was also its last. In the light of these experiences it is virtually impossible to imagine a situation in which the ELC would surrender the task of interpretation to any outside body.

In addition to the foregoing roles which it deliberately reserved to itself, the ELC also became a mediating body of great importance. Its mediating activities are summarised in the following table. The data are broken down by reference to periods covered by the procedural contents of successive NWAs. The procedural content of each NWA was effective from the date of ratification to the expiry of the period of time covered by the norm specified in Clause 3 of the NWA. When, as sometimes happened, the latter date passed by before a new NWA had been ratified the ELC.SC continued to handle cases referred to it as if the NWA procedures which had expired still obtained. It was only when a new NWA came into effect through ratification that the ELC.SC treated cases in accordance with the new procedures.

A brief commentary on each of the columns in Table 21 is appropriate here. Column (1) indicates that a small number of cases referred to the ELC.SC were settled locally before any advice was issued or any ruling was given. When this occurred the ELC.SC did not pursue the matter. Column (2) shows that over half of all cases presented were resolved without recourse to further procedural steps as a result of the ELC.SC becoming involved.⁴ This result was achieved in a variety of ways; sometimes the secretary of the relevant side merely drew the attention of an employer or union to the problem; sometimes a jointly formulated advice was issued; occasionally a joint informal interpretation of the spirit of the NWA was put forward and not infrequently the mere suggestion that the point at issue should go for formal interpretation was enough to resolve the problem.

3. In effect any point of interpretation which seemed to be of general and enduring relevance was made the subject of a formal ELC Interpretation Report. Such reports were deemed to have the same status as the clauses of the NWA itself. By the end of 1976, 31 such reports had been published. In addition the ELC.SC gave informal advice, opinion and interpretation on hundreds of cases where the point at issue was not of general or enduring interest.

4. It should be noted, however, that not all of the 72 cases on the last row were finalised when these data were being collected.

Table 21: Summary of cases/items referred to the Steering Committee of the Employer Labour Conference 1970-1976 inclusive

<i>Period</i>	<i>Procedure</i>	(1) Settled locally prior to ELC.SC advice	(2) Settled on advice of ELC.SC	(3) Referred to Special Committee by ELC.SC	(4) Referred to Interpretation Committee by ELC.SC	(5) Referred to Adjudication Committee by ELC.SC	(6) Referred to Plenary Session by ELC.SC	(7) Referred to Conciliation/ Labour Court by ELC.SC	(8) Not otherwise classified	(9) Totals
<i>1970 NWA</i> (21.12.'70-30.7.'72)		2	42	—	15	—	1	3	16	79
<i>1972 NWA</i> (31.7.'72-6.3.'74)		2	54	—	3	2	—	10	17	88
<i>1974 NWA</i> (7.3.'74-21.4.'75)		3	41	3	9	4	1	7	13	81
<i>1975 NWA</i> (22.4.'75-15.9.'76)		7	57	2	2	2	1	9	17	97
<i>1976 NWA</i> (16.9.'76-22.7.'77)		11	72	2	2	3	—	11	42	143
<i>Totals</i>		25	266	7	31	11	3	40	105	488

Source: ELC.SC Minutes 1970-1976 inclusive

Column (3) shows that the Special Committees to advise on procedures played a very limited role. Column (4) indicates that the need for formal interpretation was, as one might expect, much greater in the earlier NWAs. Column (5) shows that adjudication was actually used on a very limited number of occasions – in fact in many cases the mere hint of adjudication was sufficient to resolve the problem. Column (6) shows that only limited numbers of very important cases were referred to Plenary Session. Column (7) shows that a small proportion of cases were referred to the Conciliation Service and Labour Court. Column (8) covers a variety of miscellaneous matters of administrative and/or peripheral interest. The large number in the final period is explained mainly by the fact that the ELC.SC considered and approved a couple of dozen productivity agreements which were forwarded to it in this period.

In one sense the total columns greatly understate the volume of work done by the ELC.SC. In practice most cases were considered at several successive meetings so that the total of agenda items considered would have been between three and four thousand depending on how one defined items to be counted. Much the most celebrated case was the refusal of the Agricultural Wages Board to implement successive NWA phases. This resulted in no less than 26 entries in the ELC.SC Minutes and culminated in the abolition of the Board.

By way of general conclusion one can say that it is virtually impossible to imagine any future NWA operating reasonably successfully without a major advisory/interpretation role being played by the ELC.SC or some similar joint body. The extent of that Committee's achievements in dealing informally and efficiently with such a large and varied number of cases underlies the impracticability of prolonged wage legislation. Confronted with such an extensive need for ongoing interpretation legislators would be obliged to legislate for a very short period, or let their laws become a honeycomb of loopholes, or let them sink under an accumulation of statutory orders and/or Court rulings. It will be noted that the bulk of the work of the ELC.SC related to interpretation and procedures rather than to factual and substantive items. The determination of the latter cases (legitimate above- and below-the-norm cases) fell to the Conciliation Service, the Labour Court and the C & A Schemes. Indeed, as will be seen below, the Labour Court too had an enormously increased burden to bear under the NWAs of the nineteen seventies. This is another reason why it is impossible to imagine how anything other than very short-term legislation could succeed.

Section 3: *The Role of the Official Mediators under NWAs*

The third topic arising here concerns the evolving role of the official

mediators. Before reviewing the activities of the official mediators under the NWA system the reason why they exist and the way they operate must be considered. In the post-war era and especially in the nineteen seventies the mediators have played a very important role in Ireland. It is therefore remarkable that their work has never been the subject of detailed examination. In practice they are usually concerned with cases in which collective bargainers have failed to agree for one or a number of the following reasons: inadequate information, differing premises, errors of logic, misunderstandings or efforts by one party to overthrow some element of the *status quo* which the other party believes is fundamentally important to its security. The official mediators have always been in demand precisely because each of these reasons why collective bargainers fail to agree is amenable to treatment by third parties. That the first four causes of disagreement are so amenable is readily apparent. However, the mediators can also hope to succeed even in the fifth type of case which at first sight seems intractable. Either the first party can be convinced that that which it claims could never be conceded by the second party or, alternatively, the second party can be persuaded that the concession of the claim which it is determined to resist would not critically affect its security. In practice the official mediators (the Conciliation Service and the Labour Court) have responded to these five types of disagreement by following custom and practice and by endorsing rather than by setting trends. On occasion, however, mediators assisting in major disputes have appeared to give priority to industrial peace — sometimes it seemed as a result of political pressure — even if this involved a departure from custom and practice or the initiation of a new trend. Political expedience may have short-term advantages for the politicians, but it almost invariably has detrimental effects on the Court's ability to continue to perform its task effectively. Such pressures should therefore be firmly resisted by the Court. Certain changes to this end are proposed in the final chapter.

As a result of the rule-making role adopted by the ELC, the Labour Court, previously the untrammelled final arbiter on almost every issue of principle (formulation and/or interpretation of general rules) and of practice (application of general rules in cases of disagreement) within the traditional scope of collective bargaining was virtually stripped of its rule-making role. However, as if by way of compensation the Labour Court saw its workload of individual cases of practice (that is, the application of rules) multiply several times over during the 'seventies. This was due directly to the fact that the NWAs packaged virtually all legitimate below-the-norm and above-the-norm cases into a framework of enabling, procedural and assessment clauses which culminated in reference to the Court.

The Court usually becomes involved in NWA-related cases because the

parties invite it to do so in accordance with NWA procedures. The extent of the Court's activity under this heading is summarised in Table 22.

Table 22: *Numbers of cases going to Conciliation and the Labour Court in the years 1970-1976 inclusive*

<i>Year</i>	<i>Cases going to Conciliation</i>	<i>Cases going to the Court</i>
1970	564	80
1971	628	162
1972	713	232
1973	855	326
1974	951	365
1975	1108	403
1976	1071	474

Source: Labour Court Annual Reports 1975, p. 3, 1976, p. 3.

Note: The six-fold increase in the Court's case load (in six years) occurred despite the fact that in the early and middle seventies the Rights Commissioners and the Employment Appeals Tribunal were very largely taking rights issue cases out of the Court's province. The first-mentioned trend is therefore definite and impressive evidence of a widespread willingness among unions and employers to refer substantive differences arising under the NWAs to the Court in accordance with NWA procedures.

It is notable that the proportion of Conciliation cases going to the Labour Court rose from less than one-seventh to almost a half in this short period. This was largely due to the fact that up to January 1975 the NPC refused to accept above-the-norm wage settlements as justification for applications for price increases unless such wage increases were a result of a Labour Court Recommendation.

The Industrial Relation Act (1946) gives the Minister for Labour the power to refer cases to the Labour Court. This previously little-used procedure was particularly useful when one or both parties refused to go to Court or where both parties, being outside the NWA, seemed intent on collusive settlements in excess of the norm. The extent to which this procedure was used is summarised in the following table.

Table 23: Number of cases in which reports were issued by the Labour Court following reference to the Court by the Minister for Labour in the years 1971-1976 inclusive

<i>Year</i>	<i>1971</i>	<i>1972</i>	<i>1973</i>	<i>1974</i>	<i>1975</i>	<i>1976</i>
Pay cases	—	2	5	12	6	2
Other cases	2	—	1	1	2	2
<i>Total</i>	2	2	6	13	8	4

Source: Labour Court Annual Reports 1971-1976 inclusive

There is no detailed record of below-the-norm or above-the-norm settlements reached through direct negotiation or at Conciliation. However, it is safe to assume that relatively few unions would agree to a below-the-norm increase short of having a Labour Court Recommendation to this effect. On the other hand, Table 22 above suggests that a significant but unknown number of above-the-norm (anomaly) increases did emerge at Conciliation (claims are rarely, if ever, withdrawn at or following Conciliation). It may also be assumed that a substantial but unknown number of such increases emerged from direct negotiations. The summary results of a detailed examination of all two thousand Labour Court Recommendations issued in the period 1971-1976 inclusive appear in Table 24. The following aspects of this table deserve comment. The Court had only a very small part to play in deciding whether or not bargaining groups had received their twelfth wage-round. As regards anomaly cases the Court played a limited but sustained and restrictive role. After a brief encounter with low pay issues in 1972 the Court had no further cases of this kind in the period up to 1976. This indicates acceptance of the notion that the norm with a low-pay bias and the loosening of anomaly criteria were as much as could be expected by the lower-paid. The number of pleas of inability-to-pay coming before the Court was very limited. It reached a minor peak in 1975/76 (the lowest point of a severe national economic recession). However, as indicated earlier (see Table 18 page 196 above) the Court took a severe position in respect of such pleas. Only in one quarter did the Court recommend against immediate payment and even then it never recommended more than a deferment. Finally, it is interesting to note that only a quarter of all recommendations in the period were on basic pay issues.

In the light of the foregoing review two aspects of the Court's work deserve comment. First, the Court does not usually give the reasons for its recommendations. It should try to do so more often indicating in particular

which of the major arguments submitted to it it accepts and rejects. At the very least it should record its reasons for release after a lapse of time so that future research could bring the benefit of the Court's wisdom to practitioners generally. While this practice might present some problems initially, it would help to establish a more rational approach to above-the-norm claims on wages and conditions.⁵ The ELC itself has already proved this point by being quite explicit in its formal interpretations/adjudications. Secondly, the Court does not keep a detailed record of the full sequence of events after rejection of a recommendation. It is therefore difficult to relate the cases summarised in Tables 24, 25 and 26 to the cases covered by the strike statistics in Tables 27 and 28. Thirdly, the Court has failed to indicate in a systematic way which NWA and which NWA Clause has been used to justify claims submitted to it. These shortcomings should be rectified as it is only through the systematic recording and analysis of such data that the lessons of past experience can be fully articulated.

In the light of what has been said so far one might expect to find that the Conciliation Service and the Labour Court were accessible to all employees. In fact they are not. Public servants by and large were denied access to them by the Industrial Relations Act (1946) which refers throughout to "workers" and not to "employees". Civil servants and others paid by the Exchequer (teachers, health board staffs, police, etc.,) were excluded because of their special employment relationship with the Government and the then-valid, but now somewhat battered, conviction that public servants would never resort to industrial action. This conviction was based partly on the notion that the Government was committed to the principle of prompt and fair comparison with private sector wages and salaries and partly on the assumption that the Government as employer was beyond reproach, a point exemplified by the total security of employment and exceptionally favourable non-wage conditions of employment which it offered. Such considerations prompted the authors of the above-mentioned Act to assume that there would be little or no need for Conciliation Service or Labour Court mediation in public service employments. However, practical experience was soon to show that there was ample scope for disagreement between the state and its employees as to how and when public servants' terms of employment should be adjusted in the light of private sector changes.

It was this area of potential conflict that led to the emergence of nine conciliation and arbitration schemes in the public service from 1951 onwards. So having first been deemed unnecessary to the Public Service the Labour Court was now deemed inappropriate. The C & A Schemes emerged over a

5. Of course this would only be possible if the ELC succeeded in stabilising its anomaly criteria.

Table 24: Analysis of Labour Court Recommendations (1971-1976)

Year	Subject	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)		
		12th Round: validity of claim	12th Round: amount of claim	Anomalies: specific NWA Clause	Anomalies: Non-specific NWA Clause	Low pay	Regrad- ing	Inability to pay	Miscellaneous pay issues	Total of pay recommendations	Total of all recom- mendations	Total of non-wage recommen- dations
1971		6 (1)	8 (8)	8 (4)	15 (9)	—	—	—	8	45	162	117
1972		—	6 (4)	33 (13)		2 (1)	—	11 (6)	8	60	232	172
1973		—	1 (1)	27 (10)	32 (11)	—	7 (4)	13 (12)	6	86	326	240
1974		—	—	29 (15)	33 (15)	—	4	2 (2)	2	70	365	295
1975		—	—	25 (13)	37 (13)	—	4 (1)	25 (19)	7	98	403	305
1976		—	—	61 (21)				37 (27)	7	105	474	369
Totals		6 (1)	15 (13)	300 (124)		2 (1)	15 (5)	88 (66)	38	464	1962	1498

Note: The figures in parentheses indicate the number of cases in which full or partial concession of the unions' claim was recommended.

Table 25: Summary of Labour Court Activity 1965-1970

Statistics \ Year	1965		1966		1967		1968		1969		1970	
	No. of disputes	Approx. no. of workers	No. of disputes	Approx. no. of workers	No. of disputes	Approx. no. of workers	No. of disputes	Approx. no. of workers	No. of disputes	Approx. no. of workers	No. of disputes	Approx. no. of workers
1. Total number of disputes dealt with by the Court and its conciliation services	478	89,510	447	114,881	547	114,671	582	113,656	443	80,764	569	84,500
<i>Conciliation Conferences</i>												
2. Disputes in which conciliation conferences were held	450	61,684	429	98,858	532	90,321	546	85,529	414	68,112	564	83,300
3. Disputes settled by conciliation	289	37,000	300	74,024	377	44,901	408	51,787	327	39,597	451	52,000
<i>Recommendations</i>												
4. Recommendations made by the Court	142	40,200	124	58,334	131	48,726	139	53,059	82	26,674	80	30,433
5. " accepted by Employers	136	39,900	123	58,298	124	48,645	129	52,316	78	21,872	79	30,432
6. " accepted by Workers	84	21,200	71	28,549	84	29,371	86	23,665	43	11,127	59	15,567
7. " accepted by both sides	79	21,000	70	28,513	78	29,853	76	22,922	41	11,125	58	15,565
8. " rejected by both sides	1	9	—	—	1	15	—	—	—	—	—	—

Note: A conciliation conference and the issue of a recommendation by the Court in respect of any particular dispute do not necessarily take place in the same calendar year. Consequently the number of disputes and recommendations listed above should not be related to each other.

Source: Labour Court Annual Reports

Table 26: Summary of Labour Court Activity 1971-1976

Statistics \ Year	1971		1972		1973		1974		1975		1976	
	No. of disputes	Approx. no. of workers	No. of disputes	Approx. no. of workers	No. of disputes	Approx. no. of workers	No. of disputes	Approx. no. of workers	No. of disputes	Approx. no. of workers	No. of disputes	Approx. no. of workers
1. Total number of disputes dealt with by the Court and its conciliation services	664	212,600	737	286,108	887	217,533	987	120,406	1,157	108,273	1,125	137,284
<i>Conciliation Conferences</i>												
2. Disputes in which conciliation conferences were held	628	108,600	713	253,550	855	172,049	951	105,068	1,108	97,203	1,071	125,591
3. Disputes settled by conciliation	429	53,300	443	127,000	487	45,092	646	51,523	576	47,470	581	31,585
<i>Recommendations</i>												
4. Recommendations made by the Court	162	148,242	232	97,902	326	106,700	365*	87,923	403**	70,000	474+	123,232
5. " accepted by Employers	158	147,341	225	87,239	309	105,900	236*	63,493	322**	55,110	389+	60,900
6. " accepted by Workers	127	140,063	196	86,518	280	105,850	192*	52,067	283**	43,000	304+	38,200
7. " accepted by both sides	123	139,162	191	84,720	276	105,100	187*	51,983	271**	30,000	301+	37,500
8. " rejected by both sides	—	—	—	—	3	49	2*	82	—	—		

Note: A conciliation conference and the issue of a recommendation by the Court in respect of any particular dispute do not necessarily take place in the same calendar year. Consequently the number of disputes and recommendations listed above should not be related to each other.

* up to 30/9/74

** from 1/10/74 to 30/9/75

+ Recommendations, Reports and Decisions made by the Court from 1/10/75 to 30/9/76

Source: Labour Court Annual Reports

period of years. Different arbitrators were appointed to different schemes. Traditionally these arbitrators were eminent members of the legal profession who had no specialist knowledge of economics or industrial relations. The various schemes gave each of them a very large measure of autonomy and imposed no prior constraints whatever on their reports although subsequent Ministerial sanction was invariably required prior to implementation. Their reports emerged in a relatively uncoordinated way and endorsed claims which led to a number of "status rounds" in the public service. By the mid-'sixties this additional burden on the Exchequer was exciting considerable Ministerial interest and the pressure for reform was growing. Eventually provision was made for the inclusion of two Labour Court members on each public service arbitration board but in practice this device is rarely used. A more significant rationalisation of the public service C & A Schemes was achieved in 1976 when the same arbitrator became operative in all such schemes.⁶ Needless to say, the public service arbitrator, like the Labour Court, now has a more restricted function. Yet even this would seem to be too great a task for one individual, especially one who is isolated from the mainstream of industrial relations trends. This prompts a suggestion that a new and specialised division of the Labour Court could best meet the mediation needs of public service employees. This step could be facilitated by establishing such a public service division of the Court with the present public service arbitrator acting as Chairman at least at the outset. Needless to say it is important that each division of the Court should be familiar with and take account of at least the principal cases passing through the other divisions. If this is not done the Court may find that in solving some problems it is merely creating others.

Section 4: *The Changing Pattern of Industrial Conflict under NWAs*

The final and most important matter to be considered is the general level of industrial conflict in the period 1971-1976 as compared with the period 1965-1970 (this latter period being a period of decentralised bargaining). Tables 27 and 28 give an overall view. The most notable point is that 60 per cent of all strikes in the period 1971-1976 related to issues falling outside the scope of the NWAs. However, the average number of strikes on issues falling within the scope of the NWAs was up by about a quarter over the preceding six-year period (the six year annual averages for 1965/70 and 1971/76 being 47 and 58 respectively).⁷ A somewhat similar pattern is

6. Ironically, just as the C & A Schemes were being made more rational by the appointment of a single arbitrator, the Labour Court was being made potentially less rational by being splintered into several divisions under the weight of its NWA obligations. A fourth division became operative in January 1980.

7. It should also be noted that an unknown proportion of strikes on foot of issues covered by the NWAs may have been undertaken without any breach of the NWAs occurring. For example, strikes on

evident under the wages sub-heading. This generally adverse trend cannot be explained on the basis of such data as presently exists. Yet it is mitigated by the fact that union membership and hence the number of new bargaining groups (which may be more prone to conflict) were growing steadily and the fact that the frequency of wage-rounds almost doubled. When one turns to a consideration of aggregate days lost a considerable improvement is noted. The six-year averages of man-days lost through strikes on issues falling within the scope of the NWAs fell from 581,330 (1965/70) to 224,250 (1971/76). Taken in conjunction with the fact that the annual average number of disputes increased, this is definite proof that the average size of group involved in strikes and/or the average duration of strikes fell substantially. This in turn suggests that more of the larger bargaining groups solved their problems short of conflict and/or that where strikes did occur they tended to be of substantially shorter duration. Needless to say these findings do not "prove" that NWAs caused a substantial reduction in the overall level of industrial conflict.⁸ However, these findings do reflect favourably on the NWA framework and on the efforts of the mediators working within that framework — notably the Conciliation Service, the Labour Court and the ELC through its various Committees. If the suggestions for further data collection and analysis made in the previous section are pursued it is reasonable to hope that these results could be further improved upon.

This review of the NWA conflict-avoidance procedures and their achievements has three broad conclusions. First, the task of laying down general rules has passed from the traditional mediators to the social partners. Secondly, such joint rule-making as now exists probably provides the soundest possible basis for the maintenance of industrial peace on issues covered by the NWAs. It is therefore difficult to imagine how NWA conflict-avoidance procedures could be matched by any other procedures of similar intent but of different origin. Thirdly, there is now a growing need for an exhaustive study of all forms of industrial action — especially those short of strike which at present pass unrecorded much less assessed. A continued growth of such forms of industrial action would militate heavily against the IEC's ability to commit its affiliates to future NWAs.

foot of refusal-to-pay and inability-to-pay were always permissible under the NWAs provided (in the latter case) that the specified procedure was first exhausted.

8. It must be emphasised that the trend in strike statistics from 1971 to 1976 is only part of the picture. There are now several reasons for caution. First, there appears to be a growing tendency towards industrial action short of strike since 1970. No further comment is possible on this matter until the necessary research has been carried out. Again, reference must be made to the dramatic increase in total man-days lost in the period 1977-1980. This increase has been such that the total man-days lost in the decade to the end of 1980 may well equal the total lost in the preceding decade. This, one suspects, is largely due to the accumulation of problems in the public sector.

Table 27: *Numbers of industrial disputes (1965-1976)*

<i>Type of dispute \ Year</i>	1965	1966	1967	1968	1969	1970	6 year average	1971	1972	1973	1974	1975	1976	6 year average
Wages	27	52	23	47	56	41	41	39	46	51	77	58	50	54
Hours	5	5	9	7	5	4	6	1	4	8	8	5	1	4
Sub-total (of all disputed items falling within the scope of the NWAs)	32	57	32	54	61	45	47	40	50	59	85	63	51	58
Sub-total (of all (other) disputed items <i>not</i> falling within the scope of the NWAs — or not classified)	57	55	47	72	73	89	65	93	81	123	134	88	83	101
<i>Overall Total</i>	89	112	79	126	134	134	112	133	131	182	219	151	134	159

Source: The statistics in this and the following table are derived from the following March issues of the ISB — 1969 (p. 73) 1973 (p. 20) and 1977 (p. 12).

Note: Disputes are dated by reference to the calendar year in which they began.

Table 28: *Number of man-days lost through industrial disputes (1965-1976)*

<i>Type of dispute \ Year</i>	1965	1966	1967	1968	1969	1970	1971	1972	1973	1974	1975	1976
Wages	462,328	695,625	87,919	311,440	856,100	931,731	44,044	97,345	73,990	147,544	135,758	610,496
Hours	39,565	32,950	56,866	6,744	4,980	1,734	1,400	1,296	3,840	218,674	10,806	300
Sub-total (of all disputed items falling within the scope of the NWAs)	501,893	728,575	144,785	318,184	861,080	933,465 (581,330)	45,444	98,641	77,830	366,218	146,564	610,796 (224,249)
Sub-total (of all (other) disputed items not falling within the scope of the NWAs)	50,458	55,060	37,860	87,502	74,820	74,249 (63,325)	228,326	108,314	128,895	185,615	149,152	166,153 (161,075)
Overall Total	552,351	783,635	182,645	405,686	935,900	1,007,714 (644,655)	273,770	206,955	206,725	551,833	295,716	776,949 (385,325)

Note: The figures in parentheses are the six year averages (1965-1970) and (1971-1976).

Sources: As for Table 27 above.

Chapter 13

THE ROLE OF THE GOVERNMENT VIS-À-VIS NATIONAL WAGE AGREEMENT NORMS

Preview

This chapter has three short sections which deal successively with voluntary and statutory NWA/wage-round guidelines, the role of price control and the role of budgetary policy.

Section 1: *Voluntary and Statutory NWA/Wage-Round Guidelines*

Since the early 'sixties the Government has repeatedly suggested voluntary guidelines of this kind. The suggested wage-round guidelines and the wage-round norms which actually followed can be summarised as follows:

Table 29: *Proposed voluntary guidelines for wage-rounds and actual wage-round norms*

<i>Year</i>	<i>Wage-round number</i>	<i>Government guideline</i>	<i>Period to be covered (months)</i>	<i>Actual wage-round norm</i>	<i>Period covered (months)</i>
		<i>per cent</i>		<i>per cent</i>	
1963	9	8.9	24	12	27
1966	10	3	12	9.5	28
1969	12	4	12	27	18
1970	13	6	12	18.3	18
1976	17	0	12	7.8	7

Notes: The contexts in which these guidelines were issued have been detailed in Chapters 1 and 3 to 7 above. The actual wage-round norms for 1963, 1966 and 1969 are taken from ESRI Paper No. 79, page 47, Table 13. The norm which actually emerged in 1963/64 was instigated by the Government despite its earlier guideline. The norm proposed for 1970 was embodied in a Bill which was never enacted. The wage-round norms for 1970 and 1976 are derived from Table 11 of the present study (see page 171 above).

As can be seen the actual annual rate of increase emerging from the wage-rounds has surpassed the proposed annual rate of increase by a significant margin on every occasion. (This process continued in 1977, 1978, 1979 and 1980.) It would therefore seem that such explicit numerical voluntary wage-

round guidelines serve no very useful purpose. On the contrary, the gap between what is proposed and what emerges tends to be so great that the issue of such guidelines may merely damage the Government's credibility. This danger is compounded when the Government issues one guideline and then, realising how implausible it is, substantially increases it. This happened, for example, both in 1969 and in 1979. In each case the Government first proposed 4 per cent, then increased this to 7 per cent, only to see the latter figure more than doubled in the ensuing wage-round on each occasion [1].

As voluntary guidelines have proved ineffective the next question arising is whether, and to what extent, statutory guidelines have been used. During the 'sixties there were several threats of such legislation. These culminated in the publication of the Prices and Incomes Bill incorporating a 6 per cent norm for the thirteenth wage-round in October 1970. But this was never enacted. In the Spring of 1975 general wage legislation was again mooted as the only alternative if the re-negotiation of the 1975 NWA were to fail. There was another veiled threat of general wage legislation on the eve of the ICTU.SDC vote on the initial 1976 NWA proposals. Finally, there was a rather vague threat of such legislation in 1979. Against all this it is important to emphasise that every government since 1970 has declared a preference for voluntary NWAs over decentralised or legally controlled wage-rounds. It has therefore become quite clear that governments are only likely to consider (temporary) general wage legislation when the "orderly inflation" of centralised bargaining seems likely to give way to "inflationary disorder" under decentralised bargaining.

Section 2: *Price Policy and the NWA Norms*

During the 'sixties government views on the use of price control as a constraint on wages varied erratically. On occasion government suggested that even the wage-round norm would have to be met (in part at least) by increased productivity at bargaining group level. On other occasions it suggested that price rises would be approved to finance payment of the wage-round norm. Such data as may still exist probably would not permit a definitive assessment of the ways in which such ideas were applied. However, it seems reasonable to assume that they had little impact on wages if only because they never coalesced into a comprehensive formal policy. This latter is not surprising as there was no agency capable of applying a general and coherent prices policy during that decade.

When the NPC was established its initial terms of reference allowed it to regard the cost of paying the 1972 NWA norm as a legitimate element in any application for a price increase. However, there was some doubt as to whether anomaly wage increases would be so regarded. In practice only such anomaly

settlements as resulted from a Labour Court Recommendation were admitted by the NPC. It was not until 1975 that the Government agreed to amend its guidelines to the NPC so as to make anomaly settlements arrived at at conciliation admissible [2]. This new arrangement was still in operation at the end of the decade.

The price control system operated by the NPC has had no direct downward influence on the level of NWA norms. However, by paring back the rate of increase in the CPI the NPC has had an indirect restraining effect on the wage cost of implementing the index-linked phases of NWA norms. Yet even this control effect is limited because price fixing in several important areas of economic activity is excluded from the scope of the Prices Acts (1958-1972). The most important of these are (a) activities carried on by or on behalf of the Government (including the activities of State-sponsored bodies),¹ (b) primary agricultural products and horticultural products, (c) commodities for export, (d) banking services and (e) housing [3]. To this one might add, for the sake of completeness, increases in indirect taxes and cuts in consumer subsidies. Yet for all its shortcomings the work of the NPC has become and is certain to remain a necessary condition for continued Congress participation in the NWA system.²

Section 3: *Budgetary Policy and the NWA Norms*

During the 'fifties and 'sixties the Government's exercise of its budgetary prerogatives was virtually unhindered by pressure from the social partners. There was certainly no direct link between the Budget and the process of general wage adjustment (wage-rounds). It was not until 1969 that the idea of budgetary concessions was proposed as an incentive to wage restraint although even then it was not seriously acted upon. This was very much as Congress then wished it to be. Income tax and other similar concessions were seen as entitlements to be achieved through political lobbying while wage concessions were seen as something that unions were entitled to bargain for.

However, during the 'seventies the ICTU and the IEC began to move

1. In fact an administrative arrangement was eventually introduced to oblige such bodies to refer proposed price increases to the NPC for prior approval.

2. In general the National Prices Commission was instructed to try "to keep prices and (profit) margins at levels lower than might have been reached in its absence". But as the following conclusion by its first Chairman indicates, this strategy has serious consequences:

Any system which relates price increases to cost increases reduces the incentive to improve efficiency. With price control, some alternative incentive is needed to encourage greater efficiency. A price control authority can apply pressure only by requiring firms to absorb some part of the cost increases they are incurring. But such efforts are likely to have only limited success. Moreover, since the costs of labour and materials are beyond the control of individual applicants, price control tends towards profit control. The capacity to finance investment and (if the price control is thought likely to continue) the returns expected in future from new investments made now will both be adversely affected. Investment in the industrial sector is therefore likely to suffer [4].

steadily towards tripartite arrangements which were to have profound consequences. In 1975 the Government's resistance to ICTU (and IEC) pressure to publish the Budget prior to NWA negotiations and/or decisions finally collapsed. From that point up to 1980 the annual budgets were to precede rather than follow such decisions. This had the effect of giving the trade union movement the opportunity to pass an annual quasi-electoral judgement on government by voting on the Budget and the proposed NWA as a package. The Government's initial discomfort on this account was considerable. Yet within a year an even greater affliction had befallen it. For in 1976 the IEC managed to induce the Government into an unprecedented tripartite bargaining relationship with the social partners.

As indicated at the outset this new bargaining relationship must be the subject of a later study. Nevertheless, its scope has impinged on so many areas of public policy in recent years that it is appropriate to sketch out, however briefly, developments on this front between 1976 and 1980. As a result of the new two-tier framework (tripartite and bilateral) the Government proposed tax concessions of £50 million and a further £50 million for job creation *if* there were a zero pay norm for 1977 [5]. Despite this substantial budgetary incentive no commitment to a zero pay norm ever seemed remotely in prospect. Nevertheless, the Budget for 1977 did contain moderate tax concessions (TFAs were increased by 7/9 per cent) and it was accompanied by new tables showing the net Budget/NWA advantage accruing to employees with various wage levels. Thus, for the first time ever, an annual budget was framed and presented prior to a Congress Conference on NWA proposals with the definite intention of promoting a favourable vote. The move succeeded in inducing a positive Congress vote. But while it is true that the 1977 NWA was by far the most restrictive ever (in regard to above-the-norm increases) it also laid down a norm for 1977 of some 9.4 per cent (on the then average wage in our sample) rather than the zero norm proposed by the Government. The same pattern of budget first (with major tax cuts and the publication of net wage/tax tables) and a favourable subsequent Congress SDC vote on NWA proposals was repeated early in 1978. Towards the end of 1978 the Government sought a commitment to wage restraint (in the form of a new NWA for 1979) without first revealing its budgetary intentions for that year. It failed to get any such commitment. On the contrary, a Congress SDC, in yet another unprecedented move, expressly refused to even negotiate (much less vote on) a proposed NWA *until after* the 1979 Budget had been published. The 1979 Budget made modest tax concessions to wage earners and increased the tax burden on farmers in a rather unusual way. A two per cent levy on certain farm sales which this entailed was rejected by the farmers' organisations [6]. The Government offered to withdraw it to allow the

farmers' organisations time to consider another way of increasing farmers' taxation [7]. Shortly after this an unprecedented tax reform protest by the PAYE sector saw several hundred thousand join a one-day strike and protest march despite the fact that Congress initially opposed such action. Eventually a new NWA for 1979 emerged (about 20 per cent over 15 months) but only after the Government had conceded a whole catalogue of items (under such headings as employment, taxation, social welfare, health, education, training, industrial democracy and industrial relations). Thus the influence of Congress on Government reached an unprecedented level.³ And this occurred with a government which had come to power with the largest majority in the history of the state. The general conclusion is clear. Government offers and promises of budgetary tax concessions have failed to induce, and government threats of corrective budgetary action have failed to enforce, adequate and sustained restraint in fixing NWA norms. On the contrary, Congress references to the possibility of even more extensive wage demands if it considered budgetary developments unsatisfactory, appear to have induced budgetary concessions which were unwarranted by reference to traditional fiscal criteria.⁴

If voluntary guidelines are ignored and statutory guidelines are eschewed, if prices policy has only marginal effects and if budgetary policies have become passive — then one must ask whether macroeconomic policies hold out some hope of lasting relief. The experience of the nineteen seventies suggests that rising and/or sustained high unemployment may have little downward influence on the rate of wage increase in the short/medium term. This casts doubt on the efficacy of fiscal and/or monetary policies which in theory should have a control effect on wages by curtailing the aggregate demand for goods and services and hence the aggregate derived demand for labour. This is not to suggest that such policies could never have a restraining effect on wages in Ireland's highly unionised economy. Of course they could, but probably only if they induced a recession of such severity and duration as would lead to almost certain electoral defeat. Besides, even if some government were prepared to pursue such a policy to finality regardless of the possible electoral consequences, there would be no guarantee that the economic lesson, once learned, would have an enduring effect. On the contrary, past experience suggests it probably would not — or could not — at least in a period of decentralised wage bargaining. For the dynamics of decentralised wage-rounds in Ireland are such that they tend to lead to rates

3. Remarkable as it was the extent of Congress influence on Government seemed to increase even further in the negotiation of the National Understanding 1980.

4. One example which is symptomatic of this tendency deserves note. A Christmas PAYE tax rebate of some £40 million, promised if the peace clauses of the National Understanding 1979 were observed *and* if the budgetary outlook were favourable, was implemented despite the fact that a record current deficit was then anticipated (November 1979).

of wage inflation far beyond the economy's growth rate [8]. If, as seems inevitable, such wage inflation disrupts the Government's economic policies then the only option left to the Government is to seek to bring about a voluntary NWA with a reasonable norm. However, when government seeks to achieve such a NWA norm it will find itself under ICTU and IEC pressure to make budgetary and other concessions as part of the bargain. In this type of bargaining situation the Government is at a considerable disadvantage. For while the Government is accountable to the electorate at regular and relatively short intervals on such issues as inflation, unemployment and industrial disorder, the ICTU and the IEC are not. Government is transient; the ICTU and IEC are not.

There can be little comfort in all this for government as long as the electorate chooses to acquiesce in cost and tax increasing wage claims through Congress and still feels justified in dismissing government, largely on foot of failures in national economic policy made inevitable by such acquiescence. In short, the electorate is inclined to pass responsibility for the consequences of their own irresponsibility to the Government. Until the electorate is forced to face the consequences of its own economic choices no sustained improvement is likely. This, of course, poses a question as to how the electorate might assume the collective responsibility which is rightly theirs. This must be a central issue in our concluding chapter.

Chapter 14

SYNTHESIS AND POLICY IMPLICATIONS

Preview

The first chapter concluded with seven sets of questions. Taking the Congress, Confederation and Government preferences for the NWA approach as given and synthesising the evidence and analysis of the foregoing chapters the present chapter presents summary answers to those questions. It is hoped that these answers and the recommendations which they suggest will provide at least a firm sense of direction to public and sectoral policy in respect of the process of general wage adjustment. Given the interdependence of the six issues reviewed in the preceding six chapters it is important to emphasise that piecemeal reform is as likely to hinder as to help. Only a comprehensive strategy for reform can hope to reverse recent trends and rescue the centralised wage-round system.

1. Labour Market Organisations and the Process of General Wage Adjustment

The first set of questions concerned those labour market organisations whose accumulated power most decisively influences the process of general wage adjustment. What are they? Why do they exist? Are they growing or in decline? Are they stable or unstable in organisational terms? Are they capable or incapable of exercising their authority in accordance with their freely adopted constitutions so as to uphold their pledge to honour the NWAs once ratified? If not, what assistance do they need to enable them to do so?

The ICTU and the IEC now have the greatest influence on the process of general wage adjustment and more specifically on the system of wage-rounds. These labour market organisations exist above all else because their respective affiliates have differing views concerning the rate of increase in the general level of wages. Each continues to grow steadily and almost effortlessly. Yet each has important organisational and constitutional limitations. The ICTU's most relevant organisational limitations are aggravated by the activities and/or policies of unaffiliated unions. The wage policies and recruitment activities of such unions are such that they tend to cause disaffection among affiliates and among members of affiliates. For affiliates and their members who respect the NWA consensus do feel seriously threatened by the apparent ability of dissident unaffiliated unions to negotiate above-the-NWA

norm wage increases. The freedom enjoyed by such unions in this respect largely precludes the effective application of constitutionally legitimate discipline to disaffected minorities within affiliates by those affiliates, or to disaffected affiliates within Congress by Congress. This raises a question as to whether dissident minorities can be persuaded to accept the majority view which underpins the Congress consensus on wages. Here, as always in industrial relations, an appeal to reason must be the first resort. It is to such an appeal that the argument now turns.

Individual trade unions naturally give pride of place to their industrial methods and consider political activity to be of secondary importance. The exercise of industrial methods by individual unions (notably, collective bargaining and industrial action) presumes freedom from outside constraints including those created by the constitution and policies of Congress. Individual unions have, therefore, a natural aversion to such outside constraints. Yet if the industrial activities of individual unions fly in the face of public policy, they, alone, do not have such political influence as might forestall an aggressive legislative reaction. Such a reaction could adversely affect their immunities, their privileges, their standing in the community and/or the real value of their bargaining achievements. The IBOA (and the AWB) have proved this point several times over in the 'seventies. Most individual unions, therefore, realise that Congress alone can hope to defend them in these respects. However, Congress can only defend them if they respect the consensus position in respect of wage-round/NWA norms. If such considerations persuaded dissident unions to fall in with the consensus view as given clear expression in the Congress ratification of NWA terms then no further action would be required on their account.

Yet such reasoning may not prevail. Such dissident unions may decide to go on defying the democratically established majority view in favour of NWA terms. If this happens then, as long as the NWA consensus remains a pillar of public policy, other consequences must logically follow. For governments should not merely foster the main elements in their policies, they should also defend them against attack. Of course this is not to suggest action which might quickly lead to the imprisonment of militant dissidents. The course of least risk and potentially best effect would focus, not on the dissidents, but on the environment in which they operate. By various means, outlined in Chapter 8, such a course would seek to make life for those unions and individuals who defy public policy so difficult that they would eventually fall in line with the consensus position.

On the employer side somewhat similar considerations are relevant. The IEC and its constituent federations are concerned to build and preserve their organisational strength as a defence against economically untenable union

wage demands. Here, too, organisational limitations give rise to constitutional problems. Some employers may decide to stay out of federations or they may decide to urge their federation to stay out of the IEC (and/or the ELC) in the belief that they can then legitimately adopt "an attitude of not being bound" by the NWAs. However, successive governments have made it clear that such an attitude is certainly not acceptable in public policy terms. Here, too, one must begin with an appeal to reason. Such employers might be persuaded that their corporate strategy should give way to the public policy which presumes their adherence to the terms of successive NWAs. If they are not so persuaded other employers sharing their local labour market may be forced to pay above-the-norm increases merely to retain their workforce or to maintain industrial peace. Consequently, an attitude of not being bound by NWAs, could, if unchallenged, prove cumulative. It could then seriously erode the general employer (and union) commitment to NWAs.

Yet here, too, an appeal to reason may fail. If it does public policy must then be defended by other means. The reference, at least in major cases, of suspect offers or settlements by dissident (non-federated) firms to the Labour Court by the Minister for Labour could provide both the measurement and publicity which should precede corrective action. If the Court's report revealed a breach then various measures, including legislation such as that used in respect of the banks, could be taken to ensure compliance with the procedural and substantive norms of the NWA in question. As on the Congress side the penalties for non-adherence to federation policy or even for breach of federation rules are very slight, short of expulsion. If applied to the point of expulsion they leave the expellee free to disregard all interests but his own. However, if dissident non-federated employers were managed in the manner just outlined, member firms would be more inclined to self-discipline and so less inclined to stray from federation and public policy as set down in the NWAs.

2. The NWA Norms: Their Foundations, Functions, Limitations and Wider Significance

The second set of questions posed at the outset concerned the concept of the norm. Why has the norm dominated all other aspects of each NWA? What strengths and shortcomings do NWA norms appear to have? Do NWA norms have a wider significance for economic and social development? What action is required to maintain and improve them?

The concept of a norm — defined as a rule, a standard or a pattern of action — has been the pivot on which the NWAs have turned [1]. Between 1970 and 1976 more and more employees joined trade unions while more and more employers joined federations. At the same time more unions and

federations joined Congress and the Confederation. It seems plausible to argue that these trends are largely due to the fact that accelerating change in a turbulent economic environment makes for uncertainty. Uncertainty engenders feelings of powerlessness and normlessness. Adherence to a labour market organisation helps to alleviate feelings of powerlessness. For collective bargaining by a bargaining unit comprising such organisations presupposes equal advantage for all in any agreement which is anticipated. This in turn alleviates feelings of normlessness. To operate as a national-level bargaining unit Congress had to negotiate a norm of some kind. The only norm which it could hope to negotiate was a general "wage increase norm". By 1970 general wage increases had become locked into a twenty-five year series of wage-rounds. In the circumstances it is not surprising that since 1970 Congress has opted to negotiate for NWAs based on the notion of an explicit numerical wage-round norm.

The earlier review of the functions of NWA norms must now be recalled briefly. To begin, NWA norms have had remarkable success in restoring temporal order to the wage-round system. It would be difficult to overstate the importance of this achievement as temporal order is a prerequisite for substantive and procedural order in the process of general wage adjustment. Secondly, NWA norms have eliminated wage league table competition from the process of fixing wage-round norms. This facilitates the assessment of alleged anomalies (disputed specific wage relativities) on their merits in a stable setting. Thirdly, under the heading of general wage relativities, NWA norms have maintained an admittedly uneasy balance in the relationship between the higher-paid-generally and the lower-paid-generally. Fourthly, under the heading of real wages (or relative sectoral income shares) NWA norms, through their indexation and other provisions, have attempted to maintain a balance between the income shares of employees generally and other broad groups of income recipients.

Several serious limitations of the NWA norms weigh heavily against the foregoing advantageous functions. First, the struggle between the lower-paid-generally and the higher-paid-generally has imported a number of inflationary biases into the NWA norms. Secondly, reference must be made to the overall rates of wage increase which Congress has claimed in the early stages of successive NWA negotiations. These seem, in a sense, to represent the highest common factor of claims made or mooted prior to NWA negotiations by its affiliates. The fact that such affiliates are in competition with non-affiliates and among themselves for members probably helps to generate higher union claims and hence higher Congress claims than might otherwise be the case. Thirdly, there is a tendency for the optics of one NWA norm to influence the level of the next NWA norm unduly. This

makes it difficult to adjust the overall level of successive norms downward in response to adverse (or favourable) changes in national economic circumstances. As a result the level of first phase increases has tended to be higher than it might otherwise have been. This inflationary tendency has been compounded by second phase indexation provisions based on the wage level produced by, and the period of, the first phase. Finally, and more generally, the sustained high levels of unemployment suggest that the foregoing flaws have helped to push up average wages at the expense of those who have become unemployed, or who have never found employment, or who have been forced to emigrate to work.

Having reviewed the foundations, functions and limitations of NWA/wage round norms, one must next consider whether the pursuit of a normative order in respect of pay determination can be viewed as having any wider significance or justification. It can be argued that it has. In this regard the notion of a normative system elaborated by Flanders and Fox is pertinent. These authors have argued as follows. The significance of normative systems in human affairs is bound up with the concept of social order. Groups operating within a stable and agreed set of norms have reference points by which they can judge between the possible and the impossible, what is just and unjust, legitimate claims and hopes and those which are immoderate. In other words an accepted normative system provides a framework of constraints within which aspirations, which might otherwise be unlimited, can be shaped with some concern for economic possibilities and social proportion. Order in itself may not be the highest economic or social good and no normative system can be regarded as sacrosanct. However, society cannot exist without normative regulation for the enactment of social order. It depends on such regulation for the integration and predictability of expectations and behaviour. A substantial measure of order is, therefore, an absolute prerequisite for economic advance and harmonious social adjustment. To the extent that the necessary normative regulation is lacking, or is weakened, or is threatened with collapse, disorder becomes manifest in unpatterned behaviour. This leads to an undermining of integration and predictability in social action and events. Disorder then emerges as dislocation, disruption and a variety of symptoms associated with frustrated expectations [2].

Whether one accepts this viewpoint or not it is clear that this Flanders/Fox perspective illuminates both the content and wider context of NWAs. With that perspective one can readily appreciate why the ELC has endeavoured to bring temporal, procedural and substantive order to the process which determines relative (wage) shares. Equally one can understand why the ELC must also, in the last analysis, have regard to other sectoral income shares.

It therefore seems reasonable to suggest that the pursuit of NWA norms is

part of a wider struggle to maintain a more general normative order. For this reason alone, unions, employers and governments can argue with some conviction that they were well-advised to persist in this endeavour. However, it is clear that the substantive NWA norms have been gravely flawed. If allowed to persist these flaws will almost certainly result in the cumulative erosion of the NWA system. For this reason sustained efforts are now needed to redress their shortcomings if the parties wish to preserve the NWA system.

Several recommendations are now made to this end. First, every effort should be made to preserve temporal normality if only because it is a prerequisite to substantive and procedural normality. Secondly, the objective should be to achieve a continuing series of two-phase agreements of about one year's duration, or slightly more. Thirdly, the tendency to use mainly percentage norms which has emerged in recent years should be continued (see footnote to page 172). To the extent that pure percentage norms are adjusted in favour of the lower-paid a balancing bias against the higher-paid is necessary. However, the record of the 'seventies shows that neither type of bias has much hope of further enduring effect; both are therefore likely to be futile. Fourthly, the first phase should relate more directly to the anticipated trend rate of national productivity increase, due allowance being made for terms of trade effects; the second phase should relate more explicitly to inflation measured *ex post* so as to provide an agreed and necessarily limited and diminishing response in this regard. Finally, normal on-going change should be generally defined by the ELC and be agreed to at firm level in return for payment of these phases.

3. *Settlements Below-the-Norm*

The discussion now turns to a consideration of the NWA enabling and procedural norms which governed departures below and above the substantive NWA norm. The third set of questions posed at the outset related to the notion of legitimate below-the-NWA-norm wage increases. Why, how, and to what effect has a sub-system of procedural norms developed in this respect and what changes might be recommended for the future?

The short answer to the first point is, of course, that in the absence of such a procedure covering below-the-norm cases the substantive norm would come under severe downward pressure. For if employers could unilaterally decide on their ability-to-pay they would tend to base their case on their views as to what constituted adequate profitability. Their views as to what constituted adequate profitability (as a return on capital, as a reward for risk and as an increasingly important source of investment finance) would tend to be greater than that which trade unions would find acceptable. Consequently, as one union official put it, the floor provided by the NWA norm

would tend to cave in. However, as few unions could afford to acquiesce in such a collapse industrial conflict (and perhaps above-the-norm post-conflict settlements) would tend to ensue. In such circumstances the NWA norm would lose its appeal to unions and employers alike.

Although originally an employer idea, the notion of pleading inability-to-pay has proved to be of considerable benefit to employees generally. For it has served to reduce downward pressure on the norm to almost negligible and almost totally transient proportions. However, by sacrificing the liberty of individual employers to some extent in this respect the employer organisations have helped to ensure extensive industrial peace in respect of the wage-round norm. For all these reasons it would be impossible to envisage any succession of future NWAs which did not include some provisions of this type.

Before concluding this section it is appropriate to note (as many union spokesmen have done) the following asymmetry. Employers can settle below-the-norm (by pleading inability-to-pay) when profits are inadequate, yet employees cannot seek to settle above-the-norm when and simply because profits are more than adequate. The writer does not believe that employees should be enabled to claim above-the-norm increases merely for this reason. Rather supra-normal profits (if sustained) should be allowed to attract new firms into the industry so creating more employment. While if such profits are of the one-off (or wind-fall) variety they should be subject to special taxes and so serve the common good.

Two recommendations are made for the future. First, the Labour Court and its assessors should pay more definite attention to the possibility of linking a review of an employment's potential for improved productivity to any decision to recommend the deferred payment of NWA terms on foot of a plea of inability-to-pay. Secondly, where a whole industry seems to be in difficulties an industry-wide plea should be possible on the basis of an independent economic and financial report commissioned by the Labour Court.

4. Settlements Above-the-Norm

The fourth set of questions concerned the NWA rules governing above-the-NWA-norm wage increases. Why was it felt necessary to have enabling clauses and procedural norms in this respect? How have these norms operated in practice? What are the implications of past experience for future policy?

It must be said at once that the problems encountered on the upper side of the NWA/wage-round norm have been far more pervasive, more cumulative and more threatening to that norm than those on the lower side. Figuratively speaking, it has always seemed more likely that the roof would be blown off than that the floor would cave in. Three problem areas arose under this

heading, namely, productivity agreements, anomaly settlements and non-wage conditions of employment. These are now considered in turn.

It was recognised from the outset that it would be economically unthinkable to deny the freedom to negotiate genuine above-the-norm productivity increases. Yet it was equally clear that productivity bargaining would threaten the NWA norm unless the above-the-norm wage increases involved were matched by duly validated increases in pre-existing work standards. Something-for-nothing for one group would inevitably lead to expectations of something-for-nothing for other groups. It was, therefore, natural that such negotiations and agreements would be made the subject of procedural norms and criteria. In this regard the main conclusion of this study was that the failure to develop stable criteria, systematic reporting and thorough assessment procedures, together with the even more crucial tendency to treat these three as alternatives rather than as complements, has placed some avoidable strains on the NWA norm. It would appear that the ICTU and the IEC have deliberately stayed at arm's length from these issues because each lacked the will or capacity to draw such constraints more tightly on their less committed affiliates for fear of losing them.

Three recommendations emerge under this heading. First, more stable criteria should be developed for productivity bargaining. Secondly, there should be a definite obligation to refer all significant proposed productivity agreements to the IPC for assessment prior to implementation. Thirdly, the data so generated should be analysed so as to improve productivity bargaining criteria over time. In this last respect there is now a most urgent need to devise procedures that will ensure that above-the-norm productivity wage increases relate only to significant increases in employees' work input and that employees, employers and the consumers share equitably in the benefits.

Anomalies are the second major category of above-the-norm increase. They arise because the aspirations of many bargaining groups stretch beyond the security and equity which the NWA/wage-round norm provides. For in addition to the concept of a "fair share" in the growth of national income there is an almost equally powerful notion that comparisons made with other groups in the same occupational class can justify claims for similar wage rates. Enough has been said about the social psychology of occupationally-based comparisons to show that they simply cannot be ignored. However, it is now clear that the ELC response to these issues has been less than adequate.

The NWA anomaly criteria have been both unstable and indiscriminate as to their economic implications. Reporting has usually been optional. Assessment has been confined to those cases which have come before the Labour Court or an Arbitration Board. These serious shortcomings have almost certainly converted significant numbers of unwarranted claims into

unnecessary and possibly unsustainable settlements. At the same time, the problem of anomaly or special increases for public service pay groups has become acute. In this regard the Minister for Finance stated in his 1981 Budget speech that above-the-NWA-norm increases in the public sector cost the Exchequer more than the NWA norms themselves in 1979-1980 [3]. This previously unimagined result appears to be due largely to the fact that external comparisons and internal relativities are used indiscriminately by a steady stream of public service groups in investigations by Special Commissions or Review Bodies, in the C & A Schemes or at the Labour Court, and even in negotiations with individual government Ministers.

The recommendations made in respect of productivity bargaining (stable criteria, mandatory reporting, systematic assessment and further research on the data so accumulated) apply equally to anomaly claims. Secondly, the tendency for intra-occupational wage comparisons to become economy-wide in scope must be reversed. Such comparisons should at least be delimited by industrial or trade boundaries. This would allow the going rate for a particular class of labour to vary as between one industry or trade and another. This would at least recognise the fact that different industries and trades do indeed vary greatly in terms of ability-to-pay. Thirdly, a study of all special public service pay claims and settlements since 1970, noting in particular the extent to which fair external comparison and traditional internal relativity have been used by each public service group, should now be viewed as a most urgent necessity. Fourthly, new rules should be devised to ensure that any anomaly claims pending are tabled before payment of the norm, and are debarred thereafter by a local level "no claims clause" for the period of the NWA. Without some such provision an NWA norm is unlikely to be a norm in any real sense. Fifthly, and more generally, all major anomaly claims should be subject to the principles of "measurement and publicity" [4].

When one turns to claims for above-the-norm treatment by way of improved non-wage conditions of employment one encounters a striking contrast. For here occupation (and indeed all characteristics other than the labour force status label "employee") is considered irrelevant by Congress. Here the maxim is equal treatment for all. Yet here, again, there is an upward bias without any balancing downward bias. Indeed, there is a double upward bias. For while some groups seek to level up to undefined pension, sick pay and other norms, other groups already very well served in these respects pursue even greater benefits under these same headings. As a result the norm for each condition of employment is being pushed up from below and pulled up from above.

Reference must also be made to the popular assumption that wage or non-wage anomalies (or "inequities") can be eliminated at little or no cost. This

is a dangerous fallacy. It tends to result in the elimination of some anomalies and the creation of others with almost equal abandon. The present ELC tendency to allow affiliates to work behind confusion in this respect is understandable. However, that tendency is likely to be cumulatively counter-productive in the years ahead. For the substantive norm cannot survive as such if steadily increasing numbers of bargaining groups view it not as a norm but as a prelude to further demands which appear to need less and less justification.

The main recommendation here is that the relevant data be collected and analysed so that the normality aspired to in Congress policy, but largely absent from Congress and employer practice, can be rationally discussed as a first step towards more coherent policies.

5. Procedures for Conflict Avoidance

The fifth set of questions posed at the outset related to the NWA rules for conflict avoidance. Why were some areas of potential conflict tackled directly by the ELC while others were relegated to local bargaining? Why were these latter distributed through different procedural channels? What has been achieved and what major limitations remain?

By negotiating a wage-round norm the ELC eliminates the area of by far the greatest conflict potential at a stroke. Neither decentralised bargaining nor wage legislation could hope for such a sustained record of industrial peace in this particular regard. The ELC retained the task of interpretation of NWA terms and used it coherently to considerable, though largely unpublicised, effect. This must be adjudged a wise decision. It recalls the point made by Flanders:

... the great attraction of collective bargaining and the main reason for the priority accorded to it over other methods of job regulation in most democratic countries lies in its rules being jointly agreed. . . . This makes for a readier acceptance and observance than when they are imposed unilaterally by one side or by some external authority such as the State [5].

Quite apart from the evidence referred to below it is difficult to imagine how rules of similar intent but different origin to those in ELC agreements and interpretations could ever command the same respect.

The task of applying NWA rules was allocated to the traditional mediators, most notably the Labour Court. Mainly for practical reasons we concluded that the ELC was right to avoid any involvement with the application of the NWA rules in so far as they related to substantive matters of fact in particular

cases. Besides, when the rules are jointly determined and jointly interpreted the prospect of their application by the Labour Court being effective is enhanced. The Court has operated to good effect in a substantial majority of NWA-related cases brought before it. There is clear evidence (summarised earlier in tabular form) that the proportion of its recommendations accepted by both sides was significantly higher in the early 'seventies than had previously been the case.

Five recommendations are made for the future under this heading. First, the Court should resist political pressure to act against its better judgement — especially in highly visible disputes in essential services. Members of the Labour Court would be better placed in this regard, if their contracts were similar to those held by members of the judiciary. Secondly, the Court should record the main reasons for its decisions — at least for later release and/or publication. Thirdly, the Court should monitor events in all of its cases to finality — especially when its recommendations are rejected. Fourthly, the present multiplicity of mediators (Commissions, Review Bodies, Arbitrators, Ministers, etc.) in the public sector should be rationalised by the establishment of a new public service division of the Labour Court. The present arbitrator might act as Chairman at least for a transitional period. Fifthly, and finally, the various divisions of the Court should continue to maintain the closest possible liaison with each other.

6. *The Role of Government vis-à-vis NWA Norms*

The sixth set of questions posed at the outset concerned the Government's recent and possible future roles *vis-à-vis* the determination of NWA norms. The previous chapter concluded that voluntary and statutory guidelines, prices and budgetary policies and macro-economic policies generally are unlikely to prove more effective in the future than they have in the past in this respect. Yet, as Lindbeck states, the determination of relative income shares is a "really crucial issue" which can make stabilisation policy unworkable.¹ So government must, perforce, go on trying to devise methods and procedures which will bring the aggregate of money income shares achieved closer to the aggregate of real income available for sharing.

The task confronting government in this respect is immensely complex. For it must strive for solutions which are at once constitutionally legitimate, economically viable and politically tenable. The present research cannot offer definitive guidance in this regard as it has not undertaken a detailed observation of tripartitism in the late 'seventies. Such observation (along the lines of our earlier case studies) is essential to the full analysis which must

1. See reference [7] Chapter 2 above.

precede final policy formation. Nevertheless, the present research does permit a brief review of the issues which are now emerging. This may help to identify, in an admittedly tentative way, the options which seem most coherent and viable.

Broadly speaking the Government has three options in respect of participation in NWA bargaining. It can sit at no bargaining table, or at one, or at two. The experience with each of these options is now recalled briefly in turn. In the decades up to 1970 the Government exercised its constitutional prerogatives in the budgetary sphere with evident independence. In that period it was not involved at any bargaining table. However, when the process of decentralised bargaining was beset by cumulative disorder in the late 'sixties the Government felt powerless to influence wage developments. It felt that this was an economically and politically untenable position. So in 1970 the Government, as employer, joined the ELC. The NIEC recommended this step. It did so not on the grounds that government would thereby restore order to the wage-round system — the NWAs were intended to achieve that in any case — but on the grounds that, as the largest employer, it should have a decisive restraining effect on the level of NWA norms negotiated by the ELC. However, in the period from 1970-1976 it had no such influence (the re-negotiation of the 1975 NWA was induced through fiscal action by the Government as such outside the ELC). Meanwhile, the ICTU and IEC were pressing the Government to make budgetary concessions through the bargaining process. This, it was argued, would result in more reasonable NWA norms.

So in 1976 the dichotomy between the Government as such and as employer was more sharply drawn with the emergence of tripartite/bilateral bargaining. In this the Government, as employer, remained at the ELC bargaining table, with Government as such simultaneously sat at a new bargaining table with Congress. In this new context the above-mentioned dichotomy has some extraordinary bargaining and budgetary implications. The bargaining implications are considered first. On the one hand, Congress offers the prospect of industrial peace to Government as such at the Congress/Government bargaining table: In return Congress obtains significant tax, social welfare and other concessions. On the other hand, Congress offers the same promise of the same industrial peace at the ELC bargaining table and thereby obtains significant wage increases. Consequently, the Government (as employer) is left with little option but to agree to proposed wage-round/NWA norms which have very large consequences for its payroll, its budget and its finances generally. This despite the fact that it has already bartered much of its ability to finance such norms at the first-mentioned table. As to its budgetary implications, the dichotomy serves to sustain the illusion that the Government as employer has, or earns, substantial income which is quite

distinct from the income which the Government as such acquires by way of taxation. It has not. Thus the Government must attempt to survive by robbing Peter to pay Paul. This is especially difficult when, as is so often the case, Peter (the wage earner) and Paul (the taxpayer) are one and the same person. Under pressure to honour both commitments (to cut taxes and increase wages) it has little option but to resort to borrowing to finance current expenditure. These developments help to explain why taxation policy has become so unsettled, why current deficits have reached and remained at alarming proportions of GNP and why the national debt has reached unprecedented levels in the period 1977 to 1980.²

On the budgetary front decisive tax reform now seems essential. For government cannot govern if it cannot exercise its constitutional right to levy taxes to the extent necessary to restore order in the public finances. If this right is exercised openly and explicitly it is less likely to be exercised unreasonably. It is therefore less likely to be challenged by various interest groups. In recent years, however, (as reported in our case studies) Congress Conferences have repeatedly heard delegates protest that the Government tries, not merely to increase its income share by raising more tax revenue, but worse, that it tries to do this by stealth (for example, see page 126 above). In short the Government's own demands are condemned as immoderate while one of the principal means of realising them — fiscal drag — is condemned as surreptitious. In these circumstances it is scarcely surprising if government appeals for moderation in wage claims are largely ignored. Thus, the indexation of tax-free allowances and tax bands may now well be a necessary (although not necessarily a sufficient) condition for greater wage moderation. However, it must be emphasised that such indexation will have to be accompanied (at least for a period) by substantial increases in tax rates (or cuts in tax-free allowances) if the dramatic increase in public sector borrowing in recent years is to be redressed.

In political terms the indexation of tax-free allowances and bands has the merit of being uncontroversial.³ Congress, as a matter of policy, seeks it; the employers have raised no objections. The party presently in power moved a motion to this end when in opposition in 1974/75 [7]. The main opposition party has proposed a motion to this effect since it fell from office in 1977

2. The current budget deficits as percentages of GNP since 1975 have been as follows: 1975 (7%), 1976 (4.5%), 1977 (3.8%), 1978 (6.4%), 1979 (7.3%) and 1980 (6.6%) (1980 estimated) [6]. See also footnote 16 on page 185 above.

3. The Deputy Leaders (and Finance spokesmen) of the Fianna Fáil, Fine Gael and Labour Parties have each (when in opposition) urged this course so eloquently in the Dáil that further comment here would be superfluous (see References [7] and [8] above.) See also *Personal Income Tax and Inflation — The Case for Indexation*, Institute of Chartered Accountants, Dublin, May 1977 and F.S. Ó Muircheartaigh "The Changing Burden of Personal Income Tax", SSISI, Proceedings 1976/77.

and has given a commitment to such indexation on its return to power [8].⁴ The Central Bank has considered and has not ruled out such a policy [9]. The IMF is reported to have recommended steps in this direction [10].

So much for government action on the budgetary front. What action, one must now ask, might the Government take on the bargaining front? Here one must start with the established fact that since 1970 Governments have persistently declared themselves in favour of the NWA approach as a matter of policy. However, Government can only hope to have a NWA as long as Congress believes the Government will honour NWA terms. As this last point is a prerequisite for the above-mentioned Government policy, the Government, it would seem, must be involved in the NWA negotiations. For if it were not involved, it would, in effect, be bound in advance by its policy to meet the NWA terms without being in a position to influence the cost to the state of meeting those terms. Given the extent to which public service pay dominates the public finances this would pose considerable constitutional and financial difficulties.

If the Government decides to participate in the negotiations one must next ask how it might participate. If, as in recent years, the Government as employer negotiates on wages in the ELC, while the Government as such negotiates "off stage" on taxation, there can be little prospect of coherent national wage bargaining or realistic budgetary policy. For it would be unrealistic to suppose, that Congress, in such a setting, would not seek to play each of its bargaining partners off against the other to its own advantage (see foot of page 82 above). This suggests that the Government — having conceded the indexation of tax-free allowances and tax bands — should only participate as part of the employer side. If it did this, then assuming (as one must) that the Government had a predetermined plan for the restoration of order in its finances (by increasing tax rates substantially for a specified period of years) the point at which it would have to indicate its best and final offer could emerge *privately within the employer side of the ELC*. That offer could then be put forward *as the final offer from the employers' side of the ELC*.

The ICTU and the IEC negotiators would then have to decide whether or not to put the final offer to a ballot. In making this decision they would, of course, realise that a refusal to hold a ballot could lead to wage/price legislation or a wage/price free-for-all. But the negotiators know that, on the evidence of the 'seventies, the majority of their constituents would prefer to avoid such consequences. So the final proposal would almost certainly go to a ballot with or without a recommendation. Then at least, and at last, responsibility for the decision to be made would fall decisively where it

4. This draft was written prior to the General Election of June, 1981.

belongs, namely, with the general body of union and federation members. This course, as Phelps Brown has so cogently argued, seems to offer the only hope that good sense and commonsense will prevail [11]. If, on the one hand, acceptance followed, the general body of employees could then expect the Government to ensure that *all* other sectors matched their self-discipline on the incomes front. If it failed on this count the Government could scarcely hope for further NWAs. Even if it did obtain them but failed to ensure that other non-wage income groups exercised equal moderation then it might well face electoral sanction. If, on the other hand, rejection followed, the Government and the employers could then review the remaining options including those cited below.⁵

It can, of course, be argued that there are many hazards for government in what has now been proposed. Of course there are. It is hoped, therefore, that it will encourage a new and more extensive debate on these vital issues so that all the alternatives, which might better serve the national interest and the sectoral interests whose future is so heavily dependent on cohesive national progress, may be fully articulated.

7. Decentralised or Centralised Wage Bargaining: the Balance of Advantage

This chapter began by taking the demonstrated union, employer and government preference for centralised wage-round bargaining as given. Before concluding one must ask whether this preference is well-advised, given the balance of actual and potential advantage and disadvantage as between decentralised and centralised wage-rounds. This was the seventh question posed at the outset. The following table presents a summary balance sheet which, it is hoped, will facilitate a judgement as to which approach is, or might be made, most advantageous or least disadvantageous.

General conclusion

This study has focused on the pursuit, since 1970, by unions, employers and government, through the diplomatic use of power, of procedural and substantive normality in the field of wage income distribution. In considering these matters and the inter-relationships between them one realises that, almost imperceptibly, a new era has dawned. For the concept of economic equilibrium (reached through the balance of supply and demand in the labour market) has recently been challenged by, and forced into a concordat with, the concept of equity equilibrium (achieved through the balancing of the

5. It could be argued that the Government could, or would, never be prepared to risk a breakdown by making a final offer – but this argument borders on the absurd. If there were a breakdown the Government could legislate for a short period (as it proposed in 1970) or it could allow a free-for-all with a moderate predetermined and/or deferred public sector norm (as it proposed in 1979) [12].

Table 30: Summary of the actual/potential advantages and disadvantages of centralised wage-rounds (NWAs) and decentralised wage-rounds

Heading	Option	A system of centralised wage-rounds (NWA)	A sequence of decentralised wage-rounds (free-for-all)
<i>Power factors</i>			
(a) Organisational matters		Prompts increased rate of unionisation and federation while minimising inter-union competition	Prompts increased inter-union competition
(b) Constitutional matters		Increases influence and authority of central bodies which is a prerequisite to jointly-agreed national-level procedural rules for the management of the process which determines relative income shares	Decreases influence and authority of central bodies; destroys the possibility of such jointly-agreed national-level procedural rules
<i>Wage-round norms</i>			
(a) Temporal order		Has been achieved and can be maintained	Would be lost and could not be recovered
(b) Level of norm		Has been related to some extent to national economic circumstances. Some potential for improvement	Little relationship with national economic circumstances. Little potential for improvement
(c) Real wages		Reasoned and ordered response to inflation can be attempted. Such serious flaws as exist are probably capable of some improvement	No reasoned or ordered general response to inflation is possible
(d) General wage relativities		Has stabilised general wage relativities. Powerful stabilisation of specific competing claims. Serious flaws but capable of improvement	Future effect on general wage relativities uncertain. Specific competing claims encouraged. Improvement most unlikely
<i>Below-the-norm</i>			
		Powerful automatic safeguards for (organised) employees. Some temporary relief to some employers	No automatic safeguard for any employees. Possible temporary relief for some employers
<i>Above-the-norm</i>			
(a) Above-the-norm pure and simple		Frequency and size of such settlements might be reduced	No limit on the frequency and level of such settlements
(b) Productivity agreements		Erratic variation of criteria/reporting/assessment provisions. Some improvement is possible	Impossible to manage hence high risk of abuse and of anomaly creation
(c) Anomaly wage agreements		Unstable/unrealistic definition of anomalies, weak reporting and assessment provisions. Public sector "out of control". Some improvements may be possible	No general application of a standard definition of an anomaly is possible. Public sector might be easier to control
(d) Conditions of employment		Systematic approach towards standardisation may be possible	No systematic approach is possible

Table 30: (*Cont'd.*)

<i>Conflict Avoidance</i>	Various procedures, criteria and methods jointly agreed at national level have been developed to considerable effect. Further improvement possible	No standard jointly-agreed procedures are likely to be fixed at national level. Local level procedures may be more prone to breach. General improvement unlikely
<i>Government</i>		
(a) Voluntary guidelines	Voluntary wage-round guidelines ineffective	Voluntary wage-round guidelines ineffective
(b) Legislated guidelines	The risk of general wage legislation being forced on government is probably reduced	Substantial risk that government will be forced into general wage legislation
(c) Prices policy	Price control has some limited restraining effect on wage trends	Price control likely to have less restraining effect on wage trends
(d) Budgetary policy	Budgets have been distorted by NWAs. Some budgetary freedom might be restored	Budget appears to be more independent of the wage-round
<i>Resource allocation/misallocation</i>	Effects not yet known. Neither precludes nor guarantees allocational function of wages	Effects not yet known. Neither precludes nor guarantees allocational function of wages

power of bargaining groups in the labour relations system). As a result both labour economics and labour relations have been forced into new and still unfamiliar moulds.

This new and still unstable system can justly be called a system of 'economic relations'. The NWAs have played a central role in this continuing transformation. They have attempted to harness forces which may otherwise be ungovernable in a highly unionised democracy. They have had some notable achievements but on the evidence of this study they are gravely flawed and prone to erosion and decay. For this reason they may soon be abandoned. However, before a decision to this effect is taken every effort should be made to develop their strengths and minimise their limitations. For in the context of today's economic and social order the only other possibilities look equally forbidding. Decentralised wage-round bargaining, especially with high expectations, rapid inflation and slow growth, may prove little better than the law of the jungle. Legislated wage-rounds may lead to a jungle of law. Neither is likely to provide a tolerable and durable alternative.

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APPENDIX A:

Summary of the terms of the National Wage Agreement

(A) Payment of the NWA

Heading	Agreement	NWR 1964		NWA 1970		NWA 1972	
(A) Payment of the Standard NWA increases	Clause Ref.		Clause Ref.		Clause Ref.		Clause Ref.
Phase I	1	12%	3(a)	£2.00	3(a)	9% on first £30.00 7½% on next £10.00 4% on remainder	3(d)(i)
Floor	1	£1.00 (flexible)		None	3(a)	£2.50 to £2.70 (male) £2.25 to £2.45 (female)	3(d)(i)
Ceiling	4	£3.46 (firm)		—		None	
Shortfall	3	Possible — but vague		Possible, no criteria or procedures specified but see (B) below		None	
Duration (months)	9	30	3(a)	12	3(a)	12	3(d)(i)
Phase II		No Phase Two	3(b)	4%	3(b)	4%	3(d)(iii)
Floor				None		None	
Ceiling				None		None	
Shortfall			3	Possible, no criteria or procedures specified but see (B) below		None	
Duration			3(b)	6	3(b)(i)	6	3(b)(d)
Indexation			3(c)	15pppp rise in CPI over 4% in first year; paid with Phase II above	3(b)(ii)	16 pppp in rise in CPI over 4% in first year; paid with Phase II above	3(e)
Females		Not mentioned	3(a)	85% of Phase I or higher if previously agreed; full Phase II	5-16	Detailed procedural provision for the removal of 17½% of male/female differential where both are doing "the same or similar work or work of equal value"	5-16
Total Duration (months)	9	30	3	18	3(g)	18 (reduced to 17 or 16 for late starters)	3

mm

NWA 1974		NWA 1975		NWA 1976
	<i>Clause Ref.</i>		<i>Clause Ref.</i>	
% on first £30.00	3(c)(i)	8% (=CPI rise in 3 months to mid-February 1975)	3(b)(i)	3% + £2
% on next £10.00				
% on next £10.00				
% on remainder + 60p				
£2.40 male	3(c)(ii)	£2	3(b)(ii)	£3
£2.40 female				
None		None	3(b)(i)	£5
None		None		None
3 months	3(c)	3 months	3(b)(ii)	5 months. Preceded by 2 month pause.
% + 60p	3(d)(i)	4% (or CPI Feb-May '75 if higher) Actually 5%		No Phase Two
None		£1		
None		5%		
None		None		
3 months		3 months		
% for each 1% over 10% rise in CPI in year to mid-Nov. 1974. Payable 3 months before termination	Phases III/IV	Quarterly CPI but without floor. Actually Phase III was nil and Phase IV was 2.8%		
	3(e)/3(f)	1% for 1% over 23% and up to 26% rise in CPI in year to mid-Nov. 1975, but amended above		
Detailed procedural provision for the removal of 33 1/3% of male/female differential where both doing "the same or similar work or work of equal value"	Revised	Detailed procedural provision for the removal of 33 1/3% of male/female differential where both doing "the same or similar work or work of equal value"		No equal pay clause
5				
12 months		12 months	3(c)	7 months

Agreement Heading		NWR 1964		NWA 1970		NWA 1972
	Clause Ref.		Clause Ref.		Clause Ref.	
(B) Non-Payment of the Standard NWA Increases		Not mentioned explicitly		Not mentioned explicitly		Mentioned explicitly
1. <i>Criteria</i>		None	4	Negotiators "shall have regard to the ability of industries/companies to absorb any increase in labour costs without impairing their competitive position or viability"	17	To apply "where firms or indu sider they are unable to apply . . . and remain viable"
2. <i>Procedure</i>	6	(i) Direct negotiations (ii) Conciliation (iii) LCR (non-binding)	4	Not specified but implicitly (i) Direct negotiations (ii) Conciliation (iii) LCR (non-binding)	17	Explicitly stated as follows: (i) Direct Negotiations (ii) Labour Court investigation: Th appoint an assessor (iii) Court recommendation (non-b have full regard to the conclus assessor who will consider the higher labour costs on employ economic prospects of the firm amine other matters cited by t
3. <i>Restrictions on industrial action</i>	6	(a) (i) Total ban on strike action prior to LCR (ii) No restrictions on strike action after LCR		(a) Not specified but implicitly; (i) Total ban on industrial action prior to LCR (ii) No restriction on industrial action after issue of LCR		Not specified but implicitly; (a) (i) Total ban on industrial action LCR (ii) No restriction on industrial ac LCR
(a) below-the-norm offers						
(b) above-the-norm claims	3	(b) (i) Total ban on strike action prior to LCR (ii) No restriction on strike action after issue of LCR	4	Explicitly stated; (b)(i) Total ban on industrial action in support of claims for amounts greater than standard increases	4	Explicitly stated; (b) (i) Total ban on industrial action of claims for amounts greater dard increases

ment of the NWA Norm

		NWA 1974		NWA 1975		NWA 1976
	Clause Ref.		Clause Ref.		Clause Ref.	
		Mentioned explicitly	6	Mentioned explicitly — plea to be made “as early as possible”	6(a)	Mentioned explicitly — plea to be made “as early as possible”
tries con- the terms	17	To apply “where firms or industries consider they are unable to apply the terms. . . and remain viable”	6	To apply “where the NWA terms would seriously affect viability <i>or</i> undermine competitiveness <i>and</i> lead to a contraction in employment”	6	To apply “where the NWA terms would seriously affect viability <i>or</i> undermine competitiveness <i>and</i> lead to a contraction in employment”
Court to	17	Explicitly stated as follows: (i) Direct negotiations (ii) Labour Court investigation: The Court to appoint an assessor (iii) Court recommendation (non-binding) “to have full regard to the conclusion of the assessor who will consider the effect of higher labour costs on employment, the economic prospects of the firm and other matters cited by the Court”	6/7	Explicitly stated as follows: (i) Direct negotiations and new suggestion for co-operation to offset cost of wage increases (ii) Labour Court investigation: The Court to appoint an assessor (iii) Court Recommendation “to have full regard to the conclusions of the assessor who will consider the effect of higher labour costs on employment, the economic prospects of the firm and other matters cited by the Labour Court”	6/7	Explicitly stated as follows: (i) Direct negotiations and suggestion for co-operation to offset cost of wage increases (ii) Labour Court investigation. The Court to appoint an assessor (iii) Court Recommendation “to have full regard to the conclusions of the assessor who will consider the effect of higher labour costs on employment, the economic prospects of the firm and other matters cited by the Labour Court”
inding) “to ons of the ffect of ent, the and ex- ne Court”						
rior to		Not specified but implicitly;		Not specified but implicitly;		Not specified but implicitly;
ion after		(a) (i) Total ban on industrial action prior to LCR (ii) No restriction on industrial action after LCR		(a) (i) Total ban on industrial action prior to LCR (ii) No restriction on industrial action after LCR	(a)	(i) Total ban on industrial action prior to LCR (ii) No restriction on industrial action after LCR
n support han stan-	4	Explicitly stated; (b) (i) Total ban on industrial action in support of claims for amounts greater than standard increases	4	(b)(i) Total ban on industrial action in support of claims for amounts greater than standard increases	4	(b) (i) Total ban on industrial action in support of claims for amounts greater than standard increases

Agreement		1964		1970		1972
Heading	Clause Ref.		Clause Ref.		Clause Ref.	
(A) <i>Payment of Transitional increases</i>		Not mentioned		Specifically mentioned		No provisions for payment of this type as such payments were deemed unnecessary
1. Criteria			5(a)	The norm for the 12th round where this round had not been paid		
2. Procedures				Direct negotiation		
3. Restrictions on industrial action			5(b)	LCR		
				As to legitimacy of 12th round claim. Peace obligation after LCR	As to the level of 12th round settlement. No peace obligation after LCR	
(B) <i>Non-Payment of Transitional increases</i>				Not mentioned		
(A) <i>Payment of Anomaly Wage Increase</i>		Not mentioned specifically	6	Specifically mentioned	18.19	Specifically mentioned
1. Criteria			6	An anomaly is defined as a difference in the rates of pay of groups whose "rates of pay have been related in the past"	18(a)	An anomaly is defined as a departure from a specific past relationship between pay rates where "the reasons for the relationship have not changed" or
					18(b)	An anomaly exists (i) "where rates of pay have fallen seriously out of line with the general level of rates for the same or similar work" or
					18(b)	(ii) where industry-wide agreements need to be amended to overcome local difficulties
2. Procedures			10	(i) Direct negotiations (ii) Conciliation (iii) LCR (non-binding)	19	(i) Direct negotiation (ii) Conciliation (iii) LCR (non-binding)
3. Restriction on Industrial Action			10	(i) Total restriction on all forms of industrial action prior to LCR (ii) Total restriction on all forms of industrial action after issue of LCR	26	(i) Total ban on all forms of industrial action prior to LCR (ii) Total ban on all forms of industrial action after issue of LCR

positional and anomaly increases

	1974		1975		1976
Clause Ref.		Clause Ref.		Clause Ref.	
	No provisions for payments of this type as such payments were deemed unnecessary		No provisions for payments of this type as such payments were deemed unnecessary		No provisions for payments of this type as such payments were deemed unnecessary
18.19	Specifically mentioned but anomalies to arise only in a limited number of cases in view of provisions of NWAs 1970 and 1972	8	Specifically mentioned. But in the light of the anomaly provisions of the NWAs 1970, 72, 74 "only cases of serious inequity" would justify the submission of cost-increasing claims	8	Specifically mentioned. But in the light of NWAs 1970, 72, 74 and 75 "only cases of serious inequity" would justify the submission of cost-increasing claims
18(a)	An anomaly is defined as a departure from a specific past relationship between pay rates where "the reasons for the relationship have not changed"	9(i)	No criteria specified but upper limit of 1½% on "all wage and conditions" claims from any group. (But see special provisions on some Conditions of Employment below).	9(i)	No criteria specified but upper limit of 1½% on "all wage and conditions" claims from any group. (But see special provisions on some Conditions of Employment below).
18(b)(i)	An anomaly exists "where rates of pay have fallen seriously out of line with the general level of rates for the same or similar work"	9(ii)	If 1½% is inadequate to remove the inequity, the Labour Court may award a higher figure	9(ii)	If 1½% is inadequate to remove the inequity, the Labour Court may award a higher figure
18(b)(ii)	or "where it can be shown that clear inequities or injustice exist because rates of pay are seriously out of line with the general level of rates for the same or similar work performed under the same or similar conditions or circumstances"				
18(b)(iii)	or "where industry-wide agreements need to be amended to overcome local difficulties"				
18(b)(iv)	"where the parties proposed to make an anomaly settlement under 18(b)(i) or 18(b)(ii) to employees who have had an anomaly increase under the 1970 or 1972 NWA prior approval by the Labour Court (or other appropriate body) would be required"	8/14	(i) Direct negotiation (ii) Conciliation (iii) LCR (non-binding)	9/10	(i) Direct negotiation (ii) Conciliation (iii) LCR (non-binding)
19	(i) Direct negotiation (ii) Conciliation (iii) LCR (non-binding)				
26	(i) Total ban on all forms of industrial action prior to LCR (ii) Total ban on all forms of industrial action after issue of LCR		(i) Total ban on all forms of industrial action prior to LCR (ii) Total ban on all forms of industrial action <i>except</i> where the LCR is not implemented	10	(i) Total ban on all forms of industrial action prior to LCR (ii) Total ban on all forms of industrial action <i>except</i> where the LCR is not implemented

(B) Non-payment of above-the-norm

Agreement		1964		1970		1972	
Heading							
	Clause Ref.		Clause Ref.		Clause Ref.		
(B) Non-payment of Anomaly Increases		Not mentioned	6	Specifically mentioned	19	Specifically mentioned	0
1. Criteria			6	As in Part One (B) 1 above	19	As in Part One (B) 1 above	19
2. Procedures			10	As in Part One (B) 2 (i)(ii)(iii) above	17	As in Part One (B) 2 (i)(ii)(iii) above	17
3. Restrictions on industrial action			10	As in Part One (B) 3 above	17/26	As in Part One (B) 3 above	17

WAs 1964-1976 (Part Two)

transitional and anomaly increases

	1974		1975		1976
Clause Ref.		Clause Ref.		Clause Ref.	
	Specifically mentioned As in Part One (B) 1 above As in Part One (B) 2 (i)(ii)(iii) above	6/7/15	Specifically mentioned As in Part One (B) 1 above As in Part One (B) 2 (i)(ii)(iii) above	6/7/15	Specifically mentioned As in Part One (B) 1 above As in Part One (B) 2 (i)(ii)(iii) above
26	As in Part One (B) 3 above	6/7/15	As in Part One (B) 3 above	6/7/15	As in Part One (B) 3 above

Agreement Heading		1964		1970		1972
(A) <i>Payment of Productivity related increases</i>	<i>Clause Ref.</i>	Not mentioned	<i>Clause Ref.</i>	Mentioned specifically None	<i>Clause Ref.</i>	Mentioned specifically (a) "a clear contribution by the workers towards increasing productivity and efficiency" (b) "no increase in unit costs" (c) "consequential cost increases elsewhere in the undertaking shall be taken into account" (d) "benefits to accrue for the development of the undertaking" (e) "participation of workers in the benefits of increased productivity"
1. Criteria					24	
2. Procedures			8.9	(i) Direct negotiations or (ii) Any other locally agreed procedure	22	(i) Direct negotiations or (ii) Any other procedure agreed by the parties
3. Restrictions on industrial action			8.9	(i) Total ban on industrial action and unilateral enforcement in support of claims for changes in existing incentive payment schemes or for the introduction of new IPS, flexibility or productivity agreements	23	Total ban on industrial action and unilateral enforcement in support of claims for changes in existing incentive payment schemes or for the introduction of new IPS, flexibility or productivity agreements
4. Reporting/Assessment					25	A copy of any productivity agreement <i>should</i> be sent to ELC Secretariat. No provision for assessment
(B) <i>Non-payment of Productivity related increases</i>		Not mentioned		Does not arise		Does not arise

ements 1964-1976: Part Two (continued)

on-payment of above-the-norm productivity increases

	1974		1975		1976
Clause Ref.		Clause Ref.		Clause Ref.	
4(ii)	Mentioned specifically (a) "a clear contribution by the workers towards increasing productivity and efficiency" (b) "no increase in unit costs" (c) "consequential cost increases elsewhere in the undertaking shall be taken into account" (d) "benefits to accrue for the development of the undertaking" (e) "participation of workers in the benefits of increased productivity"	18(iii)	Mentioned specifically (a) "a clear contribution by the workers towards increasing productivity and efficiency" (b) "no increase in unit costs" (c) "consequential cost increases elsewhere in the undertaking shall be taken into account" (d) "benefits to accrue for the development of the undertaking" (e) "participation of workers in the benefits of increased productivity"	18(iii)	Mentioned specifically (a) "a clear contribution by the workers towards increasing productivity and efficiency" (b) "no increase in unit costs" (c) "consequential cost increases elsewhere in the undertaking shall be taken into account" (d) "benefits to accrue for the development of the undertaking" (e) "participation of workers in the benefits of increased productivity"
3(i)	(i) Direct negotiations or (ii) Any other procedure agreed by the parties	18(i)	Direct negotiations with possible assistance by a third party	18(i)	Direct negotiations with possible assistance by a third party
3(iii)	If failure to agree on procedure the parties <i>should</i> seek the advice of a special committee of the ELC which <i>shall</i> recommend procedures	18(ii)	If failure to agree on a third party the parties <i>should</i> seek advice of "a special committee of the ELC which <i>shall</i> following consultation determine a procedure for resolution"	18(ii)	If failure to agree on a third party the parties to seek the advice of a special committee of the ELC which <i>shall</i> determine a procedure
3(iv)	Total ban on industrial action and unilateral enforcement in support of claims for changes in existing incentive payment schemes or for the introduction of new IPS, flexibility or productivity agreements	18(i)	Total ban on industrial action and unilateral enforcement in support of claims for changes in existing incentive payment schemes or for the introduction of new IPS, flexibility or productivity agreements	18(i)	Total ban on industrial action and unilateral enforcement in support of claims for changes in existing incentive payment schemes or for the introduction of new IPS, flexibility or productivity agreements
5	A copy of each productivity agreement <i>shall</i> be sent to ELC Secretariat. No provision for assessment	19	A copy of productivity agreements negotiated under Clause 18 " <i>shall</i> be sent to the of the ELC." No provision for assessment	19	" <i>Proposals for productivity agreements</i> which involve increases in pay over and above the pay increases set out in Clause 3 <i>shall</i> be referred to the (ELC) Steering Committee which <i>shall</i> make arrangements to have them examined and assessed expeditiously where it considers this desirable having regard to the above criteria. The proposals shall not be implemented before completion of this examination and assessment"
	Does not arise		Does not arise		Does not arise

(A) Agreement to grant above

(B) Inability-to-pay for above

<div>Agreement</div> <div>Heading</div>		1964		1970		1972
<div>(A) Alterations of non-wage conditions of employment</div> <div>1. Criteria</div> <div>2. Procedures</div> <div>3. Restrictions on Industrial Action</div>	<div>Clause Ref.</div> <div>5</div> <div>None</div> <div>None</div>	<div>The NWA was "made in the context of existing weekly working hours and annual leave entitlements"</div> <div>None</div> <div>None</div>	<div>Clause Ref.</div> <div>7</div> <div>7</div> <div>10</div> <div>10</div>	<div>Mentioned specifically</div> <div>(i) Conditions of employment to remain unchanged, <i>but</i>, (ii) Any party with "sound and valid reasons for seeking" change "may seek to negotiate"</div> <div>(i) Direct negotiations (ii) Conciliation (iii) LCR (non-binding)</div> <div>(i) Total ban on industrial action prior to issue of LCR (ii) Total ban on industrial action after issue of LCR</div>	<div>Clause Ref.</div> <div>20</div> <div>20(ii)</div> <div>20(iii)</div> <div>21(i) 26</div>	<div>Mentioned specifically</div> <div>Claims "may be made only w stances provide any party wit valid reasons for seeking char</div> <div>"Sound and valid" reasons ex (a) where no sick pay or pen exists or where they are "inac comparison with those of oth (b) "where standard hours e (c) "where conditions of em seriously out of line with exis standards"</div> <div>(i) Direct negotiations (ii) Conciliation (iii) LCR (non-binding)</div> <div>(i) Total ban on industrial a issue of LCR (ii) Total ban on industrial a issue of LCR</div>
<div>(B) Inability to pay for improved non-wage conditions of employment</div> <div>1. Criteria</div> <div>2. Procedures</div> <div>3. Restrictions on industrial action</div>		Not mentioned		Not mentioned	<div>19</div> <div>21(ii)</div>	<div>Specifically mentioned</div> <div>As in Part One (B) 1 As in Part One (B) 2 (i)(ii)(iii) As in Part One (B) 3 Also mentioned in a rather va viz. "regard shall be had to th position of the industry or fir the need to increase producti increases in labour costs"</div>

APPENDIX A:

ary of the NWAs 1974-1976: Part Three

-the-norm improvements in non-wage conditions of employment

-the-norm improvements in non-wage conditions of employment

		1974		1975		1976
	Clause Ref.	Mentioned specifically	Clause Ref. 8	Specifically mentioned, but in the light of NWAs 1970, 72, 74 "only cases of serious inequity" justifiable	Clause Ref. 8	Specifically mentioned, but in the light of NWAs 1970, 72, 74, 75 "only cases of serious inequity" would justify the submission of cost-increasing claims
here circum- h sound and ge"	20(ii)	Claims "may be made only where circumstances provide any party with sound and valid reasons for seeking change"	9(i)	No criteria specified but upper limit of 1½% on "all wage and conditions" claims from any group. But Labour Court may exceed 1½% if it considers this necessary	9(i)	No criteria specified but upper limit of 1½% on "all wage and conditions" claims from any group. But Labour Court may exceed 1½% if it considers this necessary
ist; sion scheme lequate by er workers" xceed 40"	20(iii)	"Sound and valid" reasons exist; (a) where no sick pay or pension scheme exists or where they are "inadequate by comparison with those of other workers" (b) "where standard hours exceed 40" (c) "where conditions of employment are seriously out of line with existing standards"	11	Foregoing rules do not prejudice discussions; (a) where no sick pay or pension scheme exists or where such schemes require amendment (b) "where standard hours exceed 40" (c) "where a condition of employment is seriously out of line with existing standards" (d) on any claim made and discussed under Cl. 18 (1974) prior 1.3.75 but not yet finalised	11 11	Foregoing rules do not prejudice discussion (a) where no sick pay or pension scheme exists or where such schemes require amendment (b) "where standard hours exceed 40" (c) "where a condition of employment is seriously out of line with existing standards" (d) on any claim made and discussed under Cl. 18 (1974) prior to 1.3.75 but not yet finalised
ployment are ting	21(i) 26	(i) Direct negotiation (ii) Conciliation (iii) LCR (non-binding) (i) Total ban on industrial action prior to issue of LCR (ii) Total ban on industrial action after issue of LCR	9 9(ii) 10 15/6(a)	(i) Direct negotiations (ii) Conciliation (iii) LCR (non-binding) (i) Total ban on industrial action prior to issue of LCR Total ban on industrial action after issue of LCR <i>except</i> where LCR is not implemented An employer can plead "inability to pay" if done "as early as possible"	9 9(ii) 10 15/6(a)	(i) Direct negotiation (ii) Conciliation (iii) LCR (non-binding) (i) Total ban on industrial action prior to issue of LCR (ii) Total ban on industrial action after issue of LCR <i>except</i> where the LCR is not implemented An employer can plead "inability to pay" if done "as early as possible"
ction prior to ction after						
	19	Specifically mentioned As in Part One (B) 1 As in Part One (B) 2 (i)(ii)(iii) As in Part One (B) 3	15	Specifically mentioned As in Part One (B) 1 As in Part One (B) 2 (i)(ii)(iii) As in Part One (B) 3	15	Specifically mentioned As in Part One (B) 1 As in Part One (B) 2 (i)(ii)(iii) As in Part One (B) 3
gue way here; e economic m . . . and to vity to offset	21(ii)	Also mentioned in a rather vague way here; viz. "regard shall be had to the economic position of the industry or firm . . . and to the need to increase productivity to offset increases in labour costs"	14	Those responsible for LCRs/Awards shall have regard. . . "(to) the economic position of the employment".	14	Those responsible for LCRs/Awards shall have regard. . . "(to) the economic position of the employment".

APPENDIX B

THE ICTU "NOTE ON A WAGE NEGOTIATING SYSTEM" (XYZ FORMULA) (1970)

This formula envisaged wage-rounds working on the following basis —

- (a) A first phase increase negotiated in the traditional way
- (b) A second phase increase which would contain three elements
 - (i) The "X factor" being the amount negotiated on the basis of anticipated increases in productivity (on a simple projection of past performance). This would be the "inalienable" increase.
 - (ii) The "Y factor" being the amount by which (on a projection of past performance) price increases might be anticipated consequent on interaction with the markets with which we trade.
 - (iii) The "Z factor" being the amount by which the negotiated increase exceeds the X + Y factors, on the assumption that the expectation of continuing inflation at a higher rate than in Britain will in fact result in increases being negotiated against the background of that expectation.

APPENDIX C

AN EXAMPLE OF THE WAGE POLICY OF A NON-CONGRESS UNION

(Copy of circular issued by AGEMOU)¹

Information about AGEMOU

Union Policy

The Union has consistently opposed National Wage Agreements since their inception in 1970, and has achieved wage increases far in excess of them over a wide range of employments. The policy of claiming and achieving rates of pay and conditions above the National Wage Agreement terms for our members has led to a situation where we are not now in membership of ICTU.

The Union took the view that the welfare and protection of our members' standard of living was more important than blind adherence to the negative wage policy of the ICTU and the Employer Organisations. Being outside Congress has in no way affected our ability to provide an excellent service for our members and indeed many people are of the opinion that it is a positive advantage.

The Union has the experience, the capacity and most important, the will to pursue positive policies on behalf of any group or section of members.

Note

This document in no way describes the full range and activity of the Union. It is merely to give a brief outline of the organisation. Further and more comprehensive information can be obtained by contacting any Union Official or Committee Member.

1. Undated: Appeared in 1979

APPENDIX D

LIST OF ABBREVIATIONS

ADC	Annual Delegate Conference (ICTU)
AECI	Association of Electrical Contractors (Ireland)
AGEMOU	Automobile, General Engineering and Mechanical Operatives' Union
ASTMS	Association of Scientific, Technical and Managerial Staffs
ATGWU	Amalgamated Transport & General Workers' Union
ATN	Above-the-norm
AUEFW	Amalgamated Union of Engineering and Foundry Workers
AUEW	Amalgamated Union of Engineering Workers
AWB	Agricultural Wages Board
BTN	Below-the-norm
BWTU	Building Workers' Trade Union
C & A	Conciliation and Arbitration
CAP	Common Agricultural Policy (EEC)
CIE	Coras Iompair Eireann
CIF	Construction Industry Federation
CIP	Census of Industrial Production
CIU	Congress of Irish Unions
CPI	Consumer Price Index
CPSSA	Civil & Public Services Staff Association
CSCA	Civil Service Clerical Association
CSEU	Civil Service Executive Union
DATA	Draughtsmen's and Allied Technicians' Association
DMVA	Dublin Master Victuallers' Association
DPS	Department of the Public Service
EEC	European Economic Community
EETPTU	Electrical, Electronics, Telecommunication and Plumbing Trades Union
ECA	Electrical Contractors' Association
ELC	Employer Labour Conference
ELC.AC	Employer Labour Conference Adjudication Committee
ELC.IC	Employer Labour Conference Interpretation Committee
ELC.SC	Employer Labour Conference Steering Committee

ELC.WP	Employer Labour Conference Working Party
ERO	Employment Regulation Order
ESB	Electricity Supply Board
ESRI	Economic and Social Research Institute
ETU	Electrical Trades Union
FRW	Federation of Rural Workers
FUE	Federated Union of Employers
GDP	Gross Domestic Product
GNP	Gross National Product
IBOA	Irish Bank Officials' Association
ICTF	Irish Commercial Travellers' Federation
ICTU	Irish Congress of Trade Unions
IEC	Irish Employers' Confederation
IGS	Irish Graphical Society
IMF	International Monetary Fund
IMI	Irish Management Institute
IMS	Irish Marketing Surveys
INPDTU	Irish National Painters and Decorators Trade Union
INUVGATA	Irish National Union of Vintners, Grocers and Allied Trades' Assistants
IPC	Irish Productivity Centre
IPF	Irish Printing Federation
IPOEU	Irish Post Office Engineering Union
IPS	Incentive Payment Scheme
ISB	Irish Statistical Bulletin
ISLWU	Irish Shoe and Leather Workers' Union
ITGWU	Irish Transport and General Workers' Union
ITUC	Irish Trade Union Congress
ITUF	Irish Trade Union Federation
IUDWC	Irish Union of Distributive Workers & Clerks
IVU	Irish Veterinary Union
IWWU	Irish Women Workers' Union
JIC	Joint Industrial Council
JLC	Joint Labour Committee
LCR	Labour Court Recommendation
LGPSU	Local Government & Public Services Union
LGVA	Licensed Grocers' and Vintners' Association
MPGWU	Marine Port and General Workers' Union
MRBI	Marketing Research Bureau of Ireland
NBU	National Busmen's Union
NEETU	National Engineering and Electrical Trade Union

NESC	National Economic and Social Council
NGA	National Graphical Association
NIEC	National Industrial and Economic Council
NIESR	National Institute for Economic and Social Research (UK)
NPC	National Prices Commission
NUJ	National Union of Journalists
NUSMW	National Union of Sheet Metal Workers
NWA	National Wage Agreement
NWR	National Wage Recommendation
OECD	Organisation for Economic Co-operation and Development
pppp	Pence per percentage point
PAYE	Pay-as-you-earn
PBR	Payment by Results
POWU	Post Office Workers' Union
QEC	<i>Quarterly Economic Commentary</i> (ESRI)
SDC	Special Delegate Conference (ICTU)
SEFC	Special Economic and Financial Circumstances
SSISI	Statistical and Social Inquiry Society of Ireland
SIMI	Society of the Irish Motor Industry
TASS	Technical and Supervisory Section (AUEW)
TFA	Tax Free Allowance (PAYE)
TSSA	Transport Salaried Staffs Association
TUI	Teachers' Union of Ireland
UCATT	Union of Construction, Allied Trades & Technicians
VAT	Value Added Tax
VOA	Veterinary Officers' Association
VTa	Vocational Teachers' Association
WUI	Workers' Union of Ireland

List of Irish Terms Used

Árd Fheis:	Annual Conference (especially of Irish political parties)
Córas Iompair	
Éireann:	National Transport Company
Dáil Éireann:	Irish Parliament (Lower House)
Fianna Fáil:	Largest Irish political party
Fine Gael:	Second largest Irish political party
Taoiseach:	Prime Minister

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