

The Eighth Countess Markievicz Memorial Lecture

The Changing Nature
of Industrial Relations
in an Economy
Experiencing Deep Recession

Hugh Mac Neill

The Countess Markievicz
Memorial Lecture Series

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The Countess Markievicz Memorial Lecture has been established by the Irish Association for Industrial Relations with the support of the Department of Labour. Countess Markievicz was appointed Minister for Labour in the Executive of the first Dail Eireann in 1919. The object of the Memorial Lecture is to provide an occasion for a substantive contribution to discussion in the Industrial Relations area by a distinguished practitioner or academic.

The Eighth Lecture was given by Mr. Hugh Mac Neill on November 7th, 1983, at the Royal College of Surgeons, Dublin. Mr. Hugh Mac Neill has had a distinguished career in the field of Personnel Management and Industrial Relations in Ireland. He worked with Aer Lingus and Radio Telefis Eireann before taking up his present position with Irish Cement Ltd., where he is currently Personnel Director. He lectures in University College Dublin, on Personnel Management, and has made many contributions to reflection on current issues in his speaking and writing activities, including a Thomas Davis Lecture. He was a member of the Commission on Industrial Relations, which reported in July 1981. He is currently a member of the Commission on Social Welfare.

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THE CHANGING NATURE OF INDUSTRIAL RELATIONS IN AN ECONOMY EXPERIENCING DEEP RECESSION

IT IS A GREAT PLEASURE to be here to-night to share with you my views on the topic selected by your Committee for this year's Lecture. It is also a great honour to be invited by the Irish Association for Industrial Relations to deliver the Eighth Countess Markievicz Lecture — and by doing so to be cast in such a central role in this annual tribute to a remarkable lady, a lady who — in my case brings back particular memories going back many years — memories of affection and regard bordering on reverence, through family connections with her in Na Fianna Eireann.

I am honoured, too, to follow in the footsteps of many eminent speakers. Unlike them, I do not come before you to-night as:

- An academic, researching or teaching in the field, or
- As an economist, or
- As a lawyer, or other such specialist on some aspect of the subject.

Instead, I have been invited — I am told — as a person who has been working in the field for some time. The views which I will share with you will try to reflect very much what I see from this vantage point and will of course be my own personal views.

Many of you will have had similar experiences to mine in one capacity or another. Many of you will, I suspect, have found the past few recession years dramatic — dramatic in the nature and content of changes which have occurred in Industrial Relations — and dramatic in the recession-related pressures resulting from the recession.

Many of the experiences are ones we could" gladly have done without — in my own case it was redundancies; for others, it was closures and sit-ins — all phenomena symptomatic of the times in which we live.

The Framework

In thinking of a framework within which to discuss the subject, it seemed that it might logically divide into three areas:

1. Bargaining in recession.
2. A look at other related Industrial Relations activities.
3. Unemployment.

Under bargaining I found it interesting — and would hope that you might too:

- To contrast the bargaining *process* over the past few years, and
- To compare briefly and generally the *outcome* of these negotiations, in both their financial and non-financial aspects and from this
- To speculate where *the future* might take us.

The conclusions one can come to must in the main — be tentative in the extreme — as we are talking about a process which is a dynamic one, in constant evolution. Like any other form of crystal-gazing it can provoke discussion and can elicit a variety of views.

In my own case, my mental meanderings lead me to rather pessimistic conclusions, and I would be delighted if — in the discussion afterwards — others felt able to paint a brighter picture.

As well as a *bargaining* frame we must also establish a *time* frame in which to discuss the subject. Sufficient has happened in the past decade to suit my purpose so this will be my main reference period.

We can identify the recession period in this first illustration which traces GNP movement:

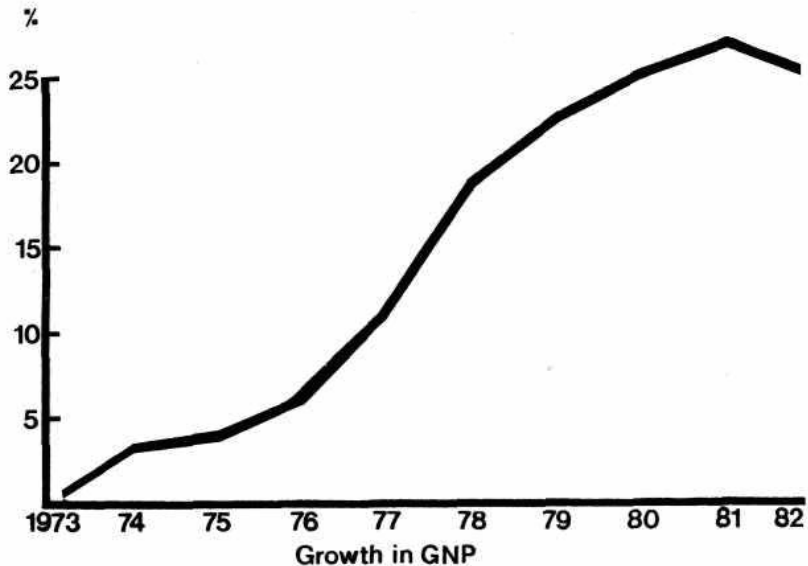


ILLUSTRATION ONE

- 1976-1978 a period of buoyancy.
- 1978-1981 buoyancy beginning to taper off.
- 1981- recession.

In looking at Industrial Relations in recession, I will be generally contrasting the last period with the two which went before.

Collective Bargaining

Let me start with collective bargaining. On the bargaining front we are now coming towards the end of the 23rd wage round — an interesting one in many respects — technically it was the second free-for-all since the end of National Wage Agreements and National Understandings; it was in many respects more of a free-for-all than its predecessor.

What can be said about it? How did it differ from what had gone before? Strangely, in some aspects, it had more similarities than differences. In these areas, it was as though the recession was not of particular relevance. In contrast, as I will attempt to show later, the *recession was all important* in determining the level of activity — or inactivity, as it has been in many other areas. To start with:

- the *duration* of this year's agreements — mainly of the order of 14—15 months, compared with 15 months generally in the 1982 free-for-all, continuing the practice of the two preceding National Understandings and the two National Wage Agreements before them. One has to go back to the Interim National Wage Agreement of 1976 to find one significantly different. So no change here.

Next:

- The *level* of settlement was lower than last year — probably about 3% on average on the longer 15 months agreements.

1982 : 16% for 15 months.

1983 : 13% for 15 months.

This continued the downward trend of recent years — last year's free-for-all was lower than the 2nd Understanding, which in turn was lower than the 1st — one must go back to 1978 to find a settlement lower than this year. So the downward trend continues.

- The level of settlement *lags behind the rise in the cost-of-living* as it has really since indexation ceased in the mid 1970's.

I will return to this point later to look at the compensating mechanisms which come into play.

- *private sector* settlements have again been higher than those in the public sector — probably at 4% higher this year, on average, compared with 1% last year — comparing 15 months agreements in both cases.

1982 : 16% v 15% for 15 months.

1983 : 13% v 8-10% for 15 months.

- A somewhat surprising feature this year was to find *early starters* tending to do marginally better than those who came later — about 1/2% on average in 15 months agreements. This may have had something to do with the sectors they came from — finance, pharmaceuticals, and electronics.

- The average *level of settlement*, apart from being down on earlier years *still does not* — comparatively speaking — *reflect the state of the economy* — but this is not new.

1975	NWA4	16.58%	12 mths	16.58% p.a.	1
1976	NWA5(int)	6.80%	7 "	11.65%	5
1977	NWA6	8.48%	14 "	7.27%	8
1978	NWA7	10.16%	15 mths	8.12% p.a.	7
1979	NU1	19.82%	15 "	15.84%	2
1980	NU2	16.68%	15 "	13.32%	3
1981/2	F.f.a.1	c16.00%	15 mths	12.91% p.a.	4
1983	F.f.a.2	c12.00%	14 "	9.02%	6

ILLUSTRATION TWO

WAGE AGREEMENTS 1975-83

Illustration 2 gives details of the past 8 agreements, giving overall settlement figures, and duration, and then expressing all in a common figure of average per annum increases. We can see that the 2nd, 3rd and 4th highest per annum increases occurred in either "less buoyant" or "depressed" periods in the cycle. This is why I suggest that the settlement levels do not correlate with the state of the economy.

What else was noteworthy about the round?

- In the main, agreement was reached in *direct negotiations*, without third party intervention but — unlike 1982 — this time the private sector was first in to bat.
- It was also a round marked by *very few disputes* and those which did occur — I am speaking now only of wage disputes — were settled quickly, by Irish standards.

Up until the beginning of October 1983 the FUE recorded that industrial action had occurred in only 12 of the 655 agreements concluded at that date.

This outcome was in contrast to fears which had been expressed beforehand that there might be many disputes either because:

The *negotiators* at local level on both sides, were so *out of practice* after a decade of central bargaining, or, that the *unions would not have the resources* to conclude the myriad of individual negotiations involved within an acceptable period, and the members might lose patience and take matters into their own hands; neither fear was justified . . .

While — as I have said — it was a round *mainly* of direct negotiations . . .

- It has also been one which saw the *Labour Court* getting involved in *setting norms*, something which it had not been given the opportunity of doing for some considerable time (a cause of complaint by the Court in earlier times).

That it had lost none of its skills in navigating its way through this particular minefield — as in so many others — became clear by its success in even-handedly infuriating — at times — the Government, and employers, and some of the unions!

In some of these attacks, the Court found itself once again having to comment in public on these recurring questions of:

"the public interest," or "the financial capacity of the enterprise." as against . . .

"the merits of the dispute" and "the terms on which it might , conceivably be settled". . .

issues nearly as old as the Court itself. Indeed on Friday, November 4, 1983, at an FUE conference, the Chairman of the Court, Mr. Maurice Cosgrave, had to deal with this issue once again, in response to a comment from the floor, and did so by quoting from the 1946 Report of the Court — the very year it was set up!

- In summary then, how were the settlement levels eventually arrived at?

Were they just a mid-way compromise between calls of the Government and the Employers for:

"a long pay pause, followed by an increase in low single figures."

Or, on the other side, the early claims of the Unions for increases of 20% for 12 months, or higher.

Or, perhaps, were they arrived at when that ultimate realist, the person at the workplace, posed the question:

"how much below the cost-of-living can I accept, and still keep my head above water, given the recession which we are having? . . . "

And having asked the question, came up with the answer:

"a few percent perhaps, but beyond that it is unrealistic to expect me to go, irrespective of arguments about competitiveness or even job security."

I say this, because this is what a look at the figures seems to suggest.

It is interesting to look at how wages and cost-of-living have moved in recent years, and to look too, at how the compensating mechanism of "wage drift" comes into play, to maintain relativities — at least in those industries which may be "in reasonable financial shape," or "in the sheltered sector" or which are "vulnerable to industrial muscle." Illustrations 3 and 4 make this point.

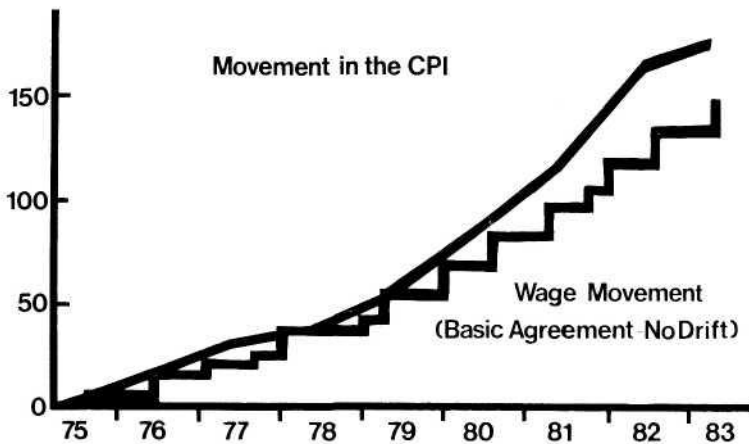


ILLUSTRATION THREE

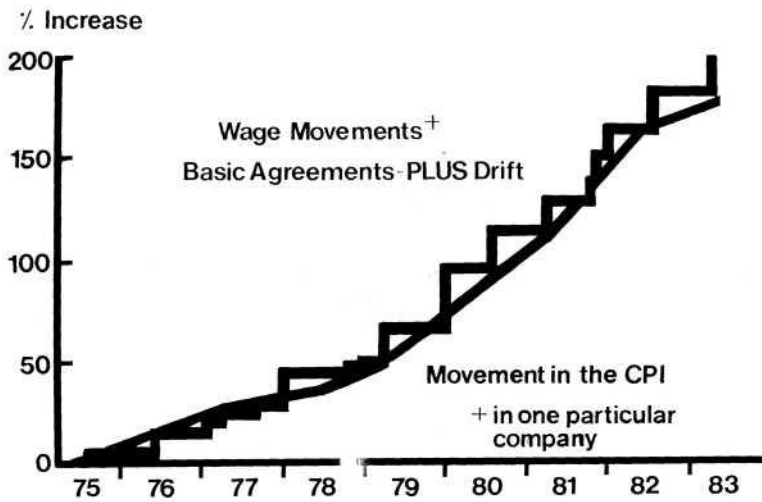


ILLUSTRATION FOUR

The first compares C.P.I. movement with wages increases which are *limited strictly* to what was provided for in the various agreements since 1975. Quite a gap has opened up. While C.P.I. has increased by 177-5% wages have only moved by 147-5%.

However, if we now look at the *actual wage* movement of the same reference job — a middle grade factory operator in one of our plants — the picture changes quite dramatically. Actual wage increases including drift have been 202-2%.

By means of "special increases," "productivity deals," "anomaly adjustments," "rationalisation measures" — the titles are legion, and only require imagination — the actual wage increases are kept much closer to the C.P.I. line in Illustration 4, than in Illustration 3. Sometimes they go ahead, then fall behind, but are never far apart.

I have no reason to doubt that employees in other organizations are any less adept than ours in concluding such "drift" deals. Indeed the analogue data which we routinely collect bears this out. I accept, of course, that there will also be organizations where circumstances require that they do stick with the negotiated figures.

But this picture does not tell the whole story, because while gross income can rise as shown, disposable income (i.e. after tax) may not do so, as the following figures for the years 1973 to 1983, cited by Dr. Peter Bacon, Director of the National Planning Board, illustrate:

Labour Costs (to employer)	+ 32%
Pre Tax Income	+ 22%
Disposable Income	+ 05%

Thus, over 3/4 of the increase was taken in taxation.

Given that the C.P.I./wage drift correlation is likely to continue, it would appear that success in the quest for greater competitiveness may depend on convincing employees that more moderate wage settlements and a lower C.P.I. could still go together.

A budgetary strategy which would have a positive rather than a negative effect on the cost-of-living would seem an essential ingredient — the Budget provisions this year are estimated to have added 3% to the C.P.I.

The economist, Joe Durkan, until recently with the ESRI, put this point most forcefully in a recent article in IRN:

"The Government can, by reducing taxation, affect the outcome of pay negotiations, to realise a "desirable" level of pay settlements — desirable in the sense of making competitive gains vis-a-vis capital and firms abroad. Of course it would have to be financed by expenditure *cuts*, reversing the expenditure *increases* of the past 6-7 years.

While suggestions like this tend to be greeted with horror, the reality is that many thousands have lost their jobs because of tax increases by Government to contain Budget deficits which received a considerable part of their momentum from expenditure increases."

The last point I would like to make about the wages aspect of the "recessionary agreements" — if they can be so called — is that they, unlike *all* the preceding nine National Wage Agreements and National Understandings, generally failed to make any special provision for the lower paid.

Admittedly there was nothing to prevent such provisions being negotiated in individual cases, or as happened in some Joint Labour Committee determinations, but whether it is a sign of the recessionary times, or a characteristic — as some would suspect — of free-for-all bargaining, it seldom occurred.

In my own organization, we particularly monitored agreements in organizations employing large groups (over 100) of employees, and in 145 such published agreements no more than 9 made any special provisions for lower paid workers, either by way of "money floors" or "flat rate increases."

It will not, I imagine, come as a surprise to supporters of centralized bargaining to learn that this social aspect of previous agreements was an early victim of the free-for-all.

Conditions

While the wage bargaining characteristics of the recessionary agreements have — in the main — borne broad comparison with what went before, this is *not* the case when it comes to changes in working conditions.

While the 1982 free-for-all saw some minor improvements being negotiated, usually in the field of annual leave, very little indeed has been agreed in 1983.

In the sample previously referred to, of agreements concluded by organizations employing more than 100 people, no less than 120 of the 145 agreements provided for "*no changes in conditions.*"

If we contrast this with earlier agreements:

1977 (National Wage Agreement 6) — pensions, sick pay, hours, payment by suits and productivity clauses.

1978 (National Wage Agreement 7) — the same.

1979 (National Understanding 1) — saw a broadening out beyond the firm, with the Government now involved. — Commitments on job creation, taxation allowances, maintenance of social welfare, and worker involvement.

1980 (National Understanding 2) — in *firm*: hours, annual leave, sick pay, and pensions.
outside: commitments on: employment, construction, legislation, health, social welfare, education and training, housing, and worker participation.

The contrast could hardly be greater: from the specific in-firm possibilities of the National Wage Agreements, to the wide-ranging social commitments of the National Understandings, and back to the near total unlikelihood of changes under the recessionary free-for-all's.

This regression has been the principal characteristic of the recession bargaining.

Where to Next?

Not surprisingly, people are wondering where do we go from here? Do we stay with free-for-all's or do we revert to centralized bargaining? Perhaps before attempting to speculate on this we should remind ourselves how we have arrived at where we now are — we can trace our progression through four phases.

The first, between 1946-1970 covered the Wage Rounds 1-12. These generally alternated between free-for-all and centralized bargaining on a regular basis.

It was almost as though after each Round there was so much

dissatisfaction that the parties resolved to try the alternative next time — only to then find that this method was — if anything — worse, and to change back once more the next time.

In Contrast . . .

This period was followed by one of great bargaining stability between 1970 and 1978, during which we had the 7 National Wage Agreements of the 13th to 19th Wage Rounds.

This period saw the economy start to pick up in the early '70's, accelerate by the mid '70's, and then start to taper back — although still improving — towards the end of the decade.

Apart from the benefits negotiated in the bi-partite agreements, the other particular legacy of this era was the Employer-Labour Conference, a special group representative of the two sides which, under an agreed Chairman, drew up and then monitored these agreements.

Not everyone was totally happy with the Employer-Labour Conference and its National Wage Agreements as, for example, those kept away from the bargaining table, either because they were unions outside of Congress, or employer groups who were not represented; and there always existed an uneasy relationship between the Employer-Labour Conference and the Labour Court.

Against this, there were those who viewed the development of increasingly sophisticated and comprehensive agreements as evidence of a growing maturity in our handling of Industrial Relations, and a hopeful sign of movement to bring us more into line with those European countries who seem able to manage their Industrial Relations better than we have been able to do.

The Third Phase saw the national Wage Agreements give way to the broader-based National Understandings of 1979 and 1980, or numbers 20 and 21 in the Wage Round series. As we have seen, the National Understandings extended the scope of the National Wage Agreements through the involvement of the Government. Tripart-ism had arrived on the Irish Industrial Relations scene.

The extension was probably inevitable because as Professor McCarthy noted in his 1978 Countess Markievicz Lecture:

"there was a widespread deterioration of commitment to national pay agreements *in their present form.*"

He suggested that this lessening of commitment coincided with the growth of *affluence* in the economy. He is no doubt right, but isn't it paradoxical that enthusiasm for National Wage Agreements waned in 1978 because of *affluence*, whereas in 1981 the loss of enthusiasm for their successors — the National Understandings — came because — I suspect — of recession!

As those who lost their enthusiasm in 1978 came from the opposite camp to those in 1981, one can only conclude that the opportunism factor is never far away from the bargaining table.

We are now in the Fourth Phase, during which we have had the two free-for-all's of the 22nd and 23rd rounds — rounds which saw the wheel turn full circle back to the pre-1970 era and — with it — a return to a very narrow and limited form of collective bargaining. There is as yet no discernible ground-swell for a return to centralized bargaining — one or two rumbles perhaps, but no more than that . . .

As a system it never lacked either for critics or supporters. Two of our leading Industrial Relations academics, both of whom previously graced this platform — Professor McCarthy — already referred to — and Professor Fogarty — have been known to express doubts about them on more than on occasion. The Labour Court was never one of the system's greatest supporters.

There are good reasons for being critical. As an Industrial Relations system centralized bargaining has inherent drawbacks:

- It induces wage drift.
- It causes problems for individual firms through the generality of its terms.
- It is suspected of contributing to the growth of unofficial disputes through the tying of the Unions' hands in the peace clauses.

Against this, the system also has supporters — after all there were recurring votes for their continuance by both employers and unions throughout the 70's, and as I have said earlier, there are already some mutterings for their reintroduction.

- They did try to look after the less strong sectors of the workforce.
- They did broaden the agenda for discussion and negotiation (one only has to contrast the position with this year).
- They proved themselves capable of taking into account national considerations.
- And they brought the Government to the bargaining table.

In my own view, it is incomprehensible in the long-term to envisage negotiating other than in the tripartite mode of the National Understandings. Pay and Conditions can no longer be separated from Taxation and Social Insurance. Social programmes, and benefits, and legislation increasingly impinge on people in their working lives.

The Government is understandably a reluctant participant, but the present burdens of taxation and insurance, and their corresponding benefits, are so pervasive, and impose such immense pressures in the bargaining process, that any optimum outcome must take *them* into account as well as the more traditional Industrial Relations elements.

The mechanism of the National Understandings was an appropriate one to do this, as experience has shown. In contrast, one only has to look at what happened this year. There was a *total reluctance* to bargain by anyone until after the Budget terms were known. In some cases agreements had expired some months before negotiations started.

Disputes

Another feature to look at when examining Industrial Relations in a recessionary period is that of disputes. One would naturally expect the figures to drop. Yet we have seen quite a crop of strikes — including some quite bitter ones — crowding our newspaper pages of late. Does that suggest a different trend? I don't think so.

From the official published data we know that the days lost in the ten years 1970-1979 averaged 585,000 per annum; with an average 155 strikes per annum. (cf. *Irish Statistical Bulletins*).

Compared with this, days lost in:

1980 were 404,000 (or 69% of average).

1981 were 436,000 (or 75% of average).

1982 (est) 349,000 (or 60% of average).

It seems most unlikely that the trend for 1983 will be any different. The figures for the first half of 1983 are less than half of those for 1982. Thus — at least for the currency of the recession — we may be seeing a move away from the trends reported by Aidan Kelly and Teresa Brannick of UCD, in their study of strike activity in Ireland in the twenty years between 1960 and 1979.

They found that:

- The *volume of strikes* is unmistakably on the increase.
- The *number of workers involved* has increased, and
- The *number of working days lost* has also continued to rise.
- Taking these three indices together . . . the broad conclusion must be that there has been an unequivocal deterioration in the strike record (A. Kelly and T. Brannick, *Pattern of Strike Activity in Ireland 1960-1979*).

The more recent statistics, quoted above, suggest that the twenty year trend has been — at least temporarily — arrested. Of the

handful of major disputes reported this year, only a few were about pay — the others arose from tax protests, inter union/recognition disputes, discipline and closures. According to the Minister for Labour, *less* than 25% of disputes during the 22nd and 23rd Rounds related to wage issues.

The relative peacefulness of the year raises the question of whether the volume of disputes may be less a function of perceived injustices, inadequate procedures, legislation, hostile attitudes, and poor relationships and more a function of the buoyancy or otherwise of the economy.

I am reminded of the position in my own firm back in 1980-81. Our industry was not just buoyant — it was positively booming. We were up to our tonsils in Industrial Relations hassle! We are a good industry for this. Apart from our own highly developed skills at getting up each others' noses, we are also a monopoly (or were then!). Any stoppage had an immediate effect on a major industry (construction) and, as such, was assured of immediate media attention, not to speak of pressures from various official quarters and, of course, broadsides from the building industry. All the ingredients are there for a perfect stew!

During this period, at times of particular exasperation, I would announce that I was stopping off on the way home to light a candle for a recession. Well, we got our recession — and we got (dare I say it?) Industrial Relations peace. Now my colleagues keep asking me: "Are you still lighting those damn candles?" Another straw perhaps to suggest that recession and peace may well go together!

If we've not been having rows, and we've not been spending much time negotiating on pay and conditions, then what have we been doing? For all too many, we have been learning about Redundancies. Someone wrote some time ago that Receiverships and Liquidations were our only growth industries at present — those of us working in Personnel would add Redundancies to the list! One turns now to the pages of the Industrial Relations journals, as one does to the death column in the newspapers, to see which familiar names will be there to-day! The list this year reads like a "Who's Who?" of Irish business.

While the more occasional large closure or lay-offs catches the headlines, the steady haemorrhaging caused by smaller layoffs throughout the country is more depressing in a way, because it indicates how widespread and deep-rooted is the recession.

In compiling these facts I checked the number of firms involved in major redundancies. Up until the end of October, no less than 72 companies had had redundancies involving 50 or more staff this year; in many cases the numbers ran into hundreds, in many others it

was not just redundancies but closure. And unlike earlier years, it was not only in the high-risk firms in the more exposed sectors, but the list includes even such "gilt-edged employment securities" as banks and semi-state companies, and by all accounts there are more yet to come. This redundancy phenomenon has added not hundreds, but thousands to our total of unemployment, with very little by way of offset from new industries, or expansion of existing ones.

A Congress report this year stated: "In the three years 1980-82 about 57,000 redundancies have been notified to the Department of Labour . . . but these only relate to . . . workers employed for at least two years . . . the true numbers are therefore much higher."

I will return to the unemployment question shortly, but before doing so, would like to briefly review the activities of the social partners in the general area of Industrial Relations during this recessionary period.

Reform

It will hardly surprise anyone here to be told that it will take very little time in this talk to deal with the revisions, reviews and reforms which have taken place in Industrial Relations during the past few years.

The Government

Virtually nothing has emanated from Government, though the cynic might observe that they have been so busy electing and re-electing themselves that no one has been there long enough yet to do very much. In terms of legislation we have had:

- The Maternity Protection Act (1981).
- The Trade Disputes Act (1906) amendment.

There has, in addition, been a discussion paper on participation. The Minister for Labour has just announced that last week he issued a discussion document to the FUE and ICTU, as a basis of future discussions, dealing with topics such as law, institutions, practices and procedures, minimum wage fixing machinery, structures, and consultation in collective bargaining. We obviously must wait and see what comes out of this.

But reverting to what has actually taken place, and if the small volume of activity is compared within the second half of the last decade, the difference is striking. That period saw the introduction of many major pieces of social legislation:

- 1974 Anti-Discrimination (Pay).
- 1977 Employment Equality.

- 1977 Unfair Dismissals.
- 1977 Protection of Employment.
- 1977 Protection of Young Persons.
- 1977 Worker Participation (In State Enterprises).

Mind you, there are those who would argue that we needed a decade just to assimilate and then recover from that lot! As with some of the earlier matters referred to, one cannot prove a definite correlation, but the facts are that innovation and change have been minimal over the past couple of recession years.

Brussels too has been quiet in this area. The Fifth Directive — like the Loch Ness Monster — is sighted every now and then, before disappearing once more into the depths of the Berlaymont.

Vredeling has been more persistent and is doggedly working its way through the labyrinth of the EEC bureaucracy. There is, of course, the Fourth Directive on Company Law, whose implications, some feel, are not yet fully appreciated. We must yet wait awhile and see.

The Employers

The main pressure from the employers has been for the implementation of the Report of the Commission on Industrial Relations, particularly those parts dealing with the reorganization of the dispute settling agencies, and the reform of the legislation. They have not been successful in either area. The only one item dealt with from the Report — the extension of the 1906 Act to the public sector, would not have had top priority with employers.

The Unions

Turning next to the Unions. In his 1981 Sixth Countess Markievicz lecture, Dr. Richard Hyman said:

"In economic crisis, trade unions need to pursue radical objectives . . . but are particularly incapacitated from achieving them . . . (they are) increasingly obliged to formulate political perspectives . . . accentuating a trend already evident in many countries at the outset of the 1970's."

Quite frankly I see no evidence of this happening here. Activity by the Unions appears to have been affected by the recession just like everyone else. At the Annual Conference this year, the debates, as reported, appeared to revolve around a handful of recession-related topics, including:

- Expansion of public enterprise
- Housing and infrastructural development.
- Import substitution.
- Utilisation of natural resources.
- Maintenance of social services.
- More equitable taxation.

A broadly similar agenda to that of the previous year. In earlier and more buoyant years the agenda was much wider ranging. In the mid '70's for example, its scope ranged from:

- Development of new industry.
- The multi-nationals.
- Regional planning, growth centres and EEC policy.
- Occupational pensions.
- Price control, consumer protection.
- Safety.
- Environmental planning.
- Incomes policy.
- Monetary policy within the EEC.

The contraction between then and now seems to me to represent some retrenchment.

Conclusion •

Those of you who attended Dr. Batstone's Seventh Countess Markievicz Lecture last year, when he discussed "*Reform in Industrial Relations,*" may remember his linking it with tri-partism, and his identification of phenomena favourable to it, such as:

- National Agreements and incomes policies related to productivity,
- Legislation, and
- Changes in Corporate Control systems.

Having identified these, he then went on to discuss why, despite the presence of these supportive elements, such little progress had taken place.

To my surprise, he did *not* include as a factor the economic state of society, presumably because it did not appear to be relevant.

In contrast, the conclusion which I come to from looking at the comparative inactivity and lack of reform in the area of social and Industrial Relations policy is that the recessionary influences are not only relevant but central.

Quite simply, in times of recession reform is perceived to be of little importance. But when times change, and economic buoyancy returns, the Industrial Relations systems will once more come under stress and the cry will go up for reform. One can see this in retrospect by looking back at the scene painted by Prof. Michael Fogarty in the very first Countess Markievicz Lecture in the buoyant year of 1976. He spoke of our being then in the middle of an Industrial Relations revolution, comprising five instalments.

- More job participation at the level of the individual.
- Greater collective — if not worker — control.
- Economic democracy — the distribution of ownership.
- An economic backlash, which required a greater Industrial Relations input into productivity.
- A redefinition of the role of management, with particular regard to its accountability to employees.

I think few of us have seen many of these "instalments" around recently! If they have not been pushed out of sight indefinitely they have certainly been put on "Hold" for the time being.

In one other article dealing with "*Industrial Relations in Recession*," which I looked at when assembling my material, the authors argued that Industrial Relations is always shaped by its context and offered six contextual factors which they regarded as being currently relevant in the U.K. (D. Bright, D. Sawbridge, B. Rees, *Industrial Relations of Recession*, Industrial Relations Journal, Autumn 1983).

- Economic downturn with accompanying unemployment.
- Legislation.
- Reduction in tripartism.
- Privatisation.
- Market forces.
- Stronger management.

While all six do certainly affect Industrial Relations in the U.K., three of them — legislation, privatisation and the reduction in tripartism — are manifestations of the philosophy of the present Conservative Government; they are not recession related, and they do not apply here — at least not in the party political sense.

Of the remaining three, two are — of course — recession related: economic downturn and market forces, with the remaining one deriving possibly from the economic milieu and the political climate. England — and there would be mixed views on whether it is reform — reflects a political impetus more than anything else. To sum up this point before leaving it: we have seen that not only does

collective bargaining in recession reduce itself virtually to matters of:

- Pay only
- Locally negotiated
- Without urgency, and
- Without disputes

But so, too, do matters of social, institutional, and legislative review and reform get firmly pushed onto the back burner to simmer away until a later date (with the hope perhaps that some might even go away).

Unemployment

But the one which will not go away, and the last area which I wish to touch upon to-night, is the question of unemployment. While it may not be central to Industrial Relations in a narrow sense, it is undoubtedly the greatest social problem facing us in the recession, a problem which we cannot ignore.

All parties speak of its gravity, all stress the need to tackle it as a top priority, but the measures taken to date have done little to bring it under control. One has to wonder if the scale of the problem is fully appreciated, or whether the possible implications of not bringing it under control are comprehended? Let us remind ourselves of its dimensions.

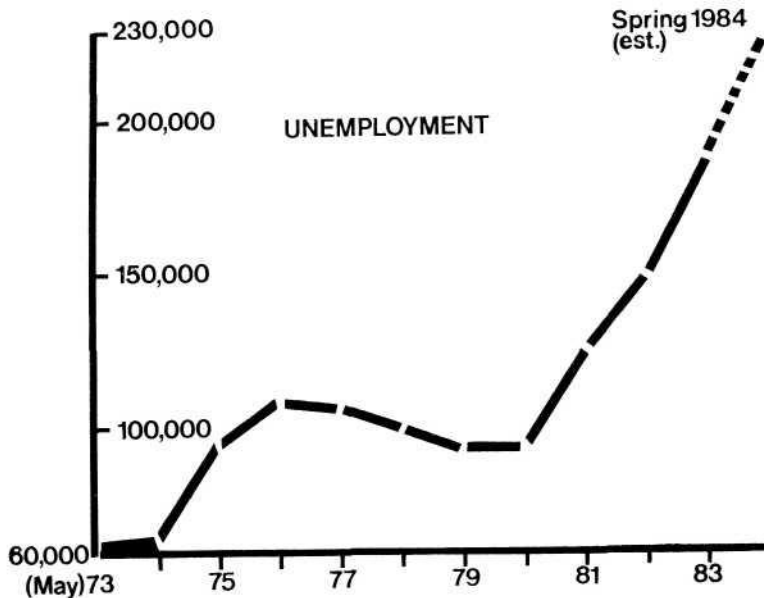


ILLUSTRATION FIVE

We are talking of a figure in excess of 190,000, and which is feared likely to rise to 230,000 in the Spring. If we cast our minds back to when we were hopeful of taking a leap forward back in the 1970's we were experiencing unemployment levels of 50—60,000. The central thrust of our economic policy then and since has been job creation — the IDA annually sought to deliver 25-30,000 "job approvals" each year.

Without intending any criticism of the efforts of those concerned, the chart clearly shows that despite the efforts being made, the position continues to get worse. The ending of the emigration safety valve exacerbates the position. The picture is utterly depressing, for none more so than its victims, whether they are people who have had jobs and lost them, or young people who have never had them, and who have been condemned to the indignity of presumed uselessness or, worse still, to be seen as parasites living off the community, the community.

The Taoiseach described the *magnitude* of the problem in a radio interview last July, when he said that:

"To provide jobs for the thousands of young people coming on the labour market would require a growth rate of 6-7% — which no European country has been able to achieve consistently."

The *urgency* of the problem was well summarised in the following extract from an I.C.T.U. Report:

"Society will ignore the pleas of the jobless for work — at its peril, for prolonged unemployment eats at the foundation of society. A civilised community cannot tolerate this evil."

An employer spokesman at a management conference placed a responsibility on those at work as follows:

"Those who had jobs were a kind of privileged class and they had an obligation to those who had not."

The measure of agreement reflected in those sentiments regrettably only goes as far as the identification of the problem, and the need to solve it. In the best Irish tradition, I'm afraid, that after this point all part company when it comes to solutions.

Sadly we retreat into our adversarial bunkers from which each will prescribe the only correct way forward and then go on to criticize the measures proposed by other. None, and this is far more serious, has proposed solutions which are either adequate, urgent or convincing enough, given the horrendous size of the problem. We

are not alone in this in Ireland. Commissioner Ivor Richard, i/c Employment, Social Affairs, Education and Training, was reported on Friday last, as saying:

"I have been deeply disappointed by the reaction of most national Governments . . . there is very little sign of willingness . . . to appreciate the dramatic urgency of unemployment . . . it is as if Governments feel incapable of mobilising greater solidarity between those with work and those without."

What is the maximum number of unemployed people that our society can tolerate? Can anyone see these numbers being quickly reduced by conventional measures? Can the IDA come up with enhanced job numbers in a time of world recession — clearly not. Can the Y.E.A. or AnCO? — no, not permanent jobs in large numbers. Is a sudden dramatic improvement in our international competitiveness feasible?

John Bruton, Minister for Industry and Energy, identified the magnitude of one aspect of this problem in a speech in Wicklow, last September.

"We had to have a 4% annual gain in wage competitiveness as against our trading partners over a five year period."

To put this in just one context — you probably read in last Thursday's paper that the Dutch Civil Service unions are threatening strike against a Government proposal to *cut* wages and benefits by 3.5% — the unions said a 1.5% *cut* was the maximum they could accept. So we cannot anticipate an overnight turnaround here. That of course is not to reject such activities or reject these agencies. They have a major contribution to make, particularly when the economies of our trading partners start to move forward.

But that will not be to-day or to-morrow, if we cannot reduce the numbers quickly what are the implications for our society? They are many, and some are best left to the imagination. At the level of the individual, let me quote Dr. Hyman again:

"Material deprivation compounds the psychological damage inflicted by long-term unemployment; in many (it instils) a sense of inadequacy and guilt . . . the impact on health and mortality is substantial. It is a major source of social tension . . . and of the disaffection of the young . . ."

At the level of society the major practical implications are illustrated in Illustration Six. At the left is the typical dependency support system sitting on its funding base, with the two — as it were — in equilibrium, as when the economy is buoyant. In these

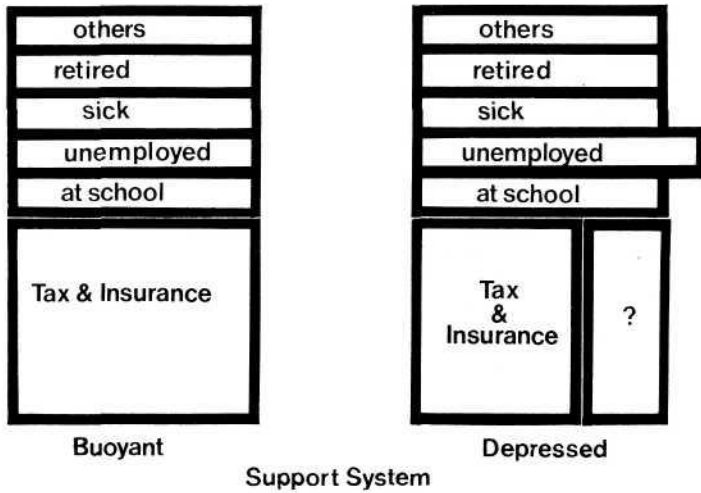


ILLUSTRATION SIX

circumstances benefits can be maintained and improved, as has happened over the past two decades.

But in recession, the system goes out of equilibrium. With business depressed and unemployment up, the revenue sources of taxation and insurance are reduced, at the very time that you need extra funds for the extra numbers unemployed and in need of support.

For example: an I.C.T.U. report quoted Professor Sexton of the ESRI as estimating the cost of unemployment this year — taking into account both unemployment payments and lost tax revenue — as being £850m or 7% of G.N.P.

What can be done about the missing funds? The choices are fairly clear:

- **Maintain** the benefits level by taking *more* in taxation and insurance from those still working,
 - and eventually the taxpayers will say "Stop"— as we have seen in Spring 1983.
- **Reduce** the benefits proportionate to the extra numbers needing support and the reduced income from the working sector,
 - more marches, I suggest, but with different participants — the unemployed, the sick, the widows, and the pensioners . . . not an acceptable alternative on any count, but particularly not to the politicians.

- **Transfer** money from elsewhere — yes, but from where? Can any one think of a sector in our society which does not have its vested interest group only too ready to jump up and say: "stop — look elsewhere. "Just think of the clamour we can look forward to between now and next Budget Day from all these various groups, petitioning the Minister for Finance for more of this, or less of that!
- Get more people working and not depending on welfare benefits.

How can this *extra* work be created? The answer — it *cannot* be, in the short run. In an article which I wrote last year for Hugh Pollock's book *Reform of Industrial Relations*, I suggested that:

"These additional measures are concerned, quite simply, with sharing the available work between a greater number of people. This can be done in many ways, some more radical and permanent than others. The reduction or elimination of overtime would probably be the mildest starting point. The next stage might be to reduce the number of hours that people could work each week." (H. Mac Neill: *The choice: Employment or Unemployment*, in *Reform of Industrial Relations*, 1982).

The article continued on dealing with other forms of work-sharing, such as reduction of retirement age, part-time working, educational sabbaticals, etc, etc. If we might take a moment to look at just one set of numbers to get a feel for what might be possible. We have been talking of the problems of an unemployment level of 200,000. If we could quickly reduce this to *below* 100,000 we could then have a number which we could handle, a number which would be sustainable by our support system as in the early 1970's, and a number which could be further ameliorated by the conventional methods mentioned earlier.

There are presently in excess of one million people in the workforce. If the one million of them were to reduce their working week to 35 hours, and were all replaced, this would alone create 140,000 extra jobs. This form of work-sharing is not, of course, new. It does however provoke different reactions. The Trade Union movement when it speaks of it here, does so in terms of reduced hours "without loss of pay." Quite frankly — in my view — this is a non-starter.

We are already uncompetitive — a 35-hour week at present rates would have to be disastrous. The most likely employer response would be more mechanisation — in complete contradiction to what was being sought in the first place.

There are countries — notably Belgium, the Netherlands and West Germany — which are seriously experimenting with work-sharing/income-sharing measures, and for the same reasons as I have advanced. Belgium's Government imposed pay restraint but allowed agreements in which pay restraint was traded off against job creation — typically 3% more jobs to be created.

In the Netherlands, with 14.5% unemployment, an experiment with part-time working hopes to create an additional minimum 1100 jobs from a starting group of 145,000 public servants. In their case a 32-hour working week is envisaged.

In the Netherlands, too, the First Centralized Agreement in ten years (Nov. '82) proposes to trade off wage increases in 1983/1984 for reduced hours and more jobs. The Planning Bureau said that wage savings could create up to 100,000 jobs a year. If there was a 2.5 % cut in hours (i.e. one hour) *as well* — an extra 240,000 jobs would be possible.

In another example, from West Germany, they are trying voluntary early retirement at 58; 70-75% of net pay up until normal retirement age will be paid for by lower wage increases. Some 50-80,000 persons are participating.

Other countries have adopted overtime limits as a job creation measure. The EEC Commission issued a Draft Recommendation to the Council of Ministers in September 1983, on the reduction and reorganization of working time. So the idea is not new or unique. The administrative and logistical implications of any form of work-sharing are frightening; to introduce it without loss of efficiency — which is crucial — would require co-operation.

As an idea, work-sharing can easily invite the retort "cuckoo-land"! As it is not the first time I have ventilated the subject let me also confirm that I have already received this response, more than once. I, however, see the problem in terms of choices, the choice between:

- A society with an unemployed labour force rising inexorably to perhaps even 20%, despite the best efforts of the job-creation agencies.
- An unemployed segment which will impose ever-increasing strains on the capacity of the rest of that society to sustain it in some reasonable standard of decency.
- A segment containing increasing numbers of young people; people becoming increasingly depressed and disillusioned with a society which denies them any proper place in it.

John Bruton, in the same Wicklow speech referred to earlier, spoke of a:

"two Irelands situation, one consisting of those with jobs, at high wages, in capital intensive industries, protected by strong Trade Unions and high redundancy costs . . . the other would consist of the unemployed who were not hired because they cost too much, and who would receive instead only as much as those at work were prepared to surrender to finance unemployed benefits."

What kind of a prospect is that to hold out to our children?

- Work-sharing is an alternative choice, one which entails sacrifice through sharing what work and income is available among the greatest practicable number. The sacrifice would be real — how many people could afford any reduction in income at the present time, without feeling the consequences? But it is an alternative, it could help, but only if our society cared enough.

One wonders if perhaps the Government may be now coming round to this way of thinking. In the economic debate in the Dail, the week before last, both the Taoiseach and Tanaiste spoke of the "need for a new distribution of work." Presumably what they have in mind will be explored at the meetings which the Taoiseach plans to call shortly with the major interest groups. I wonder will it lead to work-sharing?

Conclusion

I said at the outset of this paper that consideration of Industrial Relations in a time of recession had left me with feelings of pessimism.

They arose, firstly, because it seemed to me that the quality of Industrial Relations, the attitudes manifest in it, and the pressures for improvements and change, were very much dominated by a pragmatic imperative based on the state of the economy and hardly at all — so far as one could see — by considerations of intrinsic factors or values which might warrant or justify change.

I see no evidence that there might be any pressure manifesting itself for change before the economy shows some sign of recovery, and the systems in question once more begin to creak under pressure.

I have expressed my belief that we should get back to tripartism — we should try to reconcile the cost-of-living and competitive factors, the taxation and welfare systems, we should put a social aspect back into our bargaining, reform our procedures and institutions, develop codes of practice including disclosure and, in general, use the recession to improve our capacity to cope with

Industrial Relations problems when times get better.

But pessimism in the area of Industrial Relations is minor compared with that which derives from the unemployment crisis. We do not yet appear to comprehend its enormity, or the scale of the measures needed to reduce it to tolerable levels. Remember what Dr. Hyman said in his lecture:

"Mass unemployment will almost surely set the environment for industrial relations in the 1980's."

I would have thought that the scale of the problem would long since have imposed on the social partners the need to come together to formulate a joint programme to deal with it, as I would hope they would with any other national emergency. I choose to believe that if our society were appraised of the scale of the problem, and if our people had put to them:

- The measures needed to bring it under control, including
- The sacrifices which they would be called upon to make
- That they would, as in past emergencies, do what was asked of them to help solve the problem.

— The question is: do we have anyone big enough to ask them?