CHAPTER III
GROWTH AND DEVELOPMENT OF COLLECTIVE BARGAINING

* Origin and early development
* Development in U.K., U.S.A., & other countries.
* Development in India.
* Distinctive features of Collective bargaining in Iron & Steel Industry.
Origin and early development

In earlier times groups of workmen were discussing their working conditions and grievances, and trying to secure remedies by going as a group to put their complaints and demands before their employer. Sometimes he would agree to meet them and after listening to them might make some improvements. Often, however, he would simply refuse discussion with the group on the grounds that he regarded the fixing of conditions of employment as his own affairs, or at most as a matter between him and each individual worker. In these circumstances the workers could only choose between accepting his authority or going on strike in an attempt to enforce their demands. They frequently choose the latter alternative.

The early unions formed locally by workers hoping to improve their conditions of employment rarely survived long, and their leaders were also inexperienced. In many countries the formation by work people of any association for the purpose of demanding improved wages was regarded as an illegal conspiracy, while in others, if a union called a strike and engaged in picketing, it was liable to prosecution, as the Courts were hostile to unions, the penalties were often heavy. In Great Britain, for example, trade unions were made illegal under the Combination Acts at the time of the Napoleonic wars; even after
the repeal of these Acts in 1824, the unions were for many years severely handicapped by legal restrictions. Often their membership were small, as many workers were unwilling to join them. In these circumstances employers were not faced with responsible permanent unions but with weak, temporary organisations which lacked the cohesions, stability and authority necessary to negotiate binding agreements.

During the years when trade unions were illegal, underground organisations of workers were formed to discuss possibilities of joint action to improve conditions of employment. Friendly societies and other organisations were also formed by working class which provided opportunities to workers to meet and often discuss conditions of employment. But all such attempts were, sporadic and their effect was also negligible.

From the middle of the 19th Century onwards, unions began to be established on a permanent basis. These were unions of skilled craftsmen in such trades as engineering, wood working and printing. They were first formed in large cities where contact could easily be maintained among workers at their work places or at meetings held near the workers' homes. Gradually these unions were able to exert increasing influence on conditions of employment. Only later, especially with the growth of large scale mass production undertakings, did trade unionism become fairly established among semi-skilled and unskilled workers.
The development of collective bargaining is closely associated with the growth of trade unions and with the subsequent and often consequential growth of employer's organisations. At first especially in times of prosperity a few employers, anxious to avoid a strike, would negotiate with representatives of the unions and conclude agreements with them. They would not, however, necessarily agree to bargain in all cases, and in a period of depression would not infrequently announce a reduction of wages without any previous consultation with the union. Collective bargaining had no single uniform origin. Sometimes it was the employers who sought to establish it in place of union imposed 'price lists', sometimes the unions strove to establish joint wage determination in the face of employer opposition; and sometimes, though perhaps more rarely, the impetus came from both sides. As Allan Flanders and others have rightly pointed out, it would certainly be unjustified to overlook the role of employers and their association in the initial developments of collective bargaining, but the main burden eventually came to rest on workers and their unions, especially in the industries where the bulk of labour force consisted of unskilled and semi-skilled workers, for there the employers were often extremely reluctant to abandon the advantages of unilateral rule making.

The development of collective bargaining was not an even one in all countries. In some countries, the employers'
resistance was deeply entrenched; in others, severe weaknesses and divisions among the unions slowed down the pace of development. On the whole, however, the report on collective bargaining agreements prepared by the ILO in the mid 1930s could justifiably take notice of 'the increasing importance of the collective agreement as an element in the social and economic structure of the modern industrial community. The growth of the movement for regulating conditions of work by means of collective agreements has been particularly marked since the war (i.e. the First World War) and in many countries the collective agreement is now a recognised method of determining working conditions. The movement is primarily based on the desire of employers and workers to settle for themselves the conditions in their industries, but it has proved to be not inconsistent with various forms of co-operation, the regulation or the control of the State. Although the collective agreement has become widely established in a large number of countries as an integral part of the industrial system, it has discharged its important functions on the whole so smoothly and efficiently that the full extent of its influence on national life is often overlooked.

At the time when these observations were made, the expression 'collective bargaining' was already well recognised. The practice itself had, of course, existed well before the name came into existence, some early form of collective bargaining being known as arbitration or conciliation even
though no neutral third parties took part in the proceedings.
The credit for coining the expression belongs to Beatrice Webb, who first used it in 1891 in her study on *The Co-operative Movement in Great Britain*. It took sometime for the term to be absorbed into the everyday language of Great Britain, the United States of America and other English speaking countries. In non-English speaking countries, particularly on the European continent, where the process of collective bargaining has an equally long history, the emphasis was placed on the term 'Collective agreement' because during the early period, the workers aimed not so much at establishing the procedure of bargaining itself as at having such agreements recognised and enforced as legally binding contracts.

HISTORY AND GROWTH OF COLLECTIVE BARGAINING IN SOME SELECTED COUNTRIES

**Britain**

The pattern of industrial relations among the more advanced industrial nations are heterogeneous. There is no single system of collective bargaining. Each country has developed its own methods to suit its needs. The framework, whether based on legislation or convention, has been largely determined by the national background. Practices differ widely but can be related to the historical circumstances and the social outlook of each country.
Britain was the cradle of collective bargaining. The negotiation of terms and conditions of service in industry began there during the nineteenth century mainly through the pressure of the organisations of skilled workers. By the end of the century the Webbs estimated that 90 percent of men in skilled trades had their wages or hours of work and often other working conditions also determined by collective bargaining. A second group of less skilled and predominantly piece work occupations in Coal mining, Iron and Steel, Cotton textiles and Shoe manufacturing had also developed machinery for collective bargaining. Trade union organisation had its beginnings in the highly skilled trades, in engineering, ship building, furniture making and printing, where men usually had to 'serve their time' to learn the trade and were determined to protect their skill by maintaining proper system of apprenticeship and stipulating conditions to be observed by their members before accepting employment so that standards of skill and rates of pay could be upheld. Trade unionism at this time was a kind of mutual insurance system for craftsmen.

Trade unionism was only free to develop in Britain after the repeal of the combination Acts in 1824-25, but it had a long road to travel before it secured general acceptance and recognition from the employers. The second part of the 19th Century was a period of intense conflict in many industries. As the trade unions gathered further strength the employers in self defence began to form associations.
for joint action. The battles that ensued, shaped the various patterns of collective bargaining which now characterise British industrial relations.

There were two distinct lines on which collective agreements developed in Britain; one was concerned with joint machinery for the settlement of disputes and the other with mutual settlement of wages and conditions of employment. 'This two-fold development was of great importance and a special feature of this Country', writes Sir Godfrey Ince. Together they have played a larger part in ensuring that industrial relations in this country were established on a sound basis. Collective bargaining in Britain developed on an entirely voluntary basis during the 19th Century. This accounts for the great variety of forms which it took and the different patterns of negotiations which still prevail in British industry.

But, though the state did not intervene in the early stages, the later history of collective bargaining has been influenced to some extent by State action. The conciliation Act of 1896 gave the first sign of Government approval of the negotiation of terms of employment. Before that various attempts had been made to legislate for compulsory arbitration of industrial disputes, but industry did not take kindly to this form of settlement and the Act of 1896 repealed the earlier acts and provided machinery for voluntary conciliation and also for registration of joint boards, but not much advantage was taken of this provision. The Trades Disputes Act of 1906 gave encouragement to organisation among large sections of employees who had previously lacked any form of protection.
Compulsory arbitration was reintroduced as a temporary measure in both the World Wars. The conditions of Employment and National Arbitration Order, 1940 continued for some years after the end of the war with the approval of the trade unions, for post war reconstruction called for an usual degree of public control in Britain. It helped to enlarge the application of existing agreement and led to an increasing acceptance of arbitration as a last resort, but compulsion was not in keeping with the British tradition and the war time order was eventually rescinded in 1950.

During the first world war the Whitley Committee Report proposed more systematic development of joint consultation through a not work of national, district and works councils in each industry. The Whitley plan was most successfully followed out in government service, public administration and public utilities, and in a few industries mostly in the hands of prosperous combines, such as flour milling, brick making, cement and chemicals. Another example of State intervention was the Wage Boards Act which gave Government powers to set up wage boards (now Wages Councils) in industries where the workers were not well organised and therefore unable to conduct wage negotiations on their own.

Until the passing of the Industrial Relations Act in 1971 it could be claimed that the British System of industrial relations was less regulated by law than that of any other industrialised country. British industrial
relations were based primarily on collective bargaining arrangements voluntarily accepted by employers and trade unions without the intervention of the State. Although the State had come to play a much larger role in protecting the economic and social interests of the worker, it had virtually no influence on the procedures and only little more effect on substantive terms and conditions of employment agreed by employers and unions through the collective bargaining process. 

In the evidence it gave the Royal Commission on Trade Unions and Employers' Associations set up in 1965, the Department of Employment listed 500 separate industry-wide negotiating arrangements, including statutory wage fixing bodies, for manual workers alone. It estimated that approximately 14 million manual workers were covered by these arrangements in 1964—out of a total of 16 million. Since that time there has been a substantial expansion of trade union organisation among white collar workers in the Private Sector and the total covered by collective agreements has greatly increased.

FACTORS BRINGING ABOUT CHANGE IN THE BARGAINING STRUCTURE:

Since the end of Second World War the structure of collective bargaining system and the pattern of collective agreements have witnessed radical changes. In the early period of collective bargaining in Britain, before the turn of the nineteenth Century, collective agreements were generally
negotiated on a town, district or regional basis. With the growth of employers' federations and the establishment of national federations of trade unions, towards the end of the 19th Century, agreements began to be negotiated at the national level to cover an entire industry. During First World War industry wide agreements, as the basic element in a national system of joint negotiation, were greatly encouraged and by the end of the War it became the established pattern of collective bargaining. The Second World War saw the beginning of a process of erosion of industry wide negotiations which has led to a decline in their significance in favour of agreements negotiated at the level of the plant or enterprise in a large part of the manufacturing and processing industries.

Effect of union structure

The trend towards plant and company bargaining was encouraged by the structure of the British trade union movement. Unions are for the most part not organised on an industrial basis, but according to occupational categories. Some of the largest and most powerful unions in Britain are 'general' in their pattern of membership; that is, they organise irrespective of industrial boundaries or occupational grades.

This pattern of trade union organisation led to a multiplicity of unions in most enterprises and in both the private and public sectors of employment. Each union is represented by its own shop stewards and is responsible for their credentials, but where, as is normally the case, a
joint shop stewards' committee exists, this committee is not subject to the authority or rules of any particular union. The Royal commission described the pattern of industrial relations which had developed in Britain as one in which there were two systems. At the national level established procedures existed and worked smoothly, at the enterprise level appropriate procedures were often lacking and the general pattern of behaviour was disorderly.

Changes in the levels and methods of bargaining:

Negotiations at the industry level are usually undertaken by permanent National Officers of Employers' Association and by full time national officials of the Unions. The representatives of the two sides meet often. Such frequent meetings have helped in understanding the aims, tactics and limits of each other, which in turn facilitates eventual agreement.

At plant and company level, collective bargaining has developed in the context of industrial relations procedures based on 'Custom and Practice', while having the virtue of flexibility, the informality of these procedures has been criticised as being 'anarchic', 'disorderly' and a prolific source of conflict. However, in recent years there has been a clear trend towards the formalisation of procedures and a more professional approach to the bargaining process. More firms have been appointing managers with a knowledge of industrial relations problems and with training in this field.
Increasingly it is being recognised that industrial relations are as important to business sickness as production, marketing and finance and must be accepted as a responsibility of senior management.

Surveys have shown that personnel managers have a strong preference for negotiating on issues arising within an enterprise with their own shop stewards rather than with the national officials of the unions to which their employees belong.

On the union side the problem is more difficult. Because of the deeply entrenched pattern of occupational and general unionism in Britain, there is multiplicity of unions representing different groups of employees in most enterprises. Co-ordination is achieved through the joint shop stewards' Committee. This Committee enjoys a high degree of autonomy, as it is not responsible to any union. It is common for these Committees to conduct negotiations with employers through their own appointed 'Convenor' or Chief Steward, who is elected from within the Committee. It is generally accepted that shop stewards constitute the 'employee representatives' on various joint committees, although in some companies other employees may still be members of shop floor 'joint Productivity Committees as set up under productivity bargaining or for particular problems. Traditional forms of joint consultation still continues and have even been initiated in some
companies where they are seen as providing greater scope for exchange of information and for developing a more co-operative approach.

Terms of agreements

During the early 1960s there was a considerable increase in the number of industry-level collective agreements fixing pay increases for a term of years. This type of agreement still exists, but its significance has diminished with the growth of plant and company agreements. There are signs of an emerging pattern of annual negotiations in the larger companies and at industry level in both the private and public sectors.

The negotiation of fixed term agreements is an important break with the traditional type of collective agreement in Britain, concluded for an unspecified term but containing a procedural arrangement for ending the agreement and reopening negotiations at the will of the either party. This has meant that collective agreements are highly flexible instruments and their terms can be quickly re-negotiated when changes in economic or other circumstances make this desirable.

Collective Bargaining in United States of America

As in Britain, the employer in U.S.A. attempted in many cases to resist the growing strength of organised
labour by encouraging the formation of 'company unions' in early stages of development resulting in bitter rivalries within the trade union movement. The battle for recognition by independent unions continued into the thirties of the present century. The New Deal Government under Roosevelt realised that the trade unions were now a force to be reckoned with in industry and that something must be done to bring about an orderly settlement of differences or the attempt to put industry back on its feet again would be stultified by wasteful strikes. The outcome of this new approach was the National Labour Relations Act of 1935, more commonly known as Wagner Act. It was named after Mr. Wagner, who piloted the bill. This Act aimed at promoting a strong, independent labour movement which could bargain with management on a fair basis. The Wagner Act had a three-fold purpose:

1. to protect the workers' right to join a union of his own choice and to organise without interference from his employer;

2. to provide for election machinery to determine the most representative union in any unit;

3. to compel the employer to recognize and bargain with the most representative union.

American unions are organised both as craft unions covering skilled occupations and as industrial unions
covering all the employees in an industry. Although there are national unions, the American pattern of negotiation is usually unit-wise or company-wise. Agreements negotiated at the enterprise level are also frequently supplemented by additional plant level agreements that regulate matters more suitable for local decisions. A development of fairly recent origin is coalition bargaining, through which unions have tried for their own protection to centralise the dispersed and unconnected bargaining that goes on side a few large companies. Multi-employer bargaining in U.S.A. is also associated with certain other characteristics. It tends to exist in substantial measure in industries where the nature of the work leads workers to change jobs frequently, the number of individual establishment is relatively large, the average number of workers for establishment is relatively small, there is significant geographical concentration (as there would be, for example in a metropolitan area), competition among establishments in product and labour markets is vigorous, and the rate of unionisation is above average.

There is nothing uniquely American about that negotiating style, of course, but it is given a particular form and emphasis by the fact that nearly every collective agreement in the United States has a specified duration (usually of one, two or three years) and a precise expiry date. Unions frequently agree not to strike during the term of any agreement, but they zealously guard their legal right to strike the instant a contract expires. The Labour
management Relations (Or Taft-Hartley) Act of 1947
prescribes the provisions for bargaining.

New approaches to bargaining:

In spite of its long history and official encouragement, the 'Orthodox' method of bargaining has often been attacked as an inept and irresponsible way of solving the serious issues at stake in a labour management negotiation. Boulwarism and Continuous bargaining have excited considerable interest in United States especially after the Second World War.

Boulwarism:

Boulwarism is the name given to the General Electric Company's approach to collective bargaining. Initiated in the late 1940s by Lemuel Boulware, a GE executive, this strategy is novel in two respects. At the bargaining table itself the company announces that its first offer will be its full and final offer i.e. management will offer from the outset everything it is willing to concede in the final contract, rather than starting low and bargaining upwards as the strike deadline approaches. In this way GE seeks to persuade its employees that the company is anxious to deal fairly with them and does not have to be coerced into making a decent offer only at the eleventh hour of negotiations, when union officials will claim credit for winning what the company was perhaps ready to give from the outset.
Secondly, it sells its first and final offer directly to its employees through a communications programme of extraordinary scope and intensity—letters to the workers' houses, newspaper advertisements, leaflets and so on—reflecting management's belief that union officials will seldom give their members an objective description of a company offer they oppose.

Continuous bargaining:

The other new approach to bargaining has gone by various names—creative or productivity bargaining or the study committee approach but the most apt term is 'continuous bargaining', to contrast this technique with conventional deadline bargaining. Instead of postponing meaningful negotiations until the last few weeks or even the last few hours before a strike deadline, this system calls for the parties to explore particularly difficult bargaining problems in joint meetings over a long period of time, sometimes throughout the life of a contract.

Continuous bargaining certainly has brighter prospects than Boulevarism as a new approach to negotiating the labour contract, but it is far too early to declare this technique the wave of the future in American bargaining. Few relationships have tried continuous bargaining across the board—that is, dealing with the entire range of 'normal' bargaining issues outside the context of deadline negotiations; few parties have practised continuous
bargaining in respect of even a few issues; and no major relationships have adopted this approach since the resurgence of the economy in the mid 1960s.

**Australia:**

The system of compulsory arbitration in Australia does not encourage collective bargaining, but does not entirely preclude it either, while collective agreements may be negotiated independently of the arbitration system, much of the bargaining that does take place is carried out within the framework of the system. The parties may negotiate collective agreements before or during arbitration proceedings, as well as after awards have been issued, and such agreements may form the basis of 'consent awards' or may acquire statutory force in some other way.

Bargaining on substantive economic issues for the whole of Australia is very rare, although tripartite consultation takes place on a number of issues. Industry wide or nearly industry wide bargaining has taken place at times and even regularly in some cases, in such industries as Dock work, Shipping, Oil and Pulp and Paper manufacturing. Agreements reached at these levels are often supplemented by informal company or Plant agreements. Also common is regional multi-employer bargaining on an industry wide basis which occurs in parts of the printing, mining and building industries amongst others.
Belgium.

The Belgium bargaining structure consists of three main levels. At the highest level representatives of the national confederations of employers' associations and of trade unions meet under an independent chairman in a 22 member National Labour Council. Although collective bargaining is not its primary function, under the legislation of 1968 the Council may and does conclude two types of collective agreements: economy wide agreements and agreements to cover industries without a functioning bargaining organisation of their own.

Below the top level, there are joint labour management committees, most of them with jurisdiction that is industry wide. Some Committees consist of manual workers and some white collar workers and some both. This indicates that the traditional status distinctions are still strong enough to result in many cases in separate bargaining machinery for white collar workers, even though it is the prevailing practice for such workers to be organised in separate departments of mixed unions rather than in unions of their own. Most of the basic industry wide bargaining occurs within the joint committees, and the outcome is embodied in collective agreements applicable to the entire industry. Where industry wide bargaining prevails, there is in most cases additional bargaining in the enterprise or plant, it is thus possible to treat the terms of the
agreement concluded at a higher level as a minimum which can be improved upon through local supplementary bargaining, depending on the profitability of the enterprise concerned.

Sweden:

Over the years Sweden has maintained the essentially centralised character of its collective bargaining machinery. This does not mean that there are no decentralising forces at work in the system and that no changes are taking place. It simply means that in essence the authority of the national confederations has remained unimpaired.

The bargaining structure for manual workers is distinct from that of others. For manual workers, agreements are of three main kinds; those for the economy as a whole, those for particular industry or groups of industries and those for individual enterprises and establishments. Economy wide agreements are concluded between the Swedish Confederation of Trade Unions and the Swedish Employers' Confederation. Two types of agreements are reached at that level, i.e.,

(a) agreement covering wages and other basic conditions of employment. Such agreements remain valid for a specified period, usually but not always for two years.
(b) The other type of agreements cover those issues which are broader and require longer term solution than wages, hours of work and other terms of employment. Such agreements are the outcome of intermittent negotiation.

Alongside the bargaining structure for manual workers, there are separate and to some extent parallel structures white collar workers in the private and public sectors.

France:

Most collective bargaining in France has been carried out in the industry (or branch), either at national or in certain cases at regional level. Under the basic legislation of 1950 a net work of nation wide collective agreements covering a large part of the economy was somewhat laboriously built up. By 1966, there were 189 national collective agreements in force. This level of bargaining corresponded most closely to the inclinations of the employer's associations, and in part also to those of the unions. The unions were somewhat more flexible or perhaps more opportunistic, about the choice of bargaining units. For many years the unions made few sustained efforts to transfer negotiations to either a higher or a lower level. During the past few years, however, the relative stability of the structure has begun to weaken, and an increasing
amount of bargaining has been taking place at levels above and below that of the industry. While most basic agreements are still concluded at that level, both plant level agreements and economy wide agreements are assuming increasing importance.

HISTORY AND DEVELOPMENT OF COLLECTIVE BARGAINING IN INDIA

Voluntary collective bargaining in industry and commerce has developed in India since independence, but there are some interesting early instances of the application of the principles.

The textile industry at Ahmedabad has the longest history of settlement of disputes by mutual negotiation and voluntary arbitration and can claim to have pointed the way towards modern collective bargaining, although the experiment at Ahmedabad was not directly copied elsewhere.

The inspiration for peaceful settlement of differences between management and labour at Ahmedabad came from Gandhiji, who set out his philosophy of industrial relations in his autobiography as follows:

"Man is an engine whose motive power is the soul. The largest quantity of work will not be done by this curious engine for pay or under pressure. It will be done when the motive force, that is to say, the will or the spirit of the creature is brought to its greatest strength by its own proper fuel, namely by the affections... Assuming any given quantity of energy and sense in master and servant,
the greatest material result obtainable by them will not be through antagonism to each other, but through affection for each other."

In 1918, Gandhi was leading the textile workers of Ahmedabad in their demands for better working conditions, but even while he supported their strike, he was advocating the resolution of conflict by negotiation and mutual discussion between the accredited organisation of employers and labour, where negotiation failed, he recommended conciliation and if that too failed, he suggested reference to an agreed arbitrator or board of arbitrators whose decision would be binding. The 1918 wage dispute was eventually settled, at Gandhi's instigation, by reference to an arbitration board representing both employers and workers: and he declared that he did not see why all future differences should not be settled in the same way.

This system of arbitration actually held good at Ahmedabad until 1939. It did not entirely prevent local strikes, but there was only one general strike among the city's textile mills during this period, and Ahmedabad enjoyed a much greater degree of industrial peace than any other large industrial city in the country — so much so that the Royal Commission on Labour in India in 1931 made the comment that in Ahmedabad there is greater understanding if not sympathy between the employers and the employed than
is usual elsewhere. All grievances in the individual mills, reported by the Royal Commission, were disbursed between the mill management and the workers and if not redressed on the spot were taken up by the Labour Association with the Mill Owners' Association; if not settled amicably at this stage, they were referred to the Permanent Arbitration Board.

This system of voluntary arbitration could hardly be called collective bargaining. Indeed when the arbitration board was first constituted there was no general textile trade union in existence for it was only later that the Ahmedabad Textile Labour Association was brought into being to federate the various groups representing different occupations in the industry. Just before the Second World War the system of arbitration at Ahmedabad seemed to be breaking down and in 1940 under war time conditions a reference was made to compulsory adjudication under the Bombay Industrial Disputes Act. In 1952, after a lapse of about 14 years, the Ahmedabad Mill Owners' Association and the Textile Labour Union signed two agreements, initially for two years, by which the machinery of voluntary arbitration was revived. This was a proper collective agreement between two representative organisations, who agreed that in future all disputes between the mills and their employees should be settled out of Court.
Collective bargaining in the Ahmedabad Textile Industry is now carried on at two levels:

(a) between the mill owners’ Association and the Textile Labour Association; and

(b) between mill and the Textile Labour Association (TLA).

In 1955 a general agreement on the subject of annual bonus was reached for the years 1955-57, covering all the mills. In 1957 a Joint Productivity Council was set up for Ahmedabad Textiles. The TLA co-operated in experimental studies into productivity undertaken by the ILO in two mills. The Ahmedabad Textile Industry Research Association founded in 1947, jointly by the mill owners and the government, undertakes research at the request of either the employers or the union. From this account it was clear that a continuing collective bargaining process had come into being in the Ahmedabad textile industry. It was proved itself capable of solving the industry’s problems and had secured not only industrial peace but a higher measure of prosperity for the workers than textile employees had secured in other parts of the country. Gandhiji regarded the TLA as his laboratory in the field of labour, but despite the wide publicity that his prestige gave to his early experiment in negotiation and voluntary arbitration, the example was not followed in other industries. Bombay, another centre of the textile industry has an active mill
owners' association, which did pioneering work in drawing up standard rules for the mills and has in recent years made agreements with the workers' association, the Rashtriya Mill Mazdoor Sangha, on annual bonus and dearness allowance, but it had not developed a continuing bargaining relationship nor adopted the Ahmedabad formula for arbitration.

In Madras, Mill owners' and Workers' Associations had made agreements on bonus. In these two centres, the textile workers had a common organisation. Elsewhere there had been no widespread development of industry-wide unions, and without such a development negotiation and bargaining on an industry basis was not feasible. In the coir industry in Travancore State (now Kerala) the major union and employers' association set up a joint body known as the Industrial Relations Committees. The Labour Investigation Committee reported that the relations between the union and the employers had improved as there were opportunities for closer and more direct contact. One of the duties of this Committee was to fix rates of wages for all new types of work and also dearness allowance.

Although the Ahmedabad experiment was not repeated elsewhere, it had a profound influence upon the thinking of a number of Congress leaders who since independence had helped to shape the industrial relations policy of the Central Government. Late Vallabhbhai Patel was one of the three workers' representatives on the first arbitration board which settled the 1918 dispute. Shri Gulzarilal Nanda
and Late Khandubhai Desai were at different times Secretaries of the Ahmedabad Textile Labour Association, and there is no doubt that the former's desire to see voluntary arbitration more widely used, when he was Labour Minister, was based on his early experience of it at Ahmedabad. Gandhiji's teaching must have been in the minds of those who drafted the Industrial Disputes Act, 1947. The Works Committee under the Industrial Disputes Act, 1947 did not develop as an instrument for the voluntary settlement of disputes, and the whole emphasis in industrial relations swung away from voluntary settlement to compulsory adjudication through the machinery set up by the Act.

The development of collective bargaining apart from settlements reached through the mediation of government conciliation officers which are usually rather limited in scope — came about not through direct encouragement from the government, nor through any legislative measure, but through the voluntary efforts of certain managements and trade unions.

Since independence, however, trade unions have been growing and agreements with employers have become more common. The changing attitude of employers and the emergence of the new generation of employers and workers have also helped. The Bata Shoe Company in West Bengal made its first agreement in 1948. This agreement was for two years. It recognised the union as the sole bargaining agent,
and it incorporated the factory standing orders and introduced a grievance procedure. This was followed by a series of 3 year agreements in 1951, 1955 and 1958. In 1951, the Indian Aluminium Co. signed the first of its 5 year agreements with its employees' union at its factory in Bihar, near Calcutta. This was followed by a second 5 year agreement in 1955. During the years 1951-54 the Imperial Tobacco Co., negotiated a series of 4 and 5 years agreements in its various establishments, starting with Bombay, which set the pattern for agreements in other branches and factories. In 1953 the Mysore Iron and Steel Works at Bhadravati entered into a 3 year agreement with their labourers' association. The Tata Iron and Steel Co., at Jamshedpur and Lever Bros. at Calcutta signed their first agreements in 1955. TISCO made a supplemental agreement, the next year and Hindusthan Lever in Bombay entered into the longest agreement for six years.

The system of collective bargaining which was introduced in the industrial relations in the fifties gradually acquired prominence in the following years. Determination of wages and conditions of employment through collective agreements spread to most of the major segments of the economy. This was confirmed by the National Commission on Labour which in its report has observed:

"Most of the collective agreements have been at the Plant level; though in important textile centres like
Bombay and Ahmedabad industry level agreements have been common. Such agreements are also to be found in the Plantation industry in the South and in Assam and in the Coal industry. Apart from these, in new industries like Chemicals, Petroleum, Oil refinery and distribution, Aluminium, manufacture of electrical and other equipment, and Automobile repairing, arrangements for settlement of disputes through voluntary agreements have become common in recent years. In ports and docks, collective agreements have been the rule at individual centres on certain matters affecting all Ports, all India agreements have been reached. In the banking industry, after a series of awards, the employers and unions are in recent years coming closer to reach collective agreements. In Life Insurance Corporation of India, except for the employers' decision to introduce automation which has upset industrial harmony in some centres, there has been a fair measure of decision across the table by the parties for setting differences.

This growth of collective bargaining might have been facilitated to some extent by the adoption of the Code of Discipline in industry. According to an official review, nearly 900 independent employers and unions accepted the code voluntarily by the end of March 1962; their number increased to around 3000 by the end of 1967.

The code helped to avoid litigation by securing out of Court settlements and through recourse to voluntary
arbitration. This is borne out by the fact that the number of disputes in which parties were persuaded to settle disputes out of court rose from 13 in 1961 to 195 in 1965-1966 in the State sphere, while as many as 53 disputes were thus resolved in the Central sphere. During the same period, the cases which were referred to voluntary arbitration on the failure on conciliation rose from 84 in 1961 to 391 in 1966, the proportion of cases thus settled rising from 6.43 per cent to 11.84 per cent. In 1967, there was a decrease in the proportion of cases submitted for voluntary arbitration. In the Central sphere, the number of cases referred to voluntary arbitration aggregated to 712 (out of 3908) between November, 1962 and December, 1967 which constituted 18.37 per cent of the cases in which conciliation had failed.

Secondly, the code helped to facilitate the process of collective bargaining by placing a moral obligation on the employers to recognise trade unions as bargaining agents. Available information about the disputes over recognition between the unions, resolved by the Central and State Implementation Machinery under the code, shows that between 1961 and 1967, recognition was secured for 48 trade union in Central sphere and for 268 unions in the State sphere. A study of the various agreements entered into in India between employers and employees has brought to light certain trends in collective bargaining. Some of these were:

(a) Agreements were mostly unit-wise though some were industrywise; for example, the agreements entered into by the Textile Industry in Bombay and Ahmedabad;

(b) The scope of the agreements has been widening and now includes matters relating to bonus, productivity, modernisation, standing orders, voluntary arbitration, incentive schemes and job evaluation;

(c) Long term agreements, covering a period which ranges between 2 years and 5 years, are on the increase;

(d) The number of agreements entered into each year has been on the increase;

(e) Joint consultation in various forms has been provided for in a number of agreements;

(f) Collective bargaining has proved to be feasible and effective.

"Another notable feature of the agreements under reference, which is of considerable importance for the development and maintenance of harmonious industrial relations, is the recognition of their mutual rights and responsibilities by the representatives of management and employees. Under a number of agreements the unions have
recognised the right of the management, among other things, to introduce new or improved methods of production, establish production schedules and gratuity standards, and make rules for maintaining discipline and securing effective operation of the plant. The right of the management to discharge workers for just cause, including inefficiency and lack of work, has also been conceded. The managements on their part have recognised the unions as bargaining agents and pledged to desist from unfair labour practices such as interference with the right of the workmen to organise and join a union and discrimination against them because of their membership of a union. In the same manner, the trade unions have agreed to follow the constitutional methods as laid down in the grievance procedure to redress the grievances of their members and to desist from indulging in or encouraging unfair union practices.

Role of tripartite consultations:

The industrial relations in India have been shaped largely by principles and policies evolved through tripartite consultation machinery at industry and national levels. The process of consultation was itself the outcome of a realisation of futility by directing the relations between employers and workers without their participation. The role of tripartite bodies as emphasised in the Third Five Year Plan is given below:

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Labour Policy in India has been evolving in response to specific needs of the situation in relation to industry and the working class and has to suit the requirements of a planned economy. A body of principles and practices has grown up as a product of joint consultation in which representatives of government, the working class and employers have been participating at various levels. The legislative and other measures adopted by the Government in this field represent the consensus opinion of the parties vitally concerned and thus acquire the strength and character of a national policy; operating on a voluntary basis. Joint Committees have been set up to assist in the formulation of policies as well as their implementation.

The purpose indicated in the ILO Recommendation No. 13 (1960) on Tripartite Consultation and Co-operation are more general in nature to suit the varying national conditions. These are:

(a) Promotion of mutual understanding and good relation between public authorities and employers' and workers' organisations with a view to developing the economy as a whole or individual branches thereof.

(b) Improving the conditions of work and raising standards of living.
In addition, such consultation and cooperation was expected to ensure that employers and workers organisation were consulted by the public authorities in the formulation and implementation of law affecting their interests and in the establishment and working of suitable national bodies.

In the steel industry in India, both plant level and industry level bargaining are in practice now-a-days. At the plant level, the recognised union enters into agreement with the management on issues like incentives, welfare measures, manning systems, disciplinary measure etc. At the industry level, the National Joint Consultative Committee, consisting of the representatives of managements and unions of all the Steel Plants in India as well as the representatives of the Steel Authority of India Ltd., decides the wages and other allowances of employees of all the Steel Plants. The Committee is functioning since 1970 and recommended for revision of wages in Steel Plants in 1970, 1974, 1978 and 1982. To assist the NJCC, a standardisation Committee has been formed to standardise the nomenclatures which helps in wage fixation.
In every industry, there are back ground factors of an economic, technological and historical nature which affect the character of industrial relations in the industry. The iron and steel industry is no exception.

There is no doubt of the importance of iron and steel industry as regards the economic health of the countries as a whole. This applies not only to industrially advanced countries where a level of production in the industry may be regarded as a touchstone for the prosperity of the entire economy and where a shortage of iron and steel can quickly strangle the activities of many other connected industries like automobiles, ship building, construction, mining etc., but also in industrialising countries where the industry plays major role in the relatively small industrial sector and is often the main elements in schemes for long term development. In both types of countries, the government, in safeguarding the public interest has a major stake in the existence of stable industrial relations and the orderly settlement of industrial disputes. It is sometimes, even frequently compelled to intervene in any dispute threatening to cut off or exhaust the supply of iron and steel to the economy. Because of the immediate repercussions any change in iron and steel prices can have on a great variety of finished products, the state has a major interest in these
prices and therefore by implication in labour and other costs of the industry. This is a subject directly affecting the bargaining process.

As regards technological questions, here again, the iron and steel industry has very distinctive features. It is a capital intensive industry and one in which because of high cost of equipment as well as other technical considerations most operations are on a continual basis. It is one in which rapid technological changes have occurred and are occurring. Finally, it is a large scale industry where because of the size of the units involved, there are relatively few undertakings. Owing to the economic necessity of keeping the plant running, the employer's incentive to avoid conflict is very strong. Nevertheless, the necessity for shift work may be an unfavourable factor, posing many manning and payment problems. The factor—the element of change, in itself tends to balance, to have a negative effect on industrial relations because it leads to feelings of insecurity on the part of the workers owing to its labour reducing implications and certainly creates tension. It has led to certain demands on the part of the trade unions to which they attach central importance, such as the introduction of comprehensive termination and transfer procedures. As regards, the question of size, it may also have an unfavourable effect on industrial relations because the long
lines of communication between management and workers. It would also, in countries, where the industry is not in the Public Sector, affect wage price relationships due to imperfect competition in the product market.

Another distinctive feature of the industry is the high degree of trade union membership and organisation inside the industry, noticeably in Europe and North America but in certain Asian, Latin American and African Countries.

The industrial relations in the industry, is conditioned in part by the economic and technological factors, in part by the personalities of greatmen, trade unionists and employers of the industry. In certain countries, where the steel industry has been established long time back, such as F.R.G., France, Sweden, U.K., U.S.A. (leaving aside the countries where having fully planned economies such as Soviet Union where altogether different factors are at work) the historical situation appears to have had a marked effect on represent relations. Where the structure inside which mutual accommodation could be achieved was set up early in the history of the industry, strike incidence has been relatively low (as far instance in U.K., Sweden, Luxembourq) where union recognition was bitterly combated over a long period, strike incidence has been high (USA). In U.K., for instance, a joint committee, the North of England Manufacturing Iron Board was formed as early as 1869 and it draw up a sliding scale of wages which varied
according to fluctuations in iron and steel prices. This system later became common throughout the iron and steel industry and in conjunction with the joint committees of conciliation and arbitration, contributed a great deal to ensuring peaceful relations in the industry. In Sweden a similar pattern was established, but later collective agreements were concluded from about the end of the last century but workers' federations only succeeded in securing formal recognition by the employers after a long struggle resulting in the compromise arrived at between the Central Employer's and Workers' Confederations in 1906, the most important provision of which were later supported by legislation. There have been no strikes of any consequence in the Swedish Steel industry for 30 years.

The Luxembourg iron and steel industry is another example of industrial peace; with the exception of several small unofficial strikes of short duration, there have been no strikes since the early 1920s.

Such early agreement between two parties was not however achieved in a number of another major iron and steel producing countries such as Belgium, Canada, France, FRG, Italy and the U.S.A. where, despite recognition by the State of freedom of association, the employers in the iron and steel industry did not recognise the workers' organisation for many years.
In Belgium, the development of industrial relations in the industry was somewhat similar to the French experience. However, there was a significant difference. In 1918, workers struck in the Hainault metal industry for union recognition and an eight hour work day. These strikes spread to other industries. A compromise with the powerful Iron Masters' Federation was finally reached, the parties agreeing to set up a joint committee to consider the problem of reduction of hours of work, this was the origin of the First Joint Committee in Belgium, to-day the basis of the whole system of industrial relations in the Country.

In F.R.G., the post war period of industrial disputes in iron and steel industry stands in contrast with the strike experience of the 1920s. In 1925-32 period, stoppages in the industry accounted for more than 17 percent of the total mandays lost each year in all industry.

In U.S.A., the large scale organisation of craft workers in the Iron and Steel Industry began with the formation of the Amalgamated Association of Iron and Steel and Tin workers in 1876 and there was a certain amount of plant bargaining in existence at the turn of the century. Bargaining was gradually raised from a company to an industry wide level, culminating and collapsing in 1919 industry wide strikes. The industry than remained virtually
unorganised, until the late 1930's. It has been noted that in 1933, less than 2 percent of the workers in the industry were organised in independent unions and collective agreements only covered a few groups of those workers. Recognition of the Steel Workers' Organising Committee by the United States Steel Corporation in 1937 was the turning point in industrial relations in the industry.

Canada's experience is similar to that of the United States as regards the history of collective bargaining relations in iron and steel industry. Organisational campaigns on an industry wide basis were carried out in the late thirties and industrial relations continued to be turbulent even in the war period. The post war record of strikes has been high.

Interestingly enough, the authors of a study of industrial relations in industry in a number of major countries, while admitting the importance of the factors mentioned above, concluded that no generally valid explanation for the variation of the pattern of strike activity in different countries could be found.

Diversity of systems:

There is of course, no typical form of collective bargaining existing in the member countries of the Iron and Steel Committee. The clear distinction between laws and regulations, collective bargaining and individual bargaining as methods of determining terms and conditions
of employment is in itself somewhat unreal; in most of the countries having a developed iron and steel industry, a mixture of these methods occurs. Firstly there is a great variation in the degree to which legislation may fix terms of employment. At the one extreme are countries such as the Soviet Union and the Ukraine having a totally planned economy and where wages and working conditions are determined almost entirely through legislation and administrative measures, although an element of local decision appears to remain in certain fields such as that of welfare facilities; in such countries collective bargaining does not in the sense usually given to the term play any role. Other countries such as Brazil, Chile, Mexico and Venezuela and Latin America, Belgium and France in Europe have a great deal of legislation on such questions as hours of work, wages, vacations, termination of employment, health and safety etc., which narrows the scope of collective bargaining. There is a further group of countries such as the United States, Canada, Sweden and the United Kingdom where legislation is probably less important than collective bargaining in determining wages and working conditions.

Secondly there is a considerable difference of degree in state intervention in collective bargaining process itself. In some countries, such as Australia, the fixing of wages and salaries, and conditions of work is ultimately vested in the State Courts of Arbitration. In the Netherlands
a Central Statutory Body, the State College of Mediators, has considerable powers as regards the fixing of wages. Nevertheless, in these countries, particularly in the Netherlands, a degree of collective bargaining exists. In certain countries, such as Belgium and South Africa and to a lesser extent France and Venezuela, machinery for collective bargaining has been established or confirmed by legislation, while in others, for instance, in United States, Canada, the U.K. and Sweden there are no such legislative provisions. In some countries the parties are required, under the legislation in force, to come together to bargain (for example in U.S.A.) even to conclude an agreement (for example in Brazil). The collective agreement is also the subject of legislation in many countries but again there is a great variation in the degree of this regulation.

Diversity is particularly noticeable as regards the contents of collective agreements. In some countries the law has nothing to say, in others certain provisions must be inserted or omitted, while as a rule the parties to a collective agreement determine the categories of persons to be covered by the agreement as well as the undertakings and areas to which it shall immediately apply, in some countries such as the U.S.A. and Canada, there are legislative provisions governing the determination of the bargaining unit. Again as an example of the great diversity of systems existing in the 21 member countries of the Iron and Steel Committee, the law makes provision for the extension of
collective agreements to third parties in many countries under which they may be extended vary a great deal.

Besides, the different degrees of legislative improvement on the collective bargaining process the question of ownership of the industry and the degree to which management powers are shared can have also an effect on the type of collective bargaining that exists. In the case of a mixed economy where the Iron and Steel industry or part of it is owned by the State or regarded as a public utility, the conditions under which collective bargaining occurs will be somewhat different from those where the industry is entirely privately owned. A further variation is to be found in the FRG where under the co-management law the presence of workers' representatives on the supervisory board and of a Labour Director (who must be acceptable to the workers) on the Board of Management of undertakings in the iron and steel industry has affected the nature of collective relationship in the industry.
REFERENCES


7. Ibid., p.20.


11. Ibid., pp. 393-394.

12. Ibid., p. 395.


16. Ibid.


18. Ibid., p. 387.


