

**THE ESTABLISHMENT AND OPERATION OF NATIONAL NEGOTIATING
MACHINERY IN THE LONDON CLEARING BANKS**

BY

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ABSTRACT

The central problem around which the research is located concerns the rivalry between the different forms of unionism in banking, and the response of the employers to this, particularly through national negotiating machinery.

The thesis is divided into three parts. In the first, the attempts to develop national machinery during and after the war are examined. This is an historical account which seeks to illustrate the special nature of the inter-union rivalry between, on one side, the staff associations, committed to a co-operative relationship primarily with their own bank, and on the other the TUC union which was committed to an industry-wide basis of organisation. It also demonstrates how the associations, initially very dependent upon the employers, became more independent and operated like trade unions through bargaining while retaining their distinctive ethos. Thirdly, it demonstrates the evolution of employer strategies on this issue.

Having formed national machinery, the second section considers the conflicts between the unions which, while formally co-operating together, were still opposed to each other's principles. It looks at the two employer sponsored attempts to resolve this difficulty through the promotion of a merger, and the reasons for their failure.

In the third section the operation of national machinery is examined. The thesis considers the bargaining strategies of the unions, arguing that there were in fact considerable points of agreement between them despite their ideological disputes. It also considers the strategies of the employers, and relates these to their corporate objectives in order to contextualise the inter-union rivalry as part of a broader strategy of stability and control.

In the concluding chapter the developments since the demise of joint union working are examined. It is argued that employer strategies have shifted significantly under the influence of corporate developments, and that these have impacted upon the banks' policies towards the competing unions, which are currently operating separately.

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CHAPTER 1
INTRODUCTION

1. The Bank Officers Guild/National Union of Bank Employees.
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INTRODUCTION

The title of this work is descriptive of its objectives. Broadly it is concerned with the institutional development of industrial relations in the London Clearing banks (see table 1) although it focuses upon the specific problem of the creation and working of national machinery.

This begs the question of what is particularly problematic about the operation of national machinery in the banking industry. It is after all one which would appear conducive to national co-ordination,⁽¹⁾ having long been seen as an oligopolistic and cartelised sector dominated by a few large units with highly homogeneous operating techniques, and a low degree of price competition.⁽²⁾ Indeed, as will be shown a considerable degree of informal co-ordination on some staffing matters existed within the clearers even prior to the introduction of formal employer co-operation. Again, although matters have been complicated by the existence of more than one union, this is typical of British industrial relations. The issue of multi-unionism has been extensively analysed elsewhere, and although often seen as either a "problem" or a feature which has complicated the conduct of British industrial relations, has rarely been seen as an issue which is fundamental to the whole nature of collective bargaining.⁽³⁾ Clearly an important reason for this is that unions have been willing to operate jointly, or have developed informal arrangements to by-pass the existence of institutional duplication. Such courses were not possible in the banking industry however. Rather the special problem in creating a national forum related to the persistent tension between the orthodox trade union recruiting nationally throughout the banks, now called the Banking Insurance and Finance Union (BIFU)* and the staff associations of the individual banks (see table 2) which were opposed to orthodox trade union methods and ideology. Crucially as well, this problem was profoundly influenced by the responses of the banks' management teams to this division. It is this which forms the central question of the work, and which the thesis is designed to explore.

In considering the instability created by this specific form of divided representation, the aims of this work are twofold. Firstly, to

*Initially called the Bank Officers Guild, and then the National Union of Bank Employees.

look at how this division influenced the efforts to create national bargaining; second, to explore the ways in which it led to instability in the operation of the national machinery when it was set up, as well as the attempts to limit or deflect this instability. This is not to imply that divided representation was inevitably bad for all of the parties all of the time. One of the further objectives of the work is to tease out the conditions under which it could prove advantageous or disadvantageous to the banks or staff bodies. But here it is argued that we can only understand and explain the manifestations of the division, and the actions of each of the parties involved, by reference to what may be called their strategic objectives, that is, the over-reaching goals of each of the organisations. Furthermore the dynamics of the union and associations, that is their guiding principles of action, as well as the constraints they faced in trying to achieve their goals, may only be comprehended if the historical nature of their rivalry is made clear. So, in the abbreviated account of their origins and development which follows, the intention is to explain the entrenched nature of their hostility, and the polarisation of their principles of organisation in terms of the unequal treatment afforded to each by the banks.

THE BANK OFFICERS GUILD/NATIONAL UNION OF BANK EMPLOYEES

Looking first at the national trade union, it is important to note the timing of the inauguration of its forerunners, in England the Bank Officers Guild (BOG) and in Scotland the Scottish Bankers' Association. Both were founded before the staff associations at the end of the First World War, several attempts to organise in the previous decade having been unsuccessful. Their two bodies combined to form the National Union of Bank Employees (NUBE) in 1946.

The national orientation of the union and its objectives of all-grades representation throughout all the clearing banks derived from certain structural developments in the organisation of the industry as well as changes in the conditions of employment which affected all categories of staff. Certainly the BOG appears to have been founded as a reaction to the decline in the standards of living⁽⁴⁾ of bank clerks particularly during the war, combined with an increase in work-loads

as staff joining the services were not replaced.⁽⁵⁾ Several authors also cite the concentration in ownership which was accelerating from the turn of the century, and the increasing bureaucratisation and depersonalisation of work and employment relationships; factors which affected staff throughout the banking industry.⁽⁶⁾ The Guild's initial rapid rise in membership was seen as evidence of how widespread these factors were.

Another element of its national ethos derived from the desire to imitate the Whitley Schemes which were being implemented elsewhere in industry and government. Furthermore, the BOG emphasised its moderation as a

"conciliatory guild and not a militant trade union",⁽⁷⁾

and tried to distinguish itself from the orthodox methods of bargaining pursued by organisations of manual workers. It preferred instead a system of joint consultation with the representatives of the employers on matters of mutual interest concerning the staff throughout the industry.

Clearly, the origins of the union were located not only in deteriorating conditions throughout the whole banking industry, but also in response to the process of cartelisation and concentration of capital ownership. These generated substantial similarities in conditions throughout all of the banks, as management controls became highly centralised, and each developed a similar range of functions in lending and deposit-taking to the public based on the branch networks. Crucially as well the banks were inter-dependent on each other because of the operation of the clearing system, and the national orientation of the union thus derived from the relatively homogeneous organisation of work throughout the industry, a factor which was reinforced by the introduction of similar pay structures for clerical staff, (the largest group in the banks) in all of the major banks in the inter-war period. From this common age-based structure similar pay levels were contrived by collective agreement between the banks, a practice which led the union to reassert the need for national level bargaining on the grounds that this was the level at which pay decisions were actually taken.

Despite its rapid gains in membership and its moderation, the BOG failed to achieve recognition in the clearing banks. It was faced with an implacable opposition which took several forms. Most overtly there was evidence of hostility and victimisation of Guild members by the management of some banks. More generally the banks argued that there was no necessity to recognise the Guild because the alternative system of domestic representation offered by the staff associations, with which they preferred to deal, was more appropriate to the banking industry. Yet in several cases the associations, which were set up just after the Guild was inaugurated, had been established by the banks themselves and particularly in the inter-war period the associations acted largely as the passive adjuncts of management. At that time there was very little to suggest that proper negotiations between the two sides were taking place.

This preferential treatment by the banks was the crux of the institutional rivalry between the union and the associations. Although initially relations between them had not been hostile, when it became clear to the union that it would be denied recognition because of the associations the opposition to internalism and to all domestic principles became axiomatic. Very quickly the union formed the view that the associations were not a proper form of representative body, but primarily an obstruction to real, that is, trade union representation and the instrument by which the latter was resisted by the employers. They were therefore the principle element of an employer strategy which Bain has called "peaceful competition",⁽⁸⁾ and in the view of the union the major reason why national machinery remained a frustrated objective. Given the logic of this argument it is then understandable why the union saw only one solution to the existence of divided representation. Rather than, as two trade union bodies might do, adopt a compromise solution such as joint working or limited spheres of recognition, the ultimate objective of the union was sole recognition. As the associations were a "spurious form of representation" its aim was to displace them and thus to see them dissolved.

Moreover, because it saw the associations with which it had unsuccessfully competed for recognition as spurious, the union developed organisational principles which were designed to dichotomise

its position from them. For instance, to emphasise that it was diametrically opposed to internalist principles, the union developed a geographically based branch structure which had no institutional boundaries. This was meant to guarantee and express its externalism to the employers and thus its independence, while by inference the institutional structures of the associations were said to reflect their dependence upon and control by their respective banks. Similarly, although started by bank employees, the union always argued the need to employ its own fulltime officials as another means of ensuring independence; again this policy was essentially a reaction to the associations' practice of relying entirely upon lay members who, until the 1960's at least, remained fulltime employees of their banks as well. This the union regarded as another means by which the banks continued to control the associations. So the union's organisational principles and their bargaining objectives were reinforced by the desire to be seen as the antithesis of their rivals. At one time NUBE, for example had favoured a two-tier bargaining model, with domestic arrangements supplementing national agreements where only minimum standards would be fixed.⁽⁹⁾ After formal domestic bargaining rights were offered to the associations in the 1950's however, the union began to press for single-tier bargaining at the national level instead, because support of domestic activity carried with it the risk of legitimising the associations' policies.⁽¹⁰⁾

However a second influence upon the objectives of the union was its constituents. The moderation and concerns with status and respectability, as well as the limited instrumentalism of their union membership which has been seen as typical of white collar workers appeared to be highly applicable to the bank clerks.⁽¹¹⁾ Certainly this was reflected in the BOG/NUBE's objectives, notably in the very restrictive strike clause which made industrial action virtually impossible until it was reformed in 1960; instead the union favoured arbitration as a means of conflict resolution. Secondly, the union emphasised its non-political nature by never affiliating to the Labour Party, and while it has maintained political connections, these have been through members of Parliament of both of the major parties. However the Guild did join the TUC in 1940, not only to take advantage of the wartime statutory legislation, but also to express its position as a mainstream trade union in contrast to the associations, which have

remained consistently opposed to TUC affiliation. However, an indication of the character of its membership was revealed in the persistent motions put to NUBE's Annual Delegate meetings in the post-war years, on the ground that membership was not cost-effective, was too political, and that it associated the union too closely with the extremist activities of the dominant manual unions.⁽¹²⁾ These motions were however rejected.

To summarise: while the overwhelming objective of national bargaining reflected NUBE's origins, this industry-wide orientation was reinforced by the domestic nature of the associations. Because it was believed that the internal bodies were the principal reason for the failure to achieve recognition, and that they were an obstruction to real representation, the possibility of joint working being acceptable to the union was remote. Nevertheless, a crucial constraint upon the ambition of sole recognition was the undoubted moderation of the union's membership, and while the associations were criticised for their moderate policies which were seen as tantamount to passive acquiescence, the union could hardly adopt more aggressive policies to pursue its objective without the risk of alienating its own supporters. It was constrained by the fact that it could not enforce its demands (except in the most exceptional circumstances) so as long as the banks remained recalcitrant upon the question of recognition the union had either to rely upon external mechanisms, or face the contradiction of looking for assistance through an alliance with its declared rivals.

A central and continuing tension of whether (and how far) to compromise with internalism consistently confronted the union because of its inability to enforce the objective of sole recognition nationally. Indeed, even when recognition was achieved and the union opted to negotiate jointly with the associations, it will be argued that the issue was not resolved because the intention to dominate the representative channels as a means of displacing its rivals remained the ultimate objective of the union. The failure of this strategy however prompted a resurgence of the debate within the union between those groups which were prepared to compromise the fundamental principles of organisation at least in the short term, and the more purist elements who regarded this as intolerable. This dichotomy

represents the framework by which it is intended to analyse (in conjunction with the constraints imposed by external conditions) the union's policies on the whole question of whether to merge with the associations, as well as the decision to move to separate representation.

THE STAFF ASSOCIATIONS

It is important to clarify the dynamics of the staff associations: what was it about their principles of organisation which made NUBE regard them as a spurious form of representation? And if this was the case, why then were the associations able to survive and flourish as popular representative bodies under the pressure of competition from NUBE? It would appear that this was not simply due to the support via recognition, given by the banks, but also that this success related to the status preoccupations of bank employees which led them to approve of internalism as a more appropriate form of representation than orthodox trade unionism; secondly, the importance of what was called the special employment relationship in banking; and thirdly the ability of the associations to reconcile their objectives with the use of orthodox methods of representation, and thus to become plausible bargaining agents.

Despite their desire to remain distinguishable from orthodox trade unions, staff associations like unions may be characterised in Flanders' phrase as an amalgam of "Movement and organisation",⁽¹³⁾ being the self-elected representative bodies of a certain group of employees. However the basis of the distinction between two types of organisation derives from the ethos of internalism upon which the functioning and ideals of the staff associations are established.

"Internalism" is not a highly developed abstract theory, but a working description of the mode and style in which the staff associations have approached their functions. It also embodies a notion of distinctiveness from orthodox unionism and is therefore to a degree predicated upon the nature of this orthodoxy. However, there are consistent ideas enshrined in the term as well; the definition offered in 1960 still has relevance, internalism being:

"a system by which the staff of any particular business negotiate with their own management on all matters concerning staff conditions with an emphasis upon the common interest of employer and employed",⁽¹⁴⁾

a statement which neatly encapsulates the functionalism, the institutional orientation and the co-operative ethos of the term.

A staff association may be defined as an organisation of employees for representative purposes which is internal to one employer, and operating exclusively within the boundaries of one company.⁽¹⁵⁾ So, internalism is evidently a descriptive term which embodies the organising principle of associations as "house", "company" or "enterprise" unions.

Internalism also embodies an ideological dimension, which pre-supposes the predominance of common interests and cooperation between staff and management. The following declaration expressed this clearly:

"The foundation of (the association's) existence is a joint furthering of the interests of the Bank and the Staff who are equally dependent upon one another for their well-being."⁽¹⁶⁾

Similarly, the objectives of the associations have typically emphasised a desire to:

"foster a spirit of goodwill, mutual dependence and trust between the Directorate and Management of the Bank and the Staff".⁽¹⁷⁾

While they have denied the more commonly held view of trade unions that an objective conflict of interests exists between employees and employer, it is accepted that disputes may arise. It is argued that these may generally be settled with mutual satisfaction, through reasoned and "common-sensical" negotiation (that is without the ideological rhetoric to which it is felt that trade unions resort), and also without the use or threat of sanctions, because of the trust and recognised mutual dependency of each side. Consequently, only very recently and mainly in response to statutory pressures have the associations adopted tightly limited strike clauses in their constitutions.

At its most extreme this doctrine led to the assertion that cooperation would inevitably maximise the benefits of the staff. Consider for instance the following plea for "common-sense" policies from National Provincial Staff Association in order,

"to avoid any potential sources of friction ... (as) the association is convinced that its duty is to seek to have eliminated all unnecessary frictions, to minimise staff wastage, and indeed establish a level of moral so high as itself to act as a recruiting aid."⁽¹⁸⁾

But this statement was perhaps more reminiscent of the pre-war policies of the associations, representing the apotheosis of a co-operative philosophy which subordinated them entirely to management objectives. By the time it was written, the actual role and methods of the internalist bodies were similar to orthodox trade unions. They had evolved from passive adjuncts into bargaining agents which relied upon joint regulation or collective bargaining to achieve their objectives, one of the standard methods of trade unions as the Webbs noted.⁽¹⁹⁾

This also highlights one of the major complications in accurately conveying the character of the associations in a dynamic context. As the phrase "movement and organisation" suggests, these bodies have had to change in response to new demands from their members as well as external conditions. Indeed the ability to develop new policies and methods in a relatively pragmatic manner and to reconcile these with the continuation of their internalist ideals will be emphasised as one of the strengths of the associations which have allowed them to survive.

The associations consistently emphasised the utility and indeed the superiority of domestic bargaining. Not only did this accord with the internalist principle, but it was derived from the more concrete argument that each bank differed in its staff management methods and organisation. It made no sense therefore to bargain about these at a national level. Associated with this was the view that important decisions on pay were taken domestically; thus the associations emphasised that the differences between each bank within the clerical pay scale were significant, and a result of bargaining pressure. It was also pointed out that the pay of senior "overscale" clerical staff and managers was established independently by each bank, and only the

broadest coordination on pay was admitted to take place on a collective basis between the banks. Even on a purely factual basis this contradicted with the case for national bargaining made by NUBE.

Related to this, the associations opposed the idea of negotiations being conducted by outside officials who had no experience of bank employment. Not only was it presumed that their expertise would be inferior to that of an official drawn from within the banks, but it was also argued that they could not fully appreciate the special nature and problems of banking. Their officials were drawn from the banks' own staff, and until the 1970's in most cases were paid by the banks rather than the associations. The argument put forward by NUBE that this policy of using "home-grown" officials, and the financial support that they received via payment of salaries, pensions, and premises being prima facie evidence of domination was completely rejected by the associations.

Instead, internalism was seen as a more appropriate form of representation because of the putative special relationship existing in the clearing banks, which their organisations mirrored. Essentially, the special nature of this relationship revolved around the life-long employment which the banks claim to offer to their staff, it being suggested that as a result, employees identified with their particular bank rather than with bank staff in general, because of the agreement amongst the banks not to recruit from each other. This attitude was reinforced by the fact that their life-chances were clearly tied up with a single bank. Another factor of great importance was the career nature of bank employment. Moreover, because of the practice of promoting exclusively from within their own ranks, this offered a very high chance of reaching a managerial rank. One out of every two male recruits was the figure usually quoted⁽²⁰⁾ by the banks in their recruitment literature, although as Marsden's⁽²¹⁾ recent case study showed this sort of chance was actually available to those male recruits who remained in the banks' employment above the age of 25. As such, it was argued that bank staff tended to identify to an exceptional extent with the objectives and views of their managements, and see their interests as coinciding with those of the bank, a point which was evidently based upon concrete facts and highly rational thought.

In that the organisational structures of the associations were designed to reflect the divisional structures of the banks this emphasised the notion of common interests between the two sides. It also meant that the local units of each association varied in size quite considerably between each other. Moreover the associations emphasised their all-ranks constituencies (although several barred non-clerical staff until the 1960's) thus forming a series of integrated organisations mirroring the banks, rather than one which integrated staff horizontally into a single industry-wide arrangement, as NUBE aimed to do.

So it is evident that the principles of organisation of NUBE and the associations conflicted in several fundamental ways. But it must be reiterated that it was the decision of the banks to refuse recognition to the union in favour of the associations which made the rivalry so sharp and irreconcilable. There was for example nothing inherently anti-trade union in a company based bargaining strategy; several trade unions including NUBE's erstwhile rival, the Association of Scientific Managerial and Technical Staffs, have favoured this approach and criticised the strategy of national negotiations in banking. Yet it was because it was associated with the internalist philosophy that the banking union remained so adamantly opposed to domestic bargaining strategies.

The success of the associations in continuing to survive and attract members cannot however simply be seen in terms of the approbation they received from the employers. Arguably, this also related to their policies which emphasised their distinctiveness from orthodox/manual trade unionism, and their connotations of a professional body which was expressed both through the dislike of conflict, the emphasis upon reasoned negotiation (as opposed to conflict-oriented bargaining),⁽²²⁾ and the organisational structure which linked all grades in the bank together and emphasised the career structure of banking employment.

It has been generally acknowledged that a closer identification with managerial aims and doctrines is a typical trait of white-collar workers;⁽²³⁾ clearly, in the banks, the associations represented an institutional expression of the cooperative ethos. Marxist explanations for this have focussed upon the ambiguous structural

position of white-collar workers between labour and capital, (24) other analyses have looked at the superior status of clerical workers historically, and their proximity (often physically) to employers. (25) In the banks several other factors further served to emphasise the close relationship between the clerical and managerial staff. For instance, the chances of promotion to the ranks of management in a relatively high status quasi-professional job were exceptional. This was arguably reinforced by the structure of the banks, which were divided into a large number of units each with a relatively small number of staff. Hence the large overall size and bureaucratic nature of banking which might have encouraged a tendency to trade unionism (26) was therefore mediated by this pattern of organisation which brought staff into much closer contact with a representative of management and the bank.

Apart from the important question of status however, the success of the associations reflected their role in defending the monetary interests of their members as well. In this thesis it will be argued that whatever their expressed ideological preferences for cooperation, the ability to complement this with an effective bargaining role was a crucial component of their success, because status concerns and monetary concerns were deeply interrelated amongst bank staff. What Roberts et al noted of technicians' organisations elsewhere, also has relevance for the situation in the banks:

"The history of the technicians' union suggests that this category of workers is strongly status-conscious; but status is seen primarily in labour market terms. Professional associations that are concerned with non-pecuniary aspects of status do not fully satisfy the strong desires of technicians for higher relative levels of remuneration. On the other hand appeals to class concepts of trade unionism make little impact." (27)

Similarly, the historical development of the associations is predicated upon their concern with the pecuniary aspect of their members' interests, along with their ability to satisfy the status aspirations and cooperative orientations of bank staff. The essentially pragmatic nature of the doctrine of internalism meant that the associations could transform themselves into effective bargaining agents while reconciling this with the cooperative ethos underpinning their popularity. Hence despite changing conditions they have

remained a viable alternative to trade unionism in banking whilst in a real sense becoming trade unions themselves, and this ability to respond to developing circumstances has ensured that the rivalry between the two sides has remained a continuous one. To give one example (regarding strike action) twenty years ago the associations were thoroughly opposed to the use of sanctions in bargaining, it being contrary to their cooperative principles; but in response to the pressures of statutory changes, as well as the changes in the bargaining environment, and particularly the ending of compulsory arbitration, they have adopted strike clauses which are however extremely limiting. While the possibility of them taking action remains slim the internalists now admit to the presence of conflict as part of the bargaining process. In this way they challenge the union's argument that they are powerless and ineffective while remaining aligned with the tradition of cooperation.

So while there is a continuous theme in the rivalry between the associations and the national union, the thesis explores the changing nature of both sides and the conditions under which this development took place. It is then concerned to relate this to the problem of establishing and operating national machinery.

THE LONDON CLEARING BANKS

Yet, given this inter-union rivalry, the intention is to demonstrate how the employers collectively attempted to deal with it. We argue that the policies of the banks could influence the actions of the staff bodies and their relationship significantly, but that ultimately they were unable to dissolve the competition between the two sides, as they wished.

In the historical approach the thesis tries to emphasise how the banks' strategies did alter in the post-war period. Although the entrenched nature of the inter-union rivalry was in part due to the longstanding policy of hostility towards the union, the first part of the thesis explores the shift towards a preference for an institutionalised bargaining relationship. At the same time it draws out the differences within the ranks of the employers and in particular the contradictions between on one side the need to ensure stability and on the other, the

ideological opposition among some managers to the prospect of encouraging "orthodox" trade unionism. Moreover we argue that for both ideological and practical reasons the banks were always loathe to abandon recognition of the staff associations, which were seen as popular representative bodies and a moderating influence. Hence national negotiating machinery was in part an attempt by the banks to resolve the instability of competition between the staff bodies. But because their differences could not be dissolved the machinery was, we shall argue, fundamentally unstable; recognising this the banks were thus involved in the attempts to procure a permanent solution to the division through industry-wide discussions on a merger. The thesis explores why the banks collectively decided to adopt such an interventionist strategy on this issue, arguing that they saw this as the key to the priority of long-term stability and predictability in bargaining relationships; but it also considers the limits of their interventionism and tries to explain why ultimately they felt unable to enforce a merger, notwithstanding their wish for an end to the division.

Yet the existence of national machinery does beg the question of why the banks preferred to act in concert. One important reason was that historically such collective action was customary, cooperation in the operation of the clearing system being well established: the banks were thus bound by their mutual inter-dependence in processing each other's work. Moreover, their common relationship with the central bank (the Bank of England) meant that there was a longstanding tradition of oligopolistic cooperation, and a virtual absence (until very recently) of any form of price competition. Operating through their branch networks each developed highly similar systems of work organisation and staffing structures.

From this product market position the banks' decision to cooperate in the market for their most expensive factor-labour - is explained. Particularly in the context of consistent expansion of employment and within the competitive market for clerical staff prevailing in much of the post-war period, the banks recognised that to compete between themselves for labour might only raise the price without guaranteeing a higher supply in the longer term. Hence the decision to take wages out of competition. But when we consider the operation of the national

machinery we also seek to demonstrate how an employer's federation could protect domestic prerogative, or avoid the possibility of an individual bank being "picked-off" by the staff side. The thesis does however consider the disadvantages of national cooperation for the banks, principally relating to the loss of autonomy and control over those areas of the pay structure which are to some extent insulated from the external market.

Finally, it should be noted that the thesis seeks to contextualise the banks' strategies. It attempts to show that managerial decisions at national as well as domestic level on labour relations policies were not autonomous, but were conditioned by the broader business policies of the banks. At the same time it tries to draw out the differences within the banks, arguing that despite their oligopolistic nature a significant degree of managerial choice existed and could often result in varying strategic policies. How this has influenced the employers' response to the division of representation is considered throughout the work.

STRUCTURE OF THE THESIS

Because the state of existing knowledge about the clearing banks' industrial relations is relatively imperfect, it has been necessary to offer a framework of analysis which is based upon an historical-institutional approach, or what Kochan,⁽²⁸⁾ following Kuhn,⁽²⁹⁾ has described as a "preparadigm" stage of theory, at least for the first section of the work. This first part sets out to explain why the banks decided to institute national bargaining and recognise the TUC union NUBE, after a long record of hostility to it and preference for domestic negotiations with their respective staff associations. The decision is related to the particular structural conditions confronting the banks, and in particular the discontent which developed among their staff from reductions in their standards of pay in the post war period, a trend which was aggravated by the lack of opportunities for promotion and the restrictions upon career advancement imposed by the internal labour markets operated by the banks. In this context it is argued that the staff associations (under pressure from NUBE) became increasingly aggressive bargaining agents, quickly reducing the utility of domestic negotiation because of the opportunities for "leapfrogging" agreements between the banks.

But the recognition of NUBE is also explained in terms of political pressures to conform to "accepted industrial relations practices", or statutory standards. While it is emphasised that the preference for "voluntarist" solutions to the question of representation permitted the banks some discretion in their choice of bargaining partner, nevertheless it will be suggested that Governmental pressures did have an indirect influence upon the banks' final decision to recognise NUBE. In effect public scrutiny induced considerable concern with the prospect of compulsory direction by the state, leading to reform of a "voluntary" type to head off further criticism.

The analysis does however seek to emphasise the importance of managerial choice in this question, and to demonstrate that recognition in a national forum was by no means an inevitable solution to institutionalise discontent. In examining the reasons why the employers did choose to formalise their co-ordination by establishing a federated organisation for bargaining at national level, this is considered in terms of the advantages usually adduced to collective action, such as resistance to trade union pressure, support and defence of managerial prerogative, and the minimalisation of wage competition.⁽³⁰⁾ In so doing, the analysis attempts to show in what ways these issues actually were problematic for the banks, by asking for example what specific challenges trade unionism presented to them ideologically and in terms of the shift in decision making from unilateral control to joint regulation.

Having argued that the central objectives of the union were to obtain recognition at the national level, and to displace the associations in the same move, thus establishing itself as the sole representative body, it is necessary to explain why it was eventually persuaded to enter joint working under conditions which by no means guaranteed the demise of the associations.

The basis of our argument is as follows. Firstly, the long period of non-recognition indicated to the union that it was insufficiently strong to enforce any of its policies upon the banks as long as they remained recalcitrant. Its central internally based strategy of obtaining sole recognition through achieving a majority membership was inadequate and unrealistic as long as the associations provided a

source of competition. NUBE thus tended to rely heavily upon external support for its case both from the government and the wider trade union movement, but this led it mistakenly to assume that the adoption of favourable policies by these bodies would be sufficient to enforce its claim for sole recognition, and particularly that statutory regulations would compel the banks to do this.

A crucial change of policy, emerging from the failure of this strategy was to relinquish the claim for sole recognition. After the banks successfully pre-empted the pressure of statutory legislation by establishing domestic agreements with their associations, the union reformed its policy. A more pragmatic approach emerged, which entertained the possibility of joint working with the internalists, demonstrating the realisation that recognition under any terms had to be achieved as bargaining power was a necessary preliminary to achieving representative pre-eminence. While the long term objective of the union as regards the associations remained consistent, it is evident that the strategies adopted by NUBE did in fact reflect its limited power. It therefore continued to press its case principally through political pressure and specifically by making a complaint that it was the object of discriminatory policies by the banks to the International Labour Office, to which the banks were obliged to respond with reform initiatives.

To understand the apparent contradiction that the domestic associations were persuaded to enter national machinery, it is necessary to focus upon the question of the methods by which they functioned, as well as upon the objectives of internalism. These were in fact fundamental differences between the associations on this issue, which are explored in the first section, but it is argued that a majority were prepared to overlook their internalist principles because their priority was to establish bargaining rights at the level at which decisions were de facto being taken. As such, when it became clear that the banks were determined to co-ordinate policies over pay and conditions nationally, the associations were prepared to act at that level as well. Indeed, throughout the thesis it is emphasised that the only way the associations have been able to survive as viable representative bodies is by consistently revising their internalist principles, based essentially upon an identity of interests between

employer and employees, so that they prove compatible with the reality of the differences of interests expressed in the bargaining process, in an essentially pragmatic and undoctinaire manner. In addition, as the associations were locked into the institutional competition for members with NUBE, once national machinery had been established they could not relinquish bargaining rights at that level, because that would be tantamount to allowing the union sole control over the negotiation of pay. Their internalist principles were therefore conditioned by, and had to be moulded round, the decisions of third parties (the banks) on the structure of negotiation.

This historical investigation is derived from the primary material sources of the staff bodies and the banks as well as secondary sources. In the former category may be listed the minutes of conferences and meetings, magazines and other sources of information and propaganda put out by all sides. Additionally, the minutes of meetings between the banks and staff bodies, and between representative of Government, which have not been examined by any external party before, have been drawn upon to provide new knowledge about the process of decision making.

The second part of the thesis continues the examination of the influence of the unique form of divided representation upon the structure and process of bargaining, and the attempts of the banks to resolve the instability it created, by looking at the initiatives for a merger between the two sides sponsored by the Federation. It is argued that despite the constitutional co-operation of the joint staff side, the fundamental ideological differences were sustained. Indeed the institutional competition was heightened by the power accruing to the body with the superior membership to control the formulation of policy in the banking staff councils, nationally and domestically. We argue therefore that NUBE's failure to achieve the majority position was the fundamental cause of this instability, and this is related to its central objective of controlling the staff side.

The analysis seeks to emphasise the context of these reform programmes: notably, in the first instance the financial difficulties NUBE faced; the failure of the union to see the associations outlawed by statutory legislation; and the pressures upon the staff bodies from

the expansionist policies of other trade unions. Through this it is intended to demonstrate that the mergers were viewed by the actors themselves very much as defensive reactions, "forced-marriages" rather than opportunities to dissolve unnecessary divisions. And both attempts, the ABFU talks and the Johnston Enquiry, thus had to confront the opposition to merger from strategically powerful groups on each side who saw this as a second-best alternative because of the compromise of principles it necessitated.

Nevertheless it will be argued that the Johnston Enquiry came much closer to success than the first initiative. In the ABFU talks, the failure to come to terms with the problem of the location of power in the new organisation was a crucial error which Johnston avoided. Moreover the inability of the banks to deal with the entrenched differences in attitude was another failing of the ABFU talks. Hence although there was agreement over the structure of the new body, this only disguised the problems of its organisational style: was it to be a domestically oriented body with the minimum of centralized powers and resonant of the internalist ethos in the limited provisions for industrial action or participation in the wider union movement; or a NUBE-type model with centralized powers and membership of the TUC? Again we suggest the Johnston Enquiry provided explicit answers to these questions, thus confronting the central difficulty of organisational design in his model.

In our conclusions on the Johnston Enquiry, we accept his view that NUBE was largely to blame for the failure to amalgamate. It is argued that the NUBE/BIFU representatives were keen to enact the merger, but were unable to persuade the union's lay activists that the organisational structure Johnston proposed was capable of sustaining the national basis of the union against a domestic fragmentation, and these lay groups were therefore loathe to see the merger take place without further safeguards.

We also conclude that a crucial weakness of both programmes related to the difficulty of enacting the voluntary reform process while the parties remained suspicious of each other's intentions and thus reluctant to compromise. In this situation the role of the banks was of great importance, because it was only they who had the power to

exert sanctions to enforce change. Because of the historical accusations of preferential treatment for the associations it is argued that the banks were disinclined to adopt a strongly interventionist strategy; furthermore because some banks saw intervention via the Federation as an incursion upon domestic prerogative they were opposed to any national level policy initiatives. We also conclude that the banks particularly held reservations about the advantages of a merger if it was to lead to the dissolution of the distinctive elements of the internalist philosophy, and the creation of an "orthodox" trade union. For each of these reasons, the need for an active programme to enforce at least the initial steps of the merger was missing.

To support the arguments put forward in this section, we will draw upon unpublished and original material including minutes of every major meeting in each of the two reforming initiatives. Additionally, supplementary notes and documentation used by many of the leading actors has been consulted, and interviews conducted with representatives of all the parties including many of those officials who were involved in the talks.

To recapitulate, the central problem which is addressed in this thesis concerns the effects of the particular form of divided representation upon the process and structure of bargaining. It has been argued that the competition between the representative bodies was endemic and that this was a persistent source of instability. How then did this rivalry affect the working of the national machinery; and how, given the instability, was the machinery made to work for nearly ten years?

Because of the competitiveness of the staff bodies, the formal cooperation between them established by the joint staff side (the Banking Staff Council) did not actually dissolve their real differences, although it did largely neutralize the effects of these from spilling over into the bargaining process. In particular, NUBE entered the national machinery with the associations as a tactical move because it was believed that through recognition nationally its superiority in terms of bargaining strategies and bargaining effectiveness would subsequently ensure the control of the staff side, in the longer term leading to the demise of the internalists.

Similarly, the associations recognised that they had to dominate the Staff Council if they were to continue to have an effective voice in pay bargaining.

Recognising the continuing rivalry between the staff bodies, the employers' strategy in the design of the constitutions governing the operation of national bargaining was to minimise the destabilising effects of this competition. Secondly, the value of the associations as a constraint upon the union was acknowledged, and as a result, several mechanisms were constructed to ensure that the superior bargaining strength of the union, which derived from its ability to call upon stronger sanctions, did not permit it to dominate the staff side as the minority body.

So, it is argued that initially the objectives of the employers were focussed upon the avoidance of overt conflict in the process of negotiation, and the development of several forms of protection against the instability of divided representation. However the price of this caution was the creation of certain profound rigidities in the design of the constitutions which placed considerable restrictions upon the development and successful achievement of the other bargaining objectives of the employers.

To an extent, these restrictions were overcome by informal mechanisms which allowed the procedure to be by-passed; otherwise they required formal reform processes as for example in the structure of pay bargaining, but the price of these changes was that the banks were obliged to compromise by offering a larger role for the trade unions (and particularly NUBE) than was originally proposed, and thus a reduction in the unilateral prerogative of management. This was not a complete solution however, and as the strategic objectives of the banks became more concerned with controlling the cost of labour under the pressure of high wage inflation and sustained competition from other financial intermediaries, the rigidities of the constitutions became an increasing penalty.

The very success of the strategy of neutralizing the effects of divided representation was an important factor in explaining why the bargaining machinery operated satisfactorily for nearly ten years. At

the same time however this was only a superficial form of stability, because the union was frustrated in its prime objective of demonstrating its superiority as a bargaining agent and thus obtaining control of the staff side. While NUBE claimed that its bargaining strategies were more thoroughly researched and that its officers were more professional, this made little impact upon bank staff because the union was not able to demonstrate that these factors actually made a difference to bargaining outcomes as long as the Joint Staff Council continued to be controlled by the associations, whose subscriptions were substantially lower.

A further source of frustration for the union derived from the manner in which the supposedly domestically oriented associations were able to come to terms operating at the national level. The internalists found no contradiction in reconciling their new roles as national bargaining agents with their philosophy and were indeed prepared to pursue strategies which were designed to extend the range of joint regulation by exploiting ambiguities in the JNC constitution. This again meant that NUBE was unable to demonstrate that the associations were less effective bargaining agents because of their cooperative ethos, and it is suggested that considerable similarities emerged in the bargaining strategies of the two sides. These were reinforced by the poll-vote mechanism as each body had to avoid any policies which appeared to favour one group at the expense of the others, for fear of provoking a loss of members to its rival. As a result, NUBE was unable to demonstrate the superiority of its strategies, nor generate an advantage by gaining the overwhelming support of any single group, such as the junior clerical staff.

This is demonstrated most clearly in the bargaining over national salary scales, where the all-grades constituencies of both staff bodies largely determined their similar pay strategies which were located around maintaining the internal differential structure in a stable state. The opportunities for overtly competitive strategies were also diminished by the context of high inflation and frequent pay controls, because both sides of the JNC then regarded free bargaining periods as opportunities to adjust for pay anomalies. Moreover in this context the banks accepted the legitimacy of cost of living adjustments, less restrictive pay policies, than prior to 1968 when

their more rigorous and inflexible bargaining strategies had exposed the weaknesses of the associations, to the advantage of the union. And particularly after the national job evaluation exercise in 1970/71 the banks were broadly concerned to preserve the stability of their internal grading structures, thereby finding it relatively easy to accommodate to the bargaining strategies of the staff side.

But this brings us to the question of the rigidities in the design of the constitution, for while highly stable in terms of the outcome of negotiation, the structure of pay bargaining was one area where the restrictions built in to insulate domestic management from the area of joint regulation proved problematic, because the discretionary powers of each bank were over-constrained as a result. This was because the national machinery fixed actual rates of pay for the majority of clerical staff, thus conflating career and non-career staff into a single category. The banks could not therefore develop their pay systems as a component of manpower development policies and quickly found this arrangement over-restrictive. NUBE was however opposed to any substantial decentralization of bargaining, although the associations supported this, and as the constitutions were due for formal revision when restructuring came under review, this issue represented a point of considerable instability.

The reform process, which developed a two-tier bargaining model represented a considerable departure from the original intention of the employers to separate joint regulation, and recognition of NUBE from the domestic level. Moreover in the bilateral application of the job evaluation exercise at domestic level, there was a significant departure from the restrictions of the original constitution which had been predicated upon a highly economic model of trade union functioning. Insofar as job evaluation necessitated the involvement of the staff bodies in the "governmental" and "managerial"⁽³¹⁾ functions of applying decisions at the domestic level this represented a substantial compromise by the banks to their original strategies to limit joint regulation. Importantly however, the decisions to retain a high degree of centralized pay determination, which were effectively made unilaterally by the banks in the process of designing the restructuring exercise, were accepted by the associations despite being against their wishes. Moreover, while NUBE obtained domestic

recognition, it remained restricted within the same structure of joint representation and the poll-vote procedure which, as at national level, stifled its opportunity to demonstrate any differentiation. So while the banks were obliged to compromise by extending the system of joint regulation, nevertheless the reform sustained the strategy of neutralizing the effects of division from which NUBE's frustration was derived.

Another major rigidity which was embedded into the design of the constitution related to the bargaining procedure. Again this was predicated upon the priority of conflict avoidance, but unlike the problem of the pay structure it remained unmodified throughout the operation of the machinery. In particular, the compulsory and unilateral arbitration facility which was the final stage of the tightly defined procedure was incorporated to overcome the banks' fear that NUBE would be inclined to foster conflict as a means of demonstrating its superiority. Additionally it was recognised that as the associations were effectively powerless without arbitration, unilateral compulsory arbitration was necessary to obviate the need for any reliance upon the ability to employ bargaining sanctions. While this mechanism worked satisfactorily as a peace-keeping measure, it did create several fundamental problems for the JNC. In particular the rigidity of the constitution tended to promote very inflexible bargaining processes such that the procedure was quickly exhausted. Although the desire of all parties not to be seen as being over-reliant upon arbitration did lead to several informal procedural by-passes which alleviated this problem, for the banks the price of this arbitration facility was substantial, because it is suggested that several key issues became unchangeable or "trapped" and this had important cost implications. So while arbitration arguably helped the unions which therefore did not have to defend these decisions by collective action, and achieved the objective of equalising the power of the staff bodies in negotiation, it did place a considerable burden upon the value of the national machinery to the employers.

Yet the "trapping" of items in the bargaining process was not simply a technical question of constitutional design. It related to the fact that competitive pressures between the staff bodies while largely neutralized were not dissolved, and one expression of the underlying

competition for members, and thus control, was the attempt to extend the area of joint regulation by exploiting certain constitutional ambiguities in order to prove superior bargaining effectiveness. These ambiguities derived from the inclusion of several matters for negotiation which inevitably interfaced with areas of unilateral prerogative such as hours of work/hours of business and holidays/Bank Holidays and Christmas Holidays. Again in the context of competition for members, the associations were obliged to pursue bargaining policies which were as expansionist as those of NUBE, despite their supposedly moderate and domestic orientation. This had the effect of forestalling any opportunity for NUBE to demonstrate its greater effectiveness.

Employer dissatisfaction with the joint machinery also related to the other items which were "trapped" by arbitrated decisions. The difficulties in initiating discussions on ways round these problems were further complicated by the absence of facilities for consultation, and any item discussed in the JNC was therefore defined as arbitral. More fundamentally however the tension in the national machinery related to the increasing concern with costs and their competitive position expressed by the banks. Although only an emergent trend, this tension was evidence of a growing contradiction between the objective of conflict avoidance through the strategy of neutralizing instability and that of more control on costs through greater control over the bargaining process. The break-up of the JNC therefore coincided with the emergence of doubts on the employers' side about the utility of national machinery because the rigidities inherent in the constitutional framework were perceived to put them at a considerable disadvantage. While not wishing to disband the joint staff side, it being assumed that separate negotiations were a recipe for greater instability, it is argued that the need for procedural reforms was emerging in the Federation.

To conclude this section therefore, it has been argued that the strategy of neutralization did largely resolve the destabilising effects of competitive unionism. The very success of this did however undermine the operation of the machinery ultimately, because NUBE was frustrated in its objective of obtaining control of the staff side. For the banks there were costs associated with neutralization, notably

in the rigidities within the constitution, and these could only be overcome by informal by-passing and formal compromise which extended the role of joint regulation at the expense of managerial prerogative. Such modifications did not resolve all the restrictions however and in several important issues the banks remained frustrated by the restrictions upon bargained change imposed by arbitration. In addition the competitiveness of the staff bodies encouraged attempts to expand the scope of joint regulation which the banks found difficult to resist. There were therefore serious problems for the employers, as well as NUBE, in the bargaining arrangements particularly as they began to develop more cost oriented policies. The strategy of neutralization may therefore have had only a limited life-span even if the staff side had not collapsed.

In the concluding chapter a discussion of developments since 1978 indicates how changes have been made in the light of the shifts in the priorities of the employers, as well as the inter-union developments since 1978. Separate negotiations without the facility of compulsory arbitration have thus far exposed significant weaknesses in the bargaining strategies of the staff bodies, enabling the banks to implement successfully a much harder and cost oriented programme of negotiated change. More fundamentally the growing use of new technologies and the more competitive orientation of the banks with each other as well as the other financial intermediaries bring the prospect of a radical alteration to the branch networks. With this, the lifelong career structure which has been central to the special employment relationship in banking may also decline, bringing a period of rapid and fundamental change in objectives of the staff bodies and their relationship, as well as managerial strategies.

FOOTNOTES

1. Slichter et al (1960) cite these conditions as being among those favourable to the growth of national bargaining. Ingham (1973) also posits a relationship between degree of centralisation of industrial relations and the structure of capital.
2. See Nevin E and Davis E (1973); Wadsworth J (1973); The Radcliffe Report (Cmd 827) 1959.
3. Discussions of multi-unionism include: Webb S & B (1902); Turner H A (1962); Turner H A et al (1967) chap 7; Paynter W (1970); Coates K & Topham A (1970); TUC Congress Reports 1926/27; 1944; 1963.
4. Klingender A (1935); Allen V & Williams S (1960) Blackburn R M (1967) cites a rise in the cost of living 1914-18 while the salary increment was a 20% bonus in 1914.
5. Allen & Williams (1960). These factors are also discussed in the unpublished history of the union (H A Page, author).
6. Lockwood D (1958) pp 176-184
7. Extract from letter by William Bennett, BOG official quoted by Klingender.
8. Bain G S (1967) Chap 5 and (1970)
9. NUBE (1949)
10. NUBE (1955)
11. Bain (1970); Prandy K et al (1983); Hyman R and Price K (1982)
12. eg, NUBE Annual Delegate meeting (ADM) 1955
13. Flanders A "What are trade unions for?" (1968) in Flanders (1975) pg 43.
14. Martins Bank Staff Association "Something Internal" 1960.
15. See Weekes B et al (1975); Dickens L (1975)
16. Midland Bank Staff Association evidence to the Donovan Commission (1965)
17. Extract from the Constitution of the Westminster Guild (1962)
18. "Natproban" NPSA magazine Spring 1965
19. Webb S & B (1902)
20. eg, Bank recruitment literature 1960

21. Marsden (1982)
 22. MBSA (1965)
Natproban Spring 1968; staff association magazine 1982/83.
 23. Bain (1970); Prandy K et al (1983)
 24. See Crompton R "Sociology" Vol 10 No 3 (1976)
 25. Phelps Brown E (1977) Chap 4
 26. Bain (1970) and Lockwood D (1958) both see this as a factor which generates union growth
 27. Roberts B et al (1972) pg 117
 28. Kochan T A (1980)
 29. Kuhn T S (1962)
 30. Webb S & B (1902);
Marsh A I (1965);
Gospel H in Thurley K & Wood S (1983) pp 91-110
 31. Chamberlain N (1951)
-

TABLE 1.1

LONDON CLEARING BANKS

(listed by asset size)

<u>1968</u>		<u>1982</u>
Barclays)	Barclays ¹
Lloyds)	National Westminster ²
Midland) "Big Five"	Midland
Westminster)	Lloyds
National Provincial)	Williams & Glyn's ³
District		
Martins		
Glyn Mills		
National		
William Deacons		
Coutts & Co		

1. Barclays took over Martins Bank. 1969
2. Westminster merged with National Provincial and its fully owned subsidiary, the District Bank, to form National Westminster 1969. Coutts and Co is a fully owned subsidiary, operating independently.
3. Williams & Glyn's was formed from a merger of Glyn Mills, Williams Deacons and the English branches of the National Bank 1970.

TABLE 1.2

STAFF ASSOCIATIONS IN THE LONDON CLEARING BANKS 1960

Barclays Bank Staff Association	BBSA
Lloyds Bank Staff Association	LBSA
Midland Bank Staff Association	MBSA
Westminster Guild	-
National Provincial Staff Association	NPSA
National Provincial Ladies Guild	
District Bank Staff Association	DBSA
Martins Bank Staff Association	MaBSA
Glyn Mills Staff Association	GMSA

STAFF ASSOCIATIONS 1974 (DECEMBER)

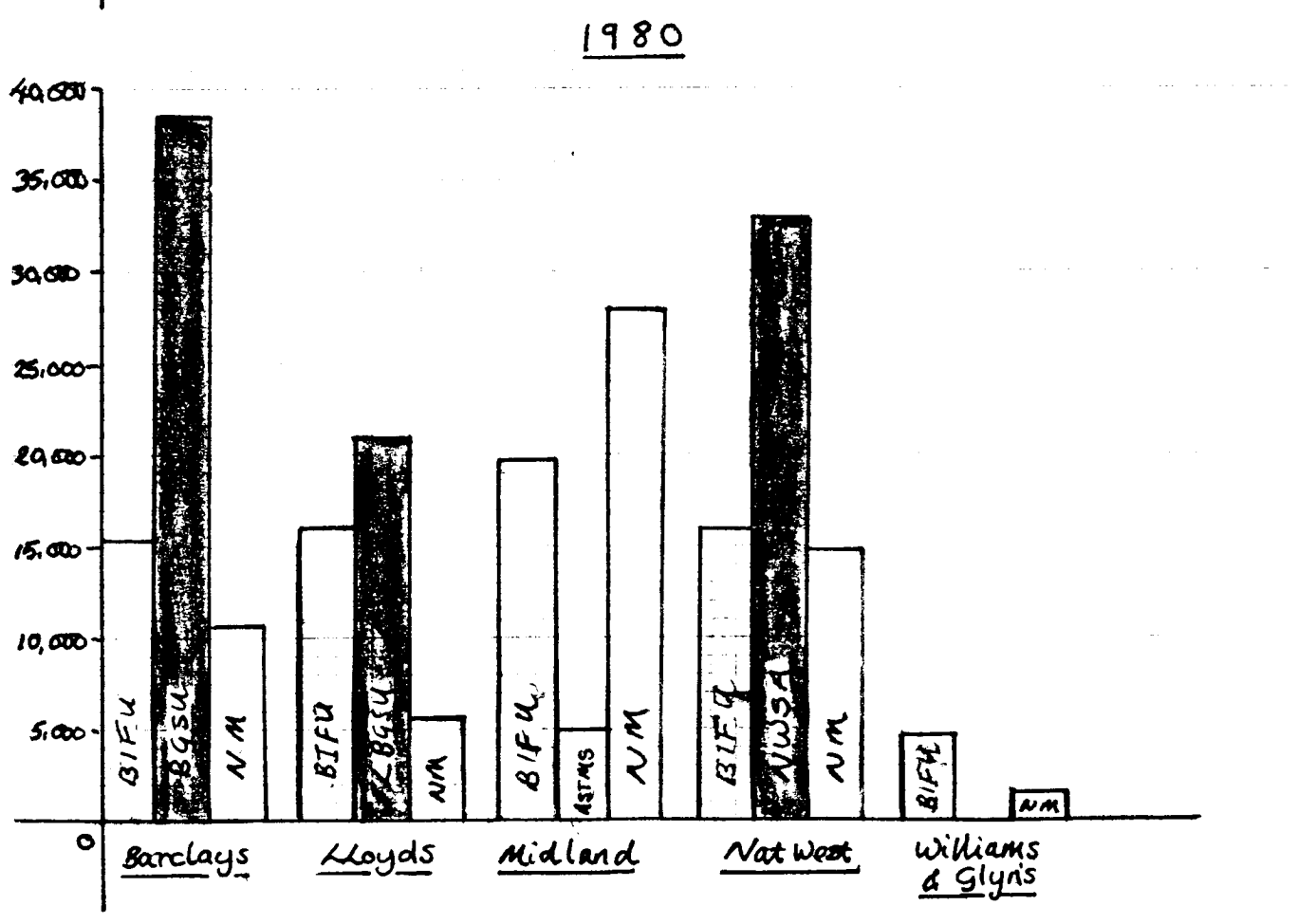
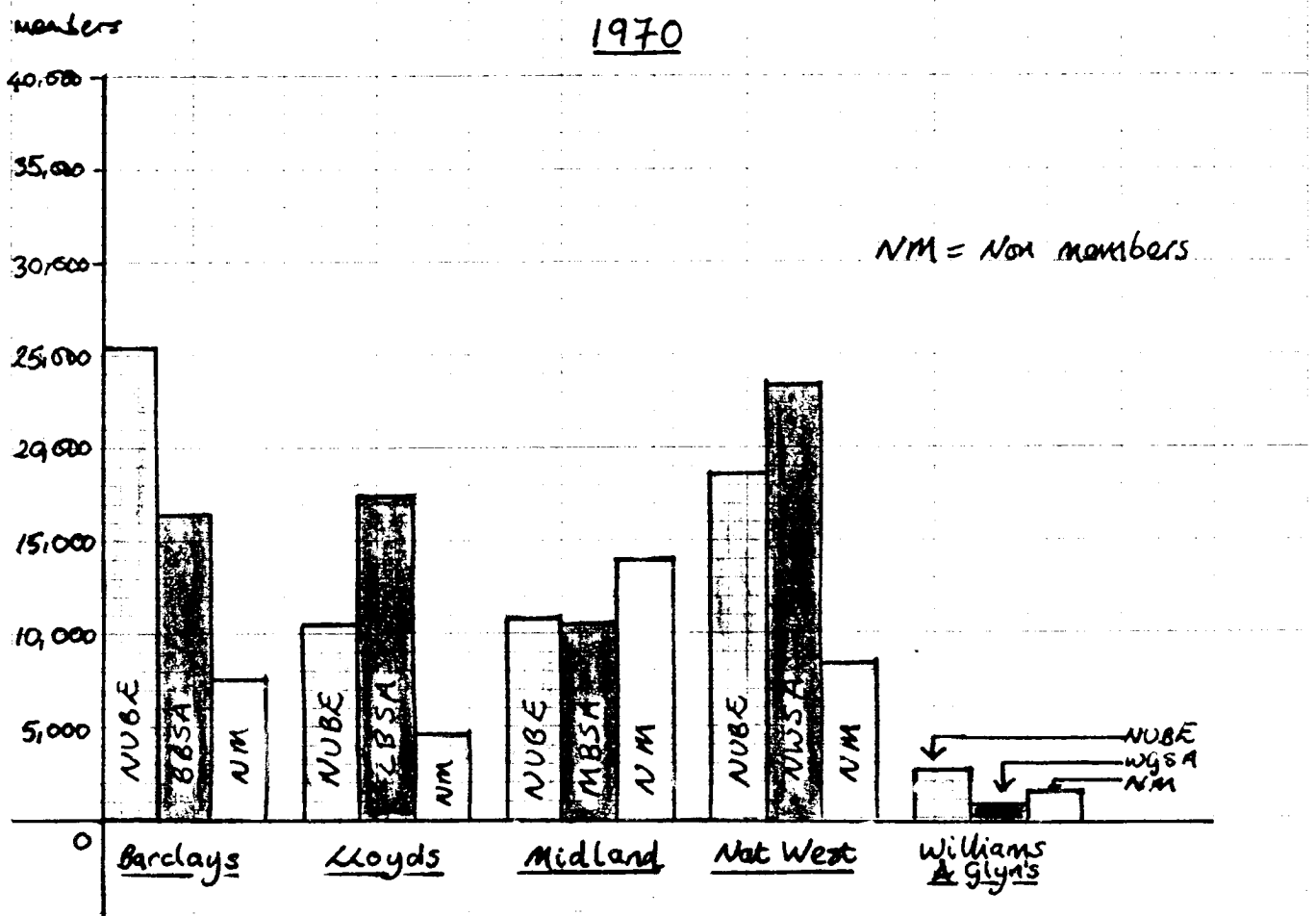
Barclays Bank Staff Association
Lloyds Bank Group Staff Association
National Westminster Staff Association

- Note: 1. MBSA was absorbed by the Association of Managerial Scientific and Technical Staffs in 1974.
2. The GMSA was absorbed by NUBE in 1974.

STAFF ASSOCIATIONS (UNIONS) 1980

Barclays Group Staff Union
Lloyds Bank Group Staff Union
National Westminster Staff Association

Table 1.3 Rivalry between the national union and the staff associations:
Membership and Non-Membership in the London Clearers: 1970 & 1980



SECTION 1

THE ESTABLISHMENT OF NATIONAL MACHINERY

2. Attempts to Establish National Negotiating Machinery 1940-1956.
3. Changes in the Bargaining Environment After 1960.
4. 1964-1968 The Crisis in Industrial Relations and the Establishment of National Bargaining.

CHAPTER 2

ATTEMPTS TO ESTABLISH NATIONAL NEGOTIATING MACHINERY 1940-1956

1. Introduction.
2. Chapter Outline.
3. Orders 1305 and 1376.
4. Staff Discontent and the Response of the Banks and Staff Bodies
 - (i) The Payment System
 - (ii) Sources of Discontent
 - (iii) The Response of the Parties.

ATTEMPTS TO ESTABLISH NATIONAL NEGOTIATING MACHINERY 1940-1956

INTRODUCTION

Our central theme concerns the special form of inter-union rivalry between the union and staff associations, and the responses of the banks to this phenomenon. This first section comprises three chapters which examine how this influenced the attempts to establish national machinery between 1940 and 1968. In so doing, the objective is to explain why, despite their fundamental ideological and organisational differences, the staff bodies were prepared to consider joint working on several occasions before coming together as a joint staff side in the national machinery instituted in 1968. The intention is secondly to demonstrate how the policies of the banks developed in response to economic and political factors, and how these employer policies influenced the relationship between the staff bodies.

Before looking at the factors which led up to the introduction of national machinery an examination will be made of the reasons why the previous attempts to establish a joint forum failed. In particular, by considering the policies and positions of the parties involved, the aim will be to clarify what changes prompted them subsequently to come together.

CHAPTER OUTLINE

The chapter commences with a narrative of the efforts to institute a national forum which were fundamentally in response to two different sources of pressure. Firstly, the introduction of legislation in the war banning strikes and implementing compulsory arbitration. This was extended in a modified form after the war had ended and finally removed in 1959. Secondly, in the post war period the banks faced the novel phenomenon of overt dissatisfaction on the part of their staff with pay and conditions to which their response was to consider the possibility of national negotiating machinery once more before opting for domestic links with their associations which excluded NUBE from recognition.

In the discussion which then follows the intention is to explain the failure to institute national bargaining in terms of the objectives of the parties. We attempt to demonstrate the fragility of any initiatives for joint cooperation instituted by either of the staff bodies because of their longstanding hostility and differences in organisational principles. It is suggested that such initiatives were usually defensive reactions rather than positive programmes to overcome the existing division of representation and failed because either one of the parties, or a strategically important group within it, believed that the preferable option of sole recognition could be obtained. Thus in the belief that legislative rules would probably lead to the demise of the associations, NUBE became unwilling to assist them by establishing joint working, because of the required compromise with internalist principles. Conversely, after the introduction of domestic agreements which excluded NUBE but ensured the associations' survival, the attractions to the latter of joint working at national level quickly subsided.

The crucial role of the banks is also considered, it being argued that they were disinclined to entertain joint regulation as a means of decision-making voluntarily, until statutory legislation and pay problems necessitated such a strategy. Recognition of NUBE alone was consistently resisted because of the longstanding antipathy to "orthodox" trade unionism for bank clerks, and national machinery was only envisaged if a joint staff side could be developed, but it remained a second-best alternative to working with the associations alone. However, given the apparently irreconcilable differences in principle between the staff bodies it is concluded that a necessary pre-condition for joint working at any bargaining level had to be a positive policy of support from the banks, and their hostility to NUBE as a fully recognised bargaining agent had therefore to be dissolved before this could occur.

ORDERS 1305 AND 1376

During the war the first attempt to organise national machinery was made as a direct consequence of the Conditions of Employment and National Arbitration Order (Order 1305) which came into effect on 25 July 1940. This was applicable only to independent unions, and conferred upon the Bank Officers Guild (BOG) the right to appeal to the National Arbitration Council in the event of a deadlock in any trade dispute with the employers or their representatives. However the staff associations were excluded from the aegis of the legislation as they could not satisfy the criteria of independence from the employers.

The BOG soon realised this was a potential route to recognition, reporting in "The Bank Officer" that,

"The Guild has already reported under this new order to the Minister of Labour, disputes with banks upon our cost of living proposals and the Ministry is giving attention to them."⁽¹⁾

This manoeuvre was intended to invoke the National Arbitration Tribunal and, as no procedure existed for the clearing banks to deal with the claim, to compel them to recognise the union rather than be subject to external regulation of wage rates. The response of the banks both domestically and collectively was to attempt to mediate the threat of exclusive recognition of the BOG through ensuring the continuing presence of their associations. Two steps were therefore taken. Firstly the position of the associations vis-a-vis the law was strengthened by measures designed to make them more independent constitutionally and financially.⁽²⁾ Secondly the banks sponsored a series of meetings between the Guild, the Staff Associations and themselves with a view to setting up a tripartite "Council of Conciliation". A draft constitution was agreed by July 1941, but the BOG subsequently rejected the proposition of a joint staff side for fear of loss of autonomy.⁽³⁾ Meanwhile the Ministry of Labour were unwilling to invoke the statutory arbitration machinery whilst the efforts to set up voluntary conciliation were unresolved, and the original claim of the BOG remained unsettled throughout the war.

The National Arbitration Order 1940 (Number 1305) was subsequently replaced with the Industrial Disputes Order, in 1951.⁽⁴⁾ This, while

removing the prohibition of strikes and lock-outs under the wartime legislation retained the institution of compulsory arbitration under a new body, the Industrial Disputes Tribunal which replaced the National Arbitration Tribunal. As with the previous legislation, disputes could only be reported to the Ministry of Labour and hence come under the arbitration procedure by organisations of employers, individual employers, or trade unions, thus potentially including NUBE,⁽⁵⁾ but excluding the staff associations. Coinciding with the introduction of this new legislation another proposal for joint national conciliation machinery was floated by the Central Council of Bank Staff Associations (CCBSA) as a response to the threat of de-recognition and because of the development of widespread discontent among many of their members with the post war pay policies followed by the banks. Their initiative was, for similar reasons, received with interest by the employers, but NUBE was again cool towards the idea. As during the war, it believed that it could achieve sole bargaining rights and would not have to compromise by working with the staff associations. These were described as "that spurious form of staff representation" in a motion condemning collaboration with "internalism" passed at the union's Annual Delegate Meeting in 1952,⁽⁶⁾ and tentative efforts to reconsider the union's objections to the 1941 proposals through a working party with CCBSA came to nothing.⁽⁷⁾

Between 1953 and 1956 most of the banks introduced domestic procedure agreements to regulate pay and conditions with their respective staff associations. This was seen by Robinson as a response to pressure from the associations themselves,⁽⁸⁾ but it must be regarded principally as an employer initiative to maintain domestic prerogative, which was implicitly threatened by the statutory machinery of Order 1376. It resulted from a crisis in the Midland Bank whereby disagreement over a claim by the staff association for a Christmas bonus led to the association dissolving itself because it appeared to its executive to be powerless. This left NUBE the sole representative body (albeit not recognised) and the bank was exposed to a campaign on the part of the union to obtain bargaining rights. Another staff association was constituted in 1953 (with the support of the chief general manager) and to get round the problem that the association could take no action to back up its claims, a compulsory arbitration clause, which could be unilaterally invoked and using an independent arbitrator, was

introduced. This also neutralized any threat from the statutory machinery, it being inadmissible where existing procedures were already operating. During 1954 and 1955 each of the major banks, with the exception of Barclays, introduced similar arrangements. Barclays had previously recognised both their association and NUBE on separate but equal terms in response to Order 1305, in 1941.

Realising that it had been pre-empted, NUBE subsequently attempted to use the statutory machinery to institute an industry-wide claim, but was unsuccessful, its application being rejected by the Ministry of Labour on the grounds that there was no officially constituted employers' body to apply an award. It also appears that the TUC and the Ministry both put pressure on NUBE to modify their earlier, more extreme stance,⁽⁹⁾ with the result that it adopted a more conciliatory line with regard to joint representation. Its executive committee sponsored a motion to reopen negotiations on national machinery at the 1954 Annual Delegate Meeting (ADM) which confirmed this change of policy:

"But this, it has been realised after thirty six years, can not be done (at present at any rate) without the participation of the banks' internal associations as represented on the CCBSA."⁽¹⁰⁾

Indeed NUBE officials approached the Ministry of Labour as an intermediary in the summer of 1954 between themselves and the employers, but the Ministry, having met with the employers in the latter part of 1954 on two occasions, subsequently informed the union that:

"The employers are not convinced there is now any need for national machinery as circumstances have changed since 1951, when they were willing to take part therein."⁽¹¹⁾

It was evident that national arrangements had been rendered superfluous by the introduction of institutional arrangements in several banks.⁽¹²⁾

NUBE therefore turned for support to the CCBSA in the latter part of 1954, and the principles around which a national forum could be developed were quickly agreed. Robinson argues that the staff associations were prepared to entertain the notion of some form of national machinery because of dissatisfaction with the pay settlement

of 1954, ⁽¹³⁾ a year in which no consolidation of the "bonus" took place. Significantly however, none of the associations had sought redress by invoking their right to independent arbitration.

The basis of the agreement in December 1954 between NUBE and the CCBSA contained the following points:

- (1) Equal representation on the staff side between both bodies.
- (2) National negotiations would be concerned with both managerial and clerical staff.
- (3) Pension rights and pension levels should be included in national negotiations. ⁽¹⁴⁾
- (4) An independent arbitration procedure should be included in the agreement, and failing acceptance of a suitable arbitrator between the parties, the Ministry of Labour would make the appointment. ⁽¹⁵⁾

However, in the spring of 1955 the Ministry of Labour informed the staff bodies that the employers were not happy with the proposals for national negotiations, ⁽¹⁶⁾ and that it was not inclined to force them to enter into a commitment unwillingly. Whilst the situation dragged on without progress being made, there were attacks by NUBE delegates on "internalism" at the Annual Delegate Meeting, and in press statements, which soured relations between the two staff bodies. ⁽¹⁷⁾ These were ostensibly patched up however, via the mediation of the Ministry of Labour, and by the end of the year a statement of intent reiterating the principles agreed in December 1954 was issued.

Meanwhile several difficulties had occurred which were to bring about the collapse of this agreement. First, Lloyds Bank Staff Association stated in a circular to its members in January 1956 that it could not gain satisfactory assurances from the bank on the status of its domestic arrangements. ⁽¹⁸⁾ Subsequently it transpired that National Provincial had also determined not to support the CCBSA prior to the December announcement. ⁽¹⁹⁾ Given that the Midland Bank Staff

Association was not party to any CCBSA agreements, this meant that three of the "Big Five" staff associations were outside the agreements, making them seriously weakened. These problems were compounded by disagreement between the CCBSA and NUBE over the operation of the joint machinery. Whilst the former envisaged conciliation taking place as a sort of Court of Appeal, with arbitration attached to it if necessary but with no prior joint development and negotiation of claims at a national level, the union had entertained the idea of negotiating machinery with the joint agreement and presentation of claims prior to any form of negotiation and arbitration. In early 1956 the CLCB informed the Ministry of Labour that no useful purpose could be served by any further meetings, and this news was conveyed to the staff bodies.⁽²⁰⁾ This was the last attempt to form national machinery until 1964.

STAFF DISCONTENT AND THE RESPONSE OF THE BANKS AND STAFF BODIES

Having examined the attempts to construct joint working between the union and staff associations, it is now intended to explain the failure of these in terms of the policies and objectives of the parties involved. These policies will be seen in the light of the two factors which, as argued in the introduction, were behind the pressure to establish joint regulation. The first factor was the Government's statutory recognition orders; the second the post-war discontent over pay in the banks.

It will be argued that while accepting the need to respond to these factors by instituting formal channels of joint regulation, the banks were disinclined, principally for ideological reasons to favour recognition of the trade union, NUBE. If they were to have to share power they preferred to deal with their associations although at least initially it was assumed that they would not be able to ignore the union completely: hence their policy of joint recognition of the associations and NUBE. This however was unacceptable to the latter, at least until it was positively excluded from the domestic arrangements because of the longstanding hostility to internalism. The union therefore declined to accept the compromise of a joint staff side believing, mistakenly, that it could enforce sole recognition through the use of the statutory orders.

Before this however it is necessary to consider the discontent over pay in some detail, and why it emerged in all of the banks. This is explained by reference to the payment system, common to all of the clearers. This industry-wide framework established broadly equal pay rates throughout the banks for the majority of staff, and was the basis of the calls for national institutions of collective bargaining by both of the staff bodies.

(1) The Payment System

Despite their variations in size, all of the banks operated a similar categorisation of staff into three main groups. The main body were clerical workers responsible for the routine tasks in the branches and departments. Senior staff with responsibility for branches and the operation of the bank's policies were designated in management grades up to the office of Chief General Manager. A third smaller group of non-clerical staff performed duties such as messengers, cleaners, and other predominantly manual tasks.⁽²¹⁾ Within the clerical group there were two categories: those staff between the ages of 17 and 32 known as "onscale", while above that age those staff not holding a managerial rank were "overscale" staff. The management ranks were also subdivided into "appointed" and "unappointed" categories. Appointed officers held full management rank and normally were in charge of a branch or department. Those of unappointed rank were more junior, and held supervisory positions or performed clerical tasks which required a considerable element of responsibility and experience.

All of the banks promoted exclusively from within their own organisations, and transfers of staff between banks were not permitted. The payment system was based upon age, with a standard grading structure for onscale staff existing in each of the banks. Above that scale increments were not automatic but depended upon individual performance and responsibilities. Nonetheless because of the exclusively internal labour market, and the usual degree of wastage of staff between the ages of 17 and 25 the banks could normally offer a 50% chance for all male recruits of reaching a managerial rank.⁽²²⁾

Although management pay scales were not subject to coordination, it was the policy of the banks to remain broadly in harmony on pay scales for the onscale clerical group. The procedure for changing the clerical pay scales was, as the CLCB emphasised, largely informal;

"There is however an understanding that the banks will discuss any proposed general alteration in remuneration with the other members of the CLCB before taking action, but inter-bank agreement goes no further than that."⁽²³⁾

and typically an individual bank would introduce a change in its salary rates which would then lead to adjustments by the others. The salary scales thus remained similar, but not identical. The changes which are mentioned below therefore affected clerical staff throughout all of the banks in much the same way. The exception from 1952 onwards was Lloyds Bank which introduced a merit grading system for its male clerks to supplement the basic age scale, and this bank also extended the basic scale up to 39 years of age. Despite its non-recognition these modifications were similar to those put forward by NUBE in 1949⁽²⁴⁾ to reward higher quality staff and at the same time recompense the "overscale" group more generously, in an effort to deal with the banks' already evident problems of over-recruitment which will now be considered.

(2) Sources of Discontent

There is little doubt that the campaign to institute collective bargaining to which the banks responded so positively was at least in part the result of an unprecedented degree of staff discontent over trends in pay after 1940, to which both NUBE and the staff associations responded with vigorous policies, particularly after the war.

One element of this discontent resulted from the compression of the differential for clerical staff, and in particular between the overscale and the younger onscale groups. This trend is illustrated in the accompanying table which shows that between 1939 and 1952, the salary offered on entry for male clerks at 17 had tripled while over the same period, the level of pay for staff aged 31 (that is with 15 years service) had not even doubled, and the position of the overscale staff was probably worse, although their pay was not published.

It should be emphasised however that there was not only a change in the structure of pay in the clearing banks, but also an absolute decline in real terms compared to the pre-war levels, for all grades of staff. By 1951 this trend was already marked, as the "The Banker" commented:

"But the fact remains that a clerk with 15 years service who did not receive any ... special allowances in 1950 (except for a 17½% or 20% cost of living payment) would have received at most 67% more than his predecessors did in 1938; this contrasts with a rise of 90% in the Oxford Institute of Statistics 'Salaried Cost of Living Index' between 1938-49, and a rise of 129% in average industrial earnings. It is impossible to give any comparable figures for changes in 'overscale' salaries (which are revised annually and which differ widely from bank to bank)."⁽²⁵⁾

Not only had real pay levels for most of the experienced bank staff declined but, in general, bank pay relative to the manual sector, where stronger trade unions were operating and wages were regulated by collective bargaining, had also suffered. Whilst the decline in white collar remuneration as compared to the manual sector was a general trend in this period,⁽²⁶⁾ from 1938 onwards there is little doubt that it was a source of dissatisfaction for bank clerks particularly, who regarded themselves as the "aristocracy of clerks".⁽²⁷⁾

The banks' staff bodies were also concerned about the practice of making non-consolidated bonus awards in substitution for changes in basic salary. This practice was adopted during the war, and continued until the late 1950's. The bonus, calculated as a percentage of gross pay, was usually unilaterally determined by the managements on the basis of changes in the cost of living but was not included in pension or sick pay calculations. In fact the banks would allow these bonus payments to be repeatedly increased, rather than consolidated, over a period of several years, say from 1946 to 1951 for example, during which time the non-consolidated element had reached 27½% of basic pay. This was consistently opposed by the staff bodies.

These policies were a consequence of a combination of the recruitment practices which have just been outlined, and the trends in their corporate growth. Firstly, because of their policies of exclusively internal promotion the banks annually had to recruit a large number of school leavers for their future staffing needs. Yet these people were in a market characterized by a growing demand for those with clerical

skills and as such the banks had little option but to meet the rising market price. On the other hand, the banks did have more leeway with the senior clerks because the age related pay scale conferred a premium on experience which with the potential for promotion and the standard "perks" offered by the banks of cheap mortgages and non-contributory pensions made the cost of transferring employment increase as an employee's length of service rose.

The demand for school leavers was relieved to an extent by the increasing recruitment of females, a practice which had become more common during the war and led to the growth of an informal tiering of career/male and non-career/female staff,⁽²⁸⁾ the latter being employed on the assumption that the large majority would leave during their twenties. But the staff bodies argued in the 1950's and 60's that the effect of this constant turnover of staff was to place further strain on the "overscale" experienced clerks, who had to shoulder the burden of coping with the expansion of services as well as training and supporting new recruits. Yet this group of staff was at the same time having to tolerate a reduction in the premium paid to them over the younger recruits.⁽²⁹⁾ Both the staff associations and the union repeatedly based claims for a restoration of the earlier differentials between the "onscale" and "overscale" staff on this argument of increasing responsibility being assumed by the older unappointed staff.

In addition to this the whole question was aggravated by the existence of an over-supply of staff who had been recruited in the inter-war period, and who faced reduced opportunities for promotion to managerial rank because the banks had failed to grow at the rates they had previously planned. This problem of the "bulge" as it was known,⁽³⁰⁾ derived from the stagnation in the growth of the banks in the 1950's largely as a result of the decision of the Governments from 1951 onwards to use interest rates as a means of monetary control,⁽³¹⁾ whilst other financial intermediaries expanded at the expense of the clearing banks. Hence while in December 1951 they had held nearly 80% of total deposits, by the end of 1967 their share had dropped to nearly 30%. By 1966 clearing bank deposits were only three times the size of those held by the secondary market, having been 15 times their size in 1951. Similarly, advances stagnated in the 1950's: while in the pre-

war years the ratio of advances to deposits had averaged about 50%, this dropped to a trough of around 30% by 1958. (32)

Undoubtedly this slow growth served to intensify the existing discontent of career oriented staff whose opportunities for advancement and better pay were significantly lower than the pre-war years. This encouraged the growth in union membership and the calls for more aggressive pay strategies. By 1950/1 both the union and the staff associations were campaigning vigorously against the pay policies of the banks although no formal negotiating channels existed. For the associations this was in marked contrast to their pre-war passivity, and culminated in the collapse and dissolution of the Midland staff association. The union also claimed increases in membership to the extent that in the Midland for example, it argued that it represented over 50% of the staff. (33)

If we look at the nature of the protests by the staff it is evident that they were in fact quite moderate. Discontent was mainly expressed through the correspondence in newspapers and magazines, or by individual staff to management. The most overt form of organised protest was the petition organised by NUBE in 1950 which gathered 53,167 signatures out of a total staff of about 90,000, although NUBE's membership at the time was only 30,000. (34)

Nonetheless this was sufficient to alarm the banks and the rapidity with which the employers each contracted to enter domestic bargaining agreements must therefore be seen as an attempt to institutionalise this growing discontent. Indeed it will be remembered that the banks had been prepared to establish bargaining arrangements at national level in 1951, indicating that their priority was not initially to work at the domestic level and exclude NUBE, but rather to introduce greater stability into the process of changing pay levels.

(3) THE RESPONSE OF THE PARTIES TO PAY DISCONTENT

(i) The Staff Associations

Firstly it is pertinent to note that the associations were repeatedly prepared to consider the prospect of working with NUBE in national

machinery. Despite their internalist philosophy they were not exclusively institutional in their orientation (except for the hard-line Midland association) even if the enthusiasm for national bargaining was principally to head-off the threat posed by the Statutory Orders of exclusive recognition for NUBE. Nonetheless, even after domestic bargaining had been established it was claimed by one chairman of the CCBSA that they had never "closed the door" completely to the idea of a joint national forum with the union.⁽³⁵⁾ Moreover, as Blackburn⁽³⁶⁾ noted, the very existence of the CCBSA was an institutional expression of their extra-domestic interests. There appeared to be a persistent tension between internalist principles and the desire to optimise bargaining effectiveness by being party to machinery at national level where pay decisions were agreed by the employers. In this respect, it is pertinent to note that the discussions on national machinery took place during periods of evident dissatisfaction with the outcome of pay settlements, in 1951/2 and 1954/5, and that the latter discussions were also conducted after the domestic agreements had been signed.

In these discussions, there was however a fundamental constitutional problem in the CCBSA's position. This derived from a suspicion of any centralised rule-making body among the associations on the grounds that this presented a threat to the principle of domestic autonomy. Hence, the CCBSA could only make decisions with unanimous consent, and could not compel the constituent associations to abide by its agreements being only a forum for exchange of information and consultation. This made agreement between the staff bodies difficult to achieve without some form of external compulsion, either from the employers or from the state. In the absence of this pressure, because there were some associations which were suspicious of NUBE's longstanding antagonism to internalism and its declared aim of sole negotiating rights, these could easily undermine any deals between the union and the CCBSA. While one condition for a joint forum between the staff bodies therefore appeared to be the support of all or a large majority of the associations of the "Big Five" banks, given the unequivocal opposition of the Midland, and the (weaker) opposition of the National Provincial and Lloyds bodies throughout this period, this was unlikely to be achieved voluntarily.

Secondly, the character of the associations began to change in response to the post-war pay changes and they developed the functions of trade unions. The dissolution of the Midland association after the row in 1951 was the first clear indication that being confronted with widespread staff dissatisfaction, they could no longer remain passive adjuncts to management, as in the inter-war period. Their role in defending the interests of their members through formal regulatory channels meant that in one sense they became more like NUBE, a factor which, technically at least, enhanced the possibilities of working with it. Over the question of sanctions however, the associations continued to oppose the possibility of invoking "orthodox" trade union means.

This presented a serious problem to inter-union cooperation because without arbitration it meant that they would be powerless. If they entered joint working with NUBE they would therefore be effectively swamped by it, and unable to demonstrate their distinctive philosophy in practice. Alternatively, if they tried to operate in competition with the union to protest the living standards of their members their lack of bargaining power would soon be revealed.

The facility of compulsory arbitration which was incorporated into the domestic agreements was therefore a crucial innovation. On the one hand, being invocable by either party (the banks or the associations) it obviated the need to introduce any threat of sanctions into the bargaining process, enabling the associations to claim that they were effective representatives, while sustaining the internalist proposition of cooperation between staff and employer based on common interests. At the same time the banks had to forego their previously unilateral control over pay and conditions and confer a degree of power upon the associations by accepting their rights to request a third party adjudication in the event of a dispute. Nevertheless, sharing power in this way did at least avoid the threat of conflict. It also removed any necessity for the associations to cooperate with NUBE, and thus having to compromise their principles or even risking their continued existence.

In fact this innovation was considered sufficiently successful for the associations subsequently to develop a rationale justifying the

intrinsic superiority of domestic bargaining on practical as well as ideological grounds. These were:

- (1) that the introduction of domestic machinery began to pay dividends in terms of halting the decline in the standard of living of their members from 1955 and providing a satisfactory means of coping with the issue of internal pay differentials. The data on onscale salaries would suggest that this was broadly correct. See table 2.1.
- (2) that domestic arrangements offered the best opportunity to maximise bargaining expertise, because the bargainers were close to the questions at hand, and because the decision makers on management's side were those who were involved in negotiating.
- (3) allied to the "expertise" argument, that domestic arrangements between the staff association and management enabled a special relationship to be built up, and confidential information to be divulged by the latter which would be withheld in the presence of competitors or a negotiating body such as NUBE which was not purely internal.
- (4) that any joint national arrangement would impinge upon the status of the staff association as the sole representative body in domestic negotiations. Thus the bank would not feel able to negotiate upon a matter domestically if it was thereafter to be discussed by differing bargaining agents at another level, and implicitly, the arbitration arrangements would have to be dismantled or re-jigged. (37)

Furthermore, these principles not only accounted for the withdrawal of the association from further discussions on joint national machinery, but they came to represent the basis of a permanent justification for superior utility of domestic bargaining which was sustained even after the introduction of national negotiations.

(ii) NUBE The narrative highlighted the longstanding nature of the union's demand for sole recognition in national machinery, the origins and reasoning behind this policy having been discussed in the introductory chapter. While the union still felt it could enforce its demands it refused to countenance joint working at several key junctures, and only adopted this as a second-best policy when it became aware that its primary objective was unachievable. Because it was only with the associations incorporated into the arrangements that the banks would entertain the prospect of union recognition, the failure to establish a national forum in this period is ultimately explained by the union's decision not to compromise its principles until too late. This in turn is related to a series of mistaken judgements as regards the effectiveness of its policies to enforce the demand for recognition in the face of recalcitrant employers.

Firstly, it would seem that the ideological abhorrence of joint working led the union to over-estimate its strength in the context of the Statutory Orders. It was over-optimistic in seeing this legislation as a means to enforce recognition, and repeatedly surprised by the preference of the Ministry of Labour for voluntary agreement rather than compulsion. This enabled the banks to present alternative initiatives which predictably included the associations, and were therefore unacceptable. Until 1954 the union was confident that no such compromise would be necessary. Similarly it optimistically assumed that the achievement of majority membership in the clearing banks as a whole would necessitate recognition; however not only did this policy prove unachievable overall, but even in specific banks where a majority was reached, the union was disarmed by the hostility of individual managements (most notably in the Midland after the collapse of the old association) and the voluntarist approach of the Ministry of Labour to which it turned. The measure of the union's misjudgement is shown by the fact that it was still trying to invoke Order 1376 against the associations at the time of its repeal several years after the domestic agreements had been signed.

Thirdly, a more pragmatic approach of cooperation had actually emerged within some sections of the union in the post-war period, as was evident in the initially cautious response to the 1951 initiative of the CCBSA. And after the introduction of the domestic agreements

NUBE's executive, aware that the initiative had been taken away, endorsed this line wholeheartedly. However the distaste for a more co-operative strategy which persisted among some sections of the union contributed to the suspicions of the by now securely recognised CCBSA members, and undermined the chances of success of any conciliatory approach. Henceforth in fact a persistent theme in NUBE's policies as regards its relations with the associations was the division between traditionalist and cooperatist elements within the union. As will be shown, it is a point which is fundamental to an understanding of the structure of staff representation in the clearing banks.

There was, then, a sequence of misjudged policies which left the union isolated and unrecognised. With no new policy proposals it fell back upon the policy of pursuing majority membership which had already proved not only to be highly difficult to achieve throughout all the banks, but also inadequate as a means of enforcing recognition in the face of employer recalcitrance. It also adopted political lobbying in the latter part of the decade, but without success,⁽³⁸⁾ and it was in the light of the evident failure of its policies that the complaint which led to the Cameron Inquiry was formulated and which is discussed in the next chapter.

(iii) The Clearing Banks First is it accurate to group all the banks together? In that they were confronting similar problems, yes; furthermore they broadly appeared to want the same sort of mechanisms to regulate staff conditions, and to oppose the same things in this context. Hence the Midland Bank initiative with regard to formalising a domestic procedure and the arbitration facility was quickly copied by the majority of the other banks.

The problem confronting the employers was that discontent over pay suggested the need for more formal channels of communication, and some form of joint wage regulation. This coincided with the post war attempts to gain stricter control over wage costs which required the maximum discretion to adjust pay structures as the banks saw fit. Joint decision-making therefore presented the contradiction of being a means to institutionalise discontent but simultaneously of reducing the discretion of the banks in determining changes to the pay structure. In the event the outcome was a compromise whereby the

policies of compressing the differentials was largely halted after 1955 but there was no return to the real levels of pay of the pre-war era.

In the light of the pressures to control labour costs and because the banks believed that the Statutory Orders would necessitate some sort of formal bargaining relationship, their chief concern appeared to be with the nature of the bargaining agent. They were hostile to recognition of NUBE on its own, believing that having to deal with a trade union would be incompatible with the paternalism of the "special" employment relationship in banking, and were keen to include the associations in any arrangement as a means of moderating the union's potential to use its bargaining power. In this sense the associations, which had been extremely docile in the pre-war period, could act as a form of "peaceful competition"⁽³⁹⁾ to the union even if it was recognised. There was also the view that separate bargaining rights with more than one union, whatever its character, was not conducive to stability or efficiency.⁽⁴⁰⁾ In 1951, and later in 1964 the policy of the banks was therefore to create a joint staff side if they had to recognise both staff bodies. But until 1953 the possibility of excluding NUBE completely did not seem to have been considered a realistic policy, presumably because of the assumption that it could invoke the assistance of the Statutory Order and the Ministry of Labour's intervention.

Although the preference for domestic recognition emerged initially as a somewhat ad hoc response to a crisis in the Midland Bank, it was quickly copied elsewhere, ostensibly reflecting a common concern to stabilise bargaining arrangements by dealing with a single representative body. But the crucial decision for the banks concerned the nature of the bargaining agent rather than the particular bargaining level. Although some were to claim that the associations were selected because they were the majority body, this was factually disputable, particularly in the case of the Midland where the staff association was given recognition immediately it was reconstituted and before its membership was established. In general it appears that the banks found it more desirable to avoid dealing with the union which could theoretically resort to using sanctions, particularly when they were imposing unpopular controls on wage costs.

Domestic bargaining did not per se guarantee lower wage rises than national agreements. Indeed by virtue of the banks' policy of staying in line on pay levels they could be faced with a sequence of individual claims which, if successful, would lead to rises throughout the industry as the banks were played off against each other. The susceptibility to "leapfrogging" was also enhanced by the existence of the compulsory arbitration facility which could take pay decisions ultimately out of the hands of the parties themselves. It was this point which made the selection of the bargaining agent the critical factor for the banks, their decision being based it would seem upon the assumption that the associations would remain relatively quiescent.

We have shown what conditions prompted the introduction of domestic machinery. What was it then that made the employers turn to national machinery and recognition of NUBE some ten years after they had explicitly declared this preference for internal arrangements which excluded the union? In the following section we will explore the changing conditions and the pressures upon the banks which made national collective bargaining a more appropriate mode of managing the terms and conditions under which their staff were employed.

FOOTNOTES

1. "The Bank Officer" September 1940.
2. The Cameron Report, paragraph 37; submission by counsel for NUBE concerning the District Bank: "Following the National Arbitration Order, 1940 (SR & O 1940, number 1305) this staff committee has been reconstituted into a voluntary membership and subscription paying body." See also paragraph 43 regarding similar changes to Martins Bank SA.
3. "The Bank Officer" 1941.
4. Industrial Disputes Order (number 1376) came into force on 14 August 1951.
5. The BOG had changed its name to the NUBE on amalgamation with the Scottish Bankers' Association in 1946.
6. GDM Motion 6, 1952.
7. General Secretary's Report for the 1953 ADM.
8. Robinson O BJIR (March 1969) pg 26.
9. "The Bank Officer" pp 5-7, June 1954. The General Secretary writes that NUBE's new approach was due to the advice of the TUC who "sympathetically advised that we re-examine the suggestions made to us by two Ministers of Labour (one a Labour man and the other Conservative) in the light of our special circumstances and the weapons at our disposal."
10. 1954 ADM Motion 4.
11. "The Bank Officer", January 1955.
12. General Secretary's Report to NUBE ADM 1956, page 24.
13. Robinson 1969, page 27.
14. At this time pensions were non-contributory except in Lloyds but it was the level of the pension which the staff bodies wished to negotiate.
15. "The Bank Officer", January 1956: "Review of Events" pp 3-4 & 11.
16. The employers argued that there did not appear to be large support amongst the staff for such a move, that the existence of institutional arbitration made national machinery superfluous, and that there would be difficulties stemming from the exclusion of the Bank of England Staff Association and the Midland Bank Staff Association. The latter reformed in 1953, had not joined the CCBSA at this point. ("The Bank Officer", April 1955).
17. "The Bank Officer", June 1954.

18. Lloyds Bank Staff Association circular, January 1956.
19. "Natproban" Newsletter Autumn 1954 states similar objections, but the withdrawal of NPSA was announced to its members in its newsletter of February 1956.
20. "The Bank Officer", February 1956.
21. Clerical staff constituted 84% of staff in 1976, Managerial staff 7%, Non-clerical 9%, Source CLCB (1978).
22. Bank recruiting advertisements of this period quote this sort of figure for men.
23. CLCB Evidence to the Donovan Commission, 19 November 1965.
24. "The Bank Staffs' Charter", August 1949.
25. February 1951.
26. Routh (1980) page 153.
27. The phrase is referred to not only in academic literature, viz Lockwood 1958 (op cit) and Allen and Williams (op cit) 1960, but also in staff association literature, as for example "Natproban" 1968, and by the union.
28. In 1976 2% of all managerial grades in the banks were held by women. The first appointment of a woman to a management position occurred in Barclays in 1960. Source: CLCB.
29. Evidence to Donovan Commission of the staff associations, "Natproban" and other staff association magazines. Evidence to the NBPI Report number 6 of NUBE; NUBE pay pamphlets: "A programme for progress" 1954 and 1957.
30. This was in effect a description of the age profile of each of the banks' staffs, and referred to an acute over-recruitment period during the inter-war years which had not been adjusted by the usual wastage process. There were, as a result, an exceptional number of unappointed overscale staff in the 1950's, and early 1960's in the industry as a whole. There are no available figures to quantify this phenomenon, although it is referred to widely viz: "The Banker", 1951-55. Chairman's statement, National Provincial Bank 1964; National Board for Prices and Incomes (NBPI) Report number 6, 1965.
31. Nevin E and Davis E (1973); Radcliffe Committee Report (1959) Cmd 827.
32. Nevin and Davis
33. General Secretary's Report to ADM. 1953
34. ADM 1952.
35. Quoted in "The Banker", July 1964.

36. Op cit page 85.
 37. Evidence to the Donovan Commission of the various staff associations. Also Lloyds Bank and National Provincial Bank SA staff circulars December-January 1955/6.
 38. Deputations and mass lobbying to Parliament took place in 1957; reference to union's position was made in speeches in the House of Commons in 1958 and 1961.
 39. Bain's argument (1967).
 40. Statement by Sir Oliver Franks. See Cameron Report below.
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CHAPTER 3

CHANGES IN THE BARGAINING ENVIRONMENT AFTER 1960

1. Introduction.
2. Pay Bargaining Developments from 1960.
3. The Cameron Inquiry
 - (i) Introduction
 - (ii) The Basis of NUBE's Complaint to the ILO
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 - (iv) The Report's Conclusions
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 - (vii) Response of the Associations to Cameron
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4. Conclusions

CHANGES IN THE BARGAINING ENVIRONMENT AFTER 1960

INTRODUCTION

The following two chapters will trace the emergence of new conditions in the banking industry which influenced the decision of a majority of the banks to overturn their previous preference for domestic bargaining, and to recognise NUBE in national negotiating machinery.

In this chapter it will be argued that two factors contributed to this. Firstly it will be suggested that the utility to the banks of domestic negotiations declined after 1960, as the new bargaining strategies adopted by several of the associations were shown to be incompatible with those of the employers. By resorting to arbitration to press their claims, the associations also significantly diminished the banks' discretion over their costs. The traditional annualised basis of pay bargaining began to disintegrate with "leapfrogging" settlements, under pressure both from economic factors, and from renewed efforts by NUBE to discredit the associations as a means of obtaining recognition. Inter-union competition therefore influenced the conduct of negotiations even though NUBE had still not gained pay bargaining rights.

Secondly, the banks' decision to institute national bargaining stemmed from a broader political factor. This arose out of a renewal by the union of its strategy of using external parties to pursue its recognition claim. Specifically, NUBE complained to the International Labour Organisation (ILO) that several banks were allegedly pursuing unfair labour practices by using their associations as the means to avoid entering proper representative channels. This resulted not only in extensive (and unwelcome) publicity for the banks, but a formal enquiry instituted by the Government.

It is argued that NUBE's decision to make this complaint derived from a realisation that, alone, it was insufficiently powerful to compel the banks to recognise it. Yet whilst the ensuing inquiry (under Lord Cameron) was successful in persuading a majority of the banks to consider establishing a national negotiating forum, the union was

unable to institute a broad ranging investigation into the nature of representation in the clearing banks as a whole. This is explained in terms of Lord Cameron's preference for the narrowest interpretation of his terms of reference, and the legalistic style in which his inquiry was conducted.

As a result NUBE was unable to secure its fundamental aim of outlawing the associations and securing sole recognition. Under the Cameron proposals, if it was to achieve national bargaining rights it had to accept the legitimacy of the internalist organisations and their claims to recognition by working with them. It is concluded that although NUBE acquiesced to this proposal, it still saw this essentially as a step towards its ultimate goal of sole negotiating rights, rather than as a permanent compromise. The underlying competition between the staff bodies was thus by no means resolved. Moreover a significant group of banks and associations remained unconvinced of the need for national bargaining for reasons which are explored in some detail. The instigation of a national forum could not be guaranteed when talks started in 1964.

(1) PAY BARGAINING DEVELOPMENTS FROM 1960

This section considers the changes in pay bargaining after 1960 developing from:

- (a) Reference to a wider range of determinants by the associations in more aggressive bargaining strategies.
- (b) The willingness to have recourse to arbitration.
- (c) The development of more overt "leapfrogging" in domestic bargaining.

On their own, we would argue that the changes to pay bargaining were insufficient to stimulate the introduction of discussions on national machinery. Nonetheless they must be regarded as a stimulus to reform insofar as the increasingly unpredictable bargaining environment and growth of overt competitiveness between the staff associations reduced the utility of the existing arrangements for the banks.

Firstly then let us consider the implications of the bargaining strategies adopted by some of the larger associations. Until 1960,

while expressing concern about the "overscale position" they limited the basis of claims to changes in the cost of living. These were inevitably retrospective catching-up exercises which moreover offered no scope for increases in real income. After this point the associations called upon a much broader range of determinants in an effort to re-establish the spending power of their members at its pre-war position. These determinants included rising productivity and increased effort, the profitability of the bank, comparability, and resistance to further narrowing of differentials.⁽¹⁾

The response of the banks was largely to reject the relevance of these criteria or challenge the basis of the associations' calculations even where some acknowledgement of newer determinants was granted. For example, Lloyds denied the legitimacy of any arithmetical comparison between the salary structure on the one hand and on the other the productivity of the staff, however measured, and the profitability of the bank.⁽²⁾

Furthermore the banks tended to reject or seriously question the argument that productivity among more senior staff had risen markedly, at least in the negotiating environment. In the absence of access to precise data, the associations' cases were shown to be weak, which did throw into question their ability to bargain effectively. More generally it demonstrated the difficulties of productivity bargaining in banking, both because of a lack of data, and the lack of a clear and agreed definition of the means of measuring it.

The banks also rejected the argument that staff had not shared in their increased prosperity. For instance, the Midland suggested that the trends in salaries and published profits between 1957 and 1961 were closely related. The fact that the banks did not publish actual profits, and could therefore "massage" their figures, in theory rather undermined the force of this argument, although it was not questioned at the time.⁽³⁾ The tendency of the associations to return to their old argument which used the pre-war position as a base-point in their pay claims was also rejected. Instead they argued that market conditions had to determine pay: it was,

"quite impossible to relate salary levels to those existing twenty years earlier - it was the responsibility of a bank to

assess realistic levels of remuneration for all grades of staff applicable to current conditions."⁽⁴⁾

But from 1960 onwards the divergence in the principles of pay determination was further elaborated by the recourse to arbitration because both sides had to present explicit justifications for their claims. The influence of third parties upon the outcome of negotiations also further complicated the ability of the employers to restrict pay determination to market needs as they saw them. While factors such as productivity and the responsibilities shouldered by senior staff were acknowledged to be relevant pay determinants in these tribunals, they were not accepted as legitimate by the banks. Their persistence with the "going rate" and recruitment needs was therefore not only increasingly incompatible with agreement at the bargaining table it was also out of tune with official policy which was becoming more concerned with productivity as the prime determinant of pay,⁽⁵⁾ and with the decisions of the tribunals.

At the time restricting wage costs was of central importance to the banks, because of their slow post-war growth record, and then because of the direction in which their corporate objectives developed. As noted in the last chapter, in the early 1950's the banks' lending and deposit base stagnated under the imposition of official controls, but from 1958 they were able to expand more as credit restrictions were lifted. However, their typical mode of growth which was to extend the branch networks was extremely expensive as it necessitated not only a higher investment in fixed capital but the employment of more staff. As a result there was a substantial rise in the number of bank staff in this period from 105,819 in December 1959 to 144,775 in December 1965 and 196,875 by the end of 1970.⁽⁶⁾ Yet as labour was the principal item of expenditure in the banks' accounts, constituting about 67% of total operating costs, controls on wages could have a significant impact on profit margins. Moreover, as other substantial costs such as premises, money transmission and technological investment were largely fixed, operational management controls tended to focus upon the item of employment costs where there was arguably room for some discretion.

Secondly, because the banks were facing an increasingly tight labour market they turned to the recruitment of females to staff this expansion. Between 1960 and 1964 two female recruits entered banking

to every one male, the proportion of female staff rising from 40% of the total at the beginning of the decade to 48% by December 1965, and representing an increase in absolute terms of 26,108 females.⁽⁷⁾ But it was thought that as this group were less likely to want to pursue a lifelong career, their pay had to be more closely linked to comparable rates in the market. To offset the costs involved, the banks opted to try and compress the differentials in favour of the younger age-cohort of staff once more, despite the previous unpopularity of this.

It is arguable however that the more robust bargaining strategies adopted by the associations were not solely in response to employer policies however, but also a response to pressure from NUBE. Explaining their new policies the staff associations argued that while the settlement of 1955 temporarily stopped the post war decline in conditions, this was resumed in the late 1950's⁽⁸⁾ but a sense of responsibility in the face of the national economic crisis and years of credit restraint led them to postpone more aggressive bargaining until 1960.⁽⁹⁾ Recourse to arbitration was threatened a couple of times prior to 1960 but more determined bargaining was non-existent, until NUBE's proposed complaint to the ILO was publicised. So it may plausibly be argued competitive pressures were instrumental in pushing the associations into action, although they strongly denied this.⁽¹⁰⁾ Certainly it seems significant that the three associations which were subsequently most hostile to the idea of joint negotiation with NUBE were among those which pursued arbitration both before and during the Cameron Inquiry and the start of talks on national machinery.⁽¹¹⁾

In particular, the Midland association submitted an interim claim in 1964 which contravened the 12 month pay settlement rule and which subsequently led to the NBPI's investigation just as it was orchestrating the "considerable opposition"⁽¹²⁾ to the CCBSA joining the working party on national machinery. This claim also flew in the face of the association's erstwhile concern for responsibility and the national interest. Its action is more plausibly explained if we accept that the possibility of an alternative to domestic machinery appeared to present a threat to the ultra-internalist associations which it was thought could best be subdued by generating membership support by demonstrating the superiority of internal arrangements.

Finally, the effects of income policies were beginning to be felt, restricting pay rises in 1962 and 1963, although this factor was more directly influential after 1965.⁽¹³⁾ Already it had restricted the banks' ability to adhere to the market rates. The official restraint also led to a much more explicit coordinating policy on the part of the employers to adjust pay back to a national norm, enhancing NUBE's assertion that it was not an institutional matter and should not be dealt with as such. In the face of this argument the response of the more militant associations was to try and reassert their effectiveness by threatening a sequence of domestic claims on the resumption of free bargaining. Hence the effect of incomes restraint was also to highlight the competitiveness of the staff bodies, with NUBE arguing that the associations and institutional arrangements were quite evidently inadequate in the light of new influences upon the process of pay determination, and the response of the associations being to try and disprove such allegations.

We have then evidence of collapse in several dimensions of the established method of pay negotiation. A sequence of claims led to a more aggressive bargaining climate in which failure to reach agreement became more frequent because of reference to fundamentally differing pay criteria. Moreover the banks found that arbitrators were sympathetic to associations' cases and awarded in their favour. Subsequently the twelve month interval between rises was broken after the strain of official controls and more overt "leapfrogging" claims developed, and while the result in terms of costs may not have been highly damaging to the banks, it was evident to several of them that the utility of domestic negotiation had declined, and that more formal coordination would be appropriate.

It was also evident that despite the non-recognition of NUBE it was still able to assert pressure upon the associations, forcing them to become more aggressive in bargaining. This pressure was centrally related to the union's decision once again to seek help from an outside body, to secure recognition.

(2) THE CAMERON INQUIRY

Introduction

Through the Cameron Inquiry⁽¹⁴⁾ NUBE achieved its aim of obtaining a public investigation into the whole question of representation in the London clearing banks, although the Inquiry was specifically concerned with four banks where NUBE claimed its relationship with the employers was particularly poor. In the following section NUBE's complaint to the ILO⁽¹⁵⁾ which preceded the Inquiry will be examined, then the arguments within the Cameron Report. Finally, the Inquiry will be placed in the context of the events which took place afterwards, leading to the signing of the national agreement.

There are two main arguments made about the influence of the Inquiry. The first relates to the narrow construction which Cameron placed upon it. This meant that while NUBE achieved partial success, it could not enforce an examination into industrial relations in general in the banking industry. As a result it could not achieve an outlawing of the staff associations under the ILO conventions, and the enforcement of its claim to exclusive recognition on the banks. Rather, the result was a compromise in which NUBE finally had to accept the rights of recognition of the associations and thus the prospect of sharing power with them in any national body.

Secondly however, the significance of the Inquiry is assessed in terms of the crucial change of policy by the banks with their decision to institute talks on national bargaining soon after. It is argued that sensitivity to political and public scrutiny did influence this decision, as well as the problems emerging in pay bargaining at the time. The divisions between the banks over this are examined in some detail however to demonstrate that the reform Cameron proposed was by no means inevitable when talks between the parties started. On the one hand several banks were keen to institute national negotiations which included NUBE with the associations to establish more formalised and stable arrangements. On the other, the ideological hostility to dealing with a trade union persisted despite the shortcomings of the existing situation. There were also divisions within the

associations. So recognition was not assured at this point, despite the post-1960 changes and the shift in attitudes among the majority of the clearers, the old obstacles to national arrangements still being considerable.

The Basis of NUBE's Complaint to the ILO

NUBE argued that the events leading up to the Inquiry were a reflection of the unique position in which it was placed with regard to obtaining recognition. In effect the frustrated attempts to deploy the Statutory Orders (1305 and 1376) as a means of forcing the banks to recognise the union nationally, and the disinclination of the Ministry of Labour to compel the employers to do so obliged the union to look elsewhere. By establishing domestic arrangements with the staff associations, the banks had effectively isolated the union and successfully countered the union's recognition strategies. It therefore turned to the International Labour Organisation, complaining about what it saw as unfair labour practices which prevented it from fulfilling its role as a trade union, through the offices of the TUC. (16)

The basis of the Complaint was the transgression of Article 2 Clause 2 of the ILO convention Number 98 which reads:

"In particular, acts which are designed to promote the establishment of workers' organisations under the domination of employers or employers' organisations, or to support workers' organisations by financial or other means, with the object of placing such organisations under the control of employers or employers' organisations shall be deemed to constitute acts of interference within the meaning of this Article." (17)

The first seven paragraphs of NUBE's Complaint set out the general basis for their action. Charges were levelled specifically against four banks, the District, Martins and National Provincial amongst the London clearing banks, and the Yorkshire Bank, at that time predominantly a savings bank. However the phrasing of the charge made clear the general nature of the accusation that,

"... the banking employers are able to prevent this union from exercising its normal trade union function because of the existence of internal staff associations in the major banks." (18)

and that they had been able to perpetrate

"... the facade of staff representation through internal house staff associations."⁽¹⁹⁾

Indeed, the four banks were only named specifically on the grounds that the discrimination against the union and support of the staff association was most blatant.

The phrasing of the Complaint also indicated NUBE's unwillingness to enter into a working relationship or even to tolerate the existence of the house associations, its aim being sole representative rights. The internal bodies were accused of being evidence per se of contravention of the ILO's convention.⁽²⁰⁾ Nonetheless the main thrust was against the employers who ostensibly sustained the dependent staff associations through various measures of support, financial and otherwise. The need to sustain such a relationship stemmed from the employers' intention to frustrate NUBE's

"... proper and normal function as a trade union in the banking industry."⁽²¹⁾

The proposition implicitly advanced here was that any trade union which had established membership among a group of employees had the right to full recognition from their employer, for collective bargaining purposes. This contradicted the employers' argument, as expressed by Sir Oliver Franks as the Chairman of the CLCB, which contended that no such right existed and that it was the prerogative of an employer(s) to select which representative body it would deal with, and to ignore those which it deemed inappropriate.⁽²²⁾

NUBE also argued that Article 4 of the same convention was tantamount to a justification for the introduction of national machinery. The union did not however attempt to found their case upon this article.

As a signatory to the ILO convention, the UK Government was approached by the ILO to submit a response to the allegations. After gathering evidence from the accused parties, via the Government, the Committee of Freedom of Association concluded that, in view of the contradictory nature of the submissions as between plaintiff and accused, the whole

matter had to be referred back for clarification. The UK Government was to hold,

"... an impartial, full and prompt inquiry into the facts of the case and to endeavour to promote an agreed settlement on the basis of such an inquiry."⁽²³⁾

In other words the ILO favoured placing the obligation of solution in the hands of the signatory power rather than intervening directly, and the Government's obligation to be actively involved in this process was made clear. Yet the emphasis of the ILO's instructions appeared to be essentially pragmatic, as it was primarily concerned with effecting a compromise solution, rather than pursuing a prosecution.

The Government agreed to the ILO request to hold an inquiry, and the Minister of Labour appointed Lord Cameron, Scottish Judge and chairman of previous Courts of Inquiry into industrial relations disputes,⁽²⁴⁾ to convene and report subsequently. Three assessors, one each nominated by the CLCB, the CCBSA and the union were also appointed to sit with Lord Cameron, whose terms of reference were to inquire into the Complaint made by NUBE to the ILO and to report to the Government. Lord Cameron held no powers to settle the dispute directly nor to conciliate, mediate or arbitrate between the parties to it. His job was to hear the evidence of each party and to draw some ordered insight from the apparent factual confusion. Evidence was given between 30 April and 29 May 1963, and the Report was published, after presentation to parliament, on 28 November that year.

The Narrow Remit of the Inquiry

From the outset NUBE's strategy of using the Complaint and the Inquiry as a means of drawing attention to the question of recognition and national machinery was frustrated by the narrow interpretation of the terms of reference preferred by Lord Cameron. The remit was limited to the particular matters set out in the Complaint concerning the named banks,⁽²⁵⁾ the function of the Inquiry being to establish the factual veracity of the allegations, or otherwise. The central issue of domination of the staff associations was to turn on this point, and was to be kept separate at all times from the question of recognition and national machinery, upon which Lord Cameron emphasised he was not fit to judge.

This narrow remit meant that evidence submitted by NUBE which was either not directly relevant to the allegations in the Complaint, or of a circumstantial nature was not accepted. For instance the question of the effectiveness of the staff associations as negotiating bodies was thought by Lord Cameron,

"... only faintly (if at all) relevant to the issue that a particular association might be employer-dominated, not at some distant period of time, but at the period to which the Complaint was properly directed." (26)

From Cameron's interpretation of Article 2, domination could be detected from two classes of acts, both of which constituted acts of interference in a worker's organisation. These were,

"... either initial promotion of the type of organisation described or support of an organisation, whatever its origins ..." (27)

In each case the objective of the employer was the crucial test of guilt. As Cameron noted,

"... the promotion or support must be for the purpose of domination so that the mere fact of promotion or support of workers' organisations is not per se a contravention of the Article." (28)

It was noted as well that the Article was not specific in categorising any employer actions which might be held to impute guilt. (29) In contrast to the legislative codes existing in the United States for example which offered specific criteria in order to test the proposition of domination in practice, this Article remained highly generalised.

The process of cross examination of the witnesses revealed the shortcomings of much of the factual evidence offered by NUBE. Not only did many of the allegations predate the signing of the convention, and thereby become irrelevant, but there were also inaccuracies and mistakes, particularly in respect of subscriptions charged by the associations, the extent of their financial independence from the banks, and their membership figures. NUBE had also suggested that the staff associations had put their houses in order directly as a result of the initial announcement of the intention to bring the Complaint in 1960, (30) for example by contacting the Registrar of the Friendly

Societies with a view to registering as trade unions in the cases of the District and National Provincial Bank Staff Associations,⁽³¹⁾ and more overtly, by pursuing claims to arbitration, whereas in the 1950's no arbitration was held in the clearing banks.⁽³²⁾ No proof of this argument could be produced however. These shortcomings were unsurprising, given that NUBE had based its allegations on assumptions and hearsay, and would have had little opportunity of checking the evidence it was bringing against the staff associations with those bodies. The cross examination of the union officials⁽³³⁾ by the counsels for the banks and staff associations naturally focused upon the weak factual evidence which in several points the officials were obliged to admit was incorrect and to withdraw.⁽³⁴⁾ This clearly did little for the weight of the union's case.

The Report's Conclusions

The chairman's concluding remarks took up a substantial section of the Report, and were split into two parts, Conclusion in Fact,⁽³⁵⁾ and General Conclusions.⁽³⁶⁾ Lord Cameron clearly attempted to relate the specific questions to which the Inquiry had been addressed to more general features of the conduct of industrial relations in the clearing banks, and to move beyond the immediate task of settling the facts, into one of proposing fundamental reforms of the relationships between employers and staff bodies.⁽³⁷⁾ There is then a fairly clear dividing line between the narrow construction of the remit of the Inquiry, and the broader area of reference of the conclusions which, to continue the legal analogy, approximated to the contrast between the specificity of statutory regulations and the broader principles of equity which are part of case law.

The conclusions relating to the specific allegations unsurprisingly went against the complainants as Lord Cameron considered them item by item and pointed to each shortcoming. In his general conclusions on the evidence, Lord Cameron dismissed the underlying argument in the Complaint relating to employer domination of the staff associations as unproven by the evidence presented.

"From all the evidence it did not appear to me that any firm basis could be found for the suggestion that the staff associations were not independent, or that they were dominated

by the employers, or that they received financial or other support for the object or purpose set out in Article 2, paragraph 2 of the Convention."⁽³⁸⁾

The other allegations against the associations were also dismissed: it was pointed out that there would have been no need for an Inquiry if, as NUBE had alleged, the staff associations were per se a contravention of Article 2. Nor could the union's contention regarding Article 4 and national machinery be sustained.

Despite this complete defeat for NUBE on the specific charges it had made, some hope was offered by the chairman's final remarks, where he proposed ways of improving the relationships between the parties involved in the Inquiry. It was also pointed out that these observations had implications for industrial relations in the clearing banks as a whole.

Lord Cameron specifically rejected NUBE's argument that a fundamental trade union right to recognition existed, stating that this could not be sustained de facto or de jure, whilst the assertion of the employers with regard to their right to choose a negotiating partner was perfectly valid. This much had been previously established in law.⁽³⁹⁾ Nevertheless strict application of the legal rights and duties left what were to the chairman various shortcomings, because the source of the conflict between the parties was not resolved. Nor would any comfort be offered to the group which Lord Cameron regarded as the real losers in the whole affair: the banks' staffs. By suggesting that they represented a distinct group whose interests had been neglected in the process of institutional rivalry, the chairman believed there was sufficient justification to encourage broad changes. In effect by clearing up "factual misconceptions" the Report claimed to demonstrate there was sufficient common ground to effect a pragmatic compromise between the staff bodies.

"A fresh look at the realities of the situation as now disclosed in this Inquiry should, I suggest, lead responsibly-minded men both in NUBE and the Staff Associations to a recognition and acceptance of each other under present conditions as honourable and representative organisations of workers in the same industry and therefore with a community, if not an indentity, of interest."⁽⁴⁰⁾

Having acknowledged the union's intention to bring the question of recognition to the public eye, Lord Cameron made two recommendations. As far as the four named banks were concerned, he noted that they had been singled out purely because of their preference for written as opposed to oral "representation", which in itself was noted as a reflection of the

"... narrow basis on which the Complaint is brought." (41)

Yet at the same time, given this fine distinction there seemed to be little stopping the four banks from acquiescing NUBE's wishes. The adoption of oral representation rights for the union was therefore proposed.

It was accepted that the creation of a national forum could prove more difficult. Not only had the union displayed,

"... an axiomatic hostility and an inference that no Staff Association in this case (or indeed as a general rule) was or could be independent, but that all were "dominated" by the employers." (42)

They had claimed the (unproven) right to exclusive national recognition which both flew directly in the face of existing practice, and appeared to be completely unrealistic. (43) Not surprisingly the staff associations had therefore displayed apprehension at the thought of any further measure of recognition for NUBE, (44) and the employers, Lord Cameron felt, were also inhibited in any attempt at compromise by this dogmatic extremism.

Nonetheless, in his view there were grounds for introducing national machinery, although these had to be balanced against other elements, such as the existence of purely domestic matters, the apparent satisfaction of the employers with arrangements as they stood, and the domestic orientation of the staff associations. (45) But in particular the existence of common features such as basic pay levels and the recruitment of staff from the same labour market suggested there were "national" issues which should be treated as such, and that the present arrangements were not entirely satisfactory.

"If the parties immediately concerned ... were able successfully to agree on this initial matter ... the way could then be open for consideration on a wider basis ... of a more general issue - namely whether certain employers on the one side and NUBE and the relative Staff Associations on the other - can find it possible to agree on a definition of what they would regard as "national" issues or (as I think it might preferably be put) issues of general concern or the acceptance of a formula for what should be treated as such, and further to agree on a method of joint consultation and discussion with the object of settling questions arising upon such issues ... if this suggestion should commend itself its application would not be limited to the four Banks concerned here, but would be open for consideration and exploration throughout the industry."⁽⁴⁶⁾

Indeed the Report pointed out that industry-wide representative institutions already existed, demonstrating that matters of common concern did occur and were best dealt with jointly. Formalisation of the relationship between CLCB, CCBSA and NUBE therefore seemed only logical.⁽⁴⁷⁾

The Influence of the Inquiry

NUBE admitted that it brought the Complaint in order to try and secure recognition in a national forum as the sole representative body of the staff. The plan involved stirring up public examination of the banks' policies towards the union in order to exert pressure upon them, NUBE's own requests and other strategies to secure such recognition having failed. The union envisaged an inquiry which put their position in the broadest context, including comparisons with practices in banking industries in other countries, and with other employers at home. Such a debate, the union believed, would demonstrate the hostility it had encountered in both actions and attitudes on the part of the banks. It would also demonstrate that the associations were used to obstruct its claim for recognition, and thus lead to them being discredited.

But this strategy was immediately rendered impossible because of the narrow construction which Lord Cameron placed upon the interpretation of his duties and the manner in which the Inquiry was conducted. The focus of the proceedings was upon the concrete facts involved in the Complaint about the four named banks, and the putative domination of their staff associations. But as Lord Cameron emphasised the contravention of the ILO convention was not proven simply by ascertaining that an employer promoted or supported a workers

organisation; the objective of the employer in so doing also had to be demonstrated as being for the purposes of domination or control. In essence the article was referring to motivation rather than directly to action. Yet the exclusive reliance upon "facts" meant that any investigation into motives would be extremely difficult particularly in the absence of more specific guidelines or criteria.

Secondly it was emphasised that no analysis of the recognition question in the clearing banks as a whole would take place, nor of the matter of domination or control by the employers in the other banks. No generalised conclusions could therefore be drawn from NUBE's allegations, as a result.

Thirdly, the legalised mode of conducting the Inquiry, as preferred by Lord Cameron reinforced this narrow construction. The Inquiry placed the burden of proof on the plaintiff, and its procedure mirrored that of a courtroom with counsel representing each party and cross-examining witnesses, after opening submissions. There were then closing submissions from both sides. Counsel for the banks opted to offer no evidence nor to stand witness however, so NUBE was obliged to try and substantiate its case without the opportunity to question the party whose motives were central to the Complaint. Again Lord Cameron argued that this was consistent with his desire to deal exclusively with concrete facts,⁽⁴⁸⁾ but this mode of procedure meant that NUBE's intention to draw out the context of its non-recognition in terms of comparisons with other countries and other industries through the calling of expert witnesses was completely blocked.

Fourthly, as much of the evidence produced by NUBE was outdated or imprecise it was predictable that the allegations in its Complaint should prove unfounded. Clearly the relationship between the banks and associations was not as clear cut as the union had argued, and particularly after 1960 there was evidence of moves toward greater bargaining and organisational independence by most of the associations.

Because of these factors, NUBE's strategy of using the complaint as a means to displacing the associations was undermined. It was clearly unable to prove that they were mere instruments of an employer

strategy, and thus use the specific charges against the named banks as the basis of a general charge against the banks, and in that sense the effects of the complaint still fell short of NUBE's objective.

Furthermore the Inquiry had no statutory backing, although the Government felt under some pressure to make sure that the banks were complying with the ILO articles.⁽⁴⁹⁾ As a result the specific recommendations directed towards the four named banks that they should offer NUBE verbal representational rights was not completely enforced. In particular the National Provincial ignored Lord Cameron's proposals, continuing to receive only written communications from NUBE, although the union regarded this as a minor point if it could ensure that national machinery was instituted. But in fact this non-compliance had implications for the proposed national forum as well, because there was no guarantee that a sufficient number of banks or associations would take up that point either.

However it would seem that the Cameron Report was highly instrumental in bringing about bargaining reform. Within eight months of its publication changes broadly in line with those prescribed were initiated, despite the lack of unanimity among the CLCB which was traditionally necessary before any collective employer initiatives were instituted. So its prime importance stemmed from the effect it had upon the banks as a group, even though Cameron refused to make them the subject of his Inquiry, and even pointed out that their action in denying NUBE full recognition was entirely legal.

Certainly it appears that it was the Inquiry which prompted a majority of the CLCB into instigating the talks on national machinery, starting in July 1964. The CLCB itself stated in evidence to the Donovan Commission that reform had been initiated in keeping with the proposals of Lord Cameron,⁽⁵⁰⁾ and the Working Party minutes also emphasise this point.⁽⁵¹⁾ In interviews with representatives of management, as well as officials of the associations and the union who were directly or indirectly involved with the working party on the national constitutions the importance of Lord Cameron's proposals in bringing about the discussions was confirmed.⁽⁵²⁾ Indeed the opponents of the talks in the Midland staff association criticised them on the grounds that the CLCB representatives had admitted the main advantage

of national machinery would be "political" acceptability.⁽⁵³⁾ It must also be remembered that the banks were strongly concerned to counteract the growing public interest in several key matters where they regarded confidentiality as of great importance. Principal among these was the issue of disclosure of profits, which was being called for in the press and political circles, but which was resisted by the banks until 1970. Similarly the question of Saturday closure was also coming to the public's attention. The question of union recognition was therefore one further factor where the banks felt that their image of secrecy and rather old fashioned or outdated attitudes could be damaging to their public image, and thus render them subject to political interference.⁽⁵⁴⁾

On this point, Lord Cameron's conclusion that the real victims of neglect by all the parties (including the employers) had been the staff was particularly worrying to the banks, implying as it did that they had become the victims of a battle of political principle. The banks had after all prided themselves on the manifest success of their paternalist approach and the identity of interests between employer and staff. Similarly Lord Cameron's point that NUBE represented large numbers of "responsible" men and women despite its relative disadvantages in terms of costs and benefits did apparently enhance the union's claim for recognition.⁽⁵⁵⁾ In effect, although the longstanding strategy of obtaining a majority membership among bank staff had not been achieved, and in fact its density of membership was static or declining, the union had a sufficient body of members to make this a relevant factor.⁽⁵⁶⁾

The Banks Reactions to the Proposals for National Machinery

It should be emphasised however that the decision to initiate the talks on national machinery was by no means unanimous, and the fact that the CLCB opted to proceed despite this was highly significant, because it contravened their customary policy of abiding only by consensus decisions. Evidently those chairmen in favour of starting talks accepted Lord Cameron's advice that the situation was of such importance and urgency that it was not necessary to wait for the usual unanimity before proceedings.

Opposition to the Cameron proposal for a national forum was focussed most strongly in two banks, the Midland and the National Provincial, but this did present a problem because both were members of the "Big Five" and together accounted for one third of the total market share of the London clearers, and an equivalent proportion of their staff. Without their participation there could clearly be no fully national body. Evidently the policies of these banks mainly derived from their chairmen's personal hostility to trade unionism among bank clerks, so that national machinery was rejected primarily because of the proposed inclusion of NUBE.⁽⁵⁷⁾ The Midland's position was reinforced by the exceptional hostility of its staff association to any form of joint working with the union, which led it to conclude that a national forum would be chronically undermined by the competitiveness of the staff bodies.

Other executives, although showing less antipathy to NUBE were concerned about the legality of breaking the existing domestic agreements, particularly in view of the binding arbitration clause. Interestingly as well, another factor which tempered the commitment of the banks to union recognition was the likelihood of hostility to such a move on the part of certain sections of their staff.⁽⁵⁸⁾ In particular it was felt that many of the older and senior staff would oppose any change and that to introduce the national forum would therefore lead to greater problems of morale, which was of course an inversion of the Cameron view that to exclude NUBE was unreasonable and detrimental to the banks' staff relationships. The outcome of these considerations was that several of the banks were therefore initially reluctant to entertain reform unless the associations were willing to do so.⁽⁵⁹⁾ In most of the small banks this was not a problem, because either associations did not exist, or they were not opposed to change. Moreover although ideological opposition to NUBE had previously been expressed by chairmen of these smaller banks, they now appeared to be supportive of an employers' association and more formalised mechanisms of pay change because under the existing system they usually followed salary revisions initiated by the bigger banks. The acceleration of the leapfrogging process had therefore reduced their discretion over pay to a minimum.

Approval for the proposals was positively expressed by the chairmen of Barclays and Lloyds Banks, two of the biggest at the time. Barclays had no arbitration arrangements and thus had become something of a bystander in the process of domestic leapfrogging, but the bank saw several advantages of national forum with a joint staff side. This would both formalize the coordination between the employers over pay, and dissolve the competitiveness between the individual associations to establish the premium rates in their banks (which was the drawback of the present system) as well as the rivalry between the associations as a group and NUBE. It is also evident that Sir John Thomson, Chairman of Barclays, adopted a less traditional approach to the question of representation than was then the norm among senior managers in the banks.⁽⁶⁰⁾ Certainly he accepted the view that trade union representation was a legitimate proposition within the banks as a whole, as well as in Barclays, an argument which was by no means typical.⁽⁶¹⁾ It was he, in the capacity as chairman of the CLCB who convened the initial round of talks which brought the staff bodies together into a working party, and undoubtedly was a key figure in establishing the groundwork for reform.

It was also argued that the strong support for union recognition in Barclays was conditioned by the relatively decentralized management structure in that bank.⁽⁶²⁾ Unlike some of the other big banks (notably the Midland) whose boards were predominantly non-executive, Barclays' main board had a large element of executive local directors. Not only did this mean that less power was concentrated in the chairman and his general management team, but it also brought into greater consideration the views of the banks' staff at the ground level via the local directors who were more closely attuned to them. These officers broadly confirmed Cameron's point that the effective disenfranchisement of the union over matters of pay was unsatisfactory for morale and that this could not ultimately be to the advantage of the bank. Of course it must be remembered as well that NUBE was in the exceptional position of having a majority of staff in membership in Barclays, and thus its claims to full recognition on these grounds alone were regarded as strong. Nevertheless this bank was keen to institute recognition of the union throughout the London clearers, taking the view that until this was achieved, the banks as a group would be subject to political pressures, and perhaps compulsion to recognise the union by the new Labour Government.

The chairman of Lloyds Bank, Sir Oliver Franks, (later Lord Franks) ⁽⁶³⁾ also favoured union recognition on grounds which reflected his ideological predisposition and the structural changes occurring in the banks. ⁽⁶⁴⁾ As a civil servant and diplomat he apparently brought a broader view to the area of staff affairs which was not so conditioned by the traditional paternalistic ethos of the banks. The prospect of dealing with a trade union did not therefore seem to present an inevitable threat to the collapse of existing relationships between staff and management, but could in fact engender increased stability through effective representation. Because of the rising pace of technological change which was, with the computerisation of accounting, going to affect staff at every level, coupled with the rapid growth of the banks, there was an increasing need for the most efficient and stable bargaining environment. This suggested that a more formalised approach to pay and the incorporation of the union into negotiation would be advantageous.

Within the ranks of the employers there was then a clear division deriving from the traditional ideological hostility to trade unionism on one side, and on the other a perception of wider political and economic pressures which favoured more orthodox collective bargaining arrangements. While a majority endorsed the initiative for national arrangements, the position of the banks was by no means settled in 1964, because two (at least) of the "Big Five" remained uncommitted.

The Response of the Associations to Cameron

Similarly the associations were deeply split over the Cameron proposals along a line which approximately mirrored the division between the banks. NUBE's argument that this demonstrated the domination of the associations by their respective banks cannot be upheld however, the reality being more complex. The Westminster Guild for instance was initially in favour of reform, but reversed this policy in 1967 after considering the proposal of constitutional arrangements finalised by the Working Party, while the Westminster Bank remained (weakly) supportive of national machinery.

In contrast the National Provincial associations were always more critical of the proposals, but while the men's body remained open to

persuasion, the Ladies Guild was firmly against the change. In both the NPSA and the Westminster Guild there was considerable debate between various sections of the organisation, some districts supporting reform others opposing it: in the National Provincial association for example, both the powerful Birmingham and Manchester Districts favoured reform. But when presented with ratification of the constitutions in 1967 a majority were unconvinced that the safeguards to enable domestic negotiation to continue in a meaningful and effective manner were insufficient: national machinery would, it was concluded, swamp the domestic arrangements. (65)

Like the Midland Bank, the MBSA maintained an implacable opposition to reform from the outset, and refused to join the working party discussions in 1964. The association maintained that it had negotiated the premium conditions in the banks, and saw national machinery as a threat to these, but this assertion does seem exaggerated, given the similarity between each bank's pay scale. More significantly, the association had remained closely linked to the Midland Bank, financially and operationally, having been resurrected with management support in 1953; fear that it would be especially subject to attack by NUBE was therefore prevalent because the union had always singled it out as an example of obstruction to "real" unionism.

Additionally, the views of the associations' General Secretaries could be particularly influential. In the MBSA, Claude Smith had declared himself completely opposed to joint working with NUBE for personal as well as ideological reasons, and this was recognised as a substantial stumbling block to reform. (66) Similarly the change of policy by the Lloyds association in favour of national machinery was directly related to a change of General Secretary. Although the formal affirmation of support occurred in 1964, the LBSA had been moving away from its anti-NUBE position, established with the breakdown of the last talks in 1955 since the new secretary was appointed in 1960. Significantly, Mr S H (John) Bealey had formerly been a NUBE official and consistently rejected the more extreme internalist position which opposed any reconciliation with "orthodox" trade unionism. Following his appointment, the LBSA also began to move towards greater financial independence from the bank, and to register as a trade union for instance, as well as adopting more aggressive bargaining strategies

that included the use of arbitration.⁽⁶⁷⁾ This is not to argue that in every case the General Secretary simply determined association policy. Clearly debates occurred within the associations but as (usually) the only fulltime official in the organisation, and a member of the central policy making councils, the General Secretary had considerable opportunities to influence matters, as staff association officials subsequently confirmed in interviews with the author.

In contrast the position of the Barclays Bank Staff Association (BBSA) which also supported the proposal for national machinery, had always been exceptional. Having only established similar but separate negotiating rights to NUBE in domestic arrangements which excluded any right of recourse to compulsory arbitration, it was more sympathetic to the prospect of reform and a joint staff side either at national or domestic level. This derived from its powerless position which the association acknowledged in its own magazine, being unable to rely upon any form of sanction (including arbitration) in negotiation.⁽⁶⁸⁾ Throughout the 1960's the association was therefore pressing for national machinery as a means to achieving formal negotiating rights with arbitration and had even passed a resolution at its General Council recommending industrial action if no recognition was forthcoming in 1965.⁽⁶⁹⁾ In short, the Barclays association saw NUBE as an ally, with which it had to work for the common cause of recognition. This policy was also reinforced by the consistently superior membership position of the union which, to the association, meant that it could not be ignored: BBSA membership was 10,222 in May 1963, rising to 12,939 in December 1967, but NUBE's was 15,349 in December 1962 and 20,584 at the latter date.

The smaller associations were also broadly supportive of national machinery, arguably because they could not take up a lead position in the domestic negotiating round and had to follow the larger banks. National machinery therefore offered this group a larger voice in negotiations through a position in the CCBSA and on the joint side. Incidentally as well, the Yorkshire Bank staff association also wished to join the national machinery, as a means of enhancing pay in the Yorkshire Bank which was a non-member of the CLCB. Indeed the vote of the association had been decisive in the decision of the CCBSA to join the working party, but subsequently the bank was excluded from the Federation because of its non-clearing status.

In summary, while the responses of the associations did approximately mirror the views of their respective banks, an argument of simple domination of policy-making by the employers cannot be sustained. The reality was more complex.

CAMERON'S PROPOSALS AND THE INTER-UNION COMPETITION

Nonetheless because of these differences there was no guarantee that the outcome of the talks in 1964 would be any more successful than previous attempts. Indeed it was only as a result of significant developments on the issues of pay and hours of work, emerging during the conduct of the discussions, that the opposition to reform was overcome and national machinery was instituted.

Furthermore, although Cameron recognised the limits to the possibilities of joint working between NUBE and the associations, there was no guarantee that his proposals would resolve what he saw as the prime cause of disorder, the persistence and growth of institutional rivalry. Hence his intention was that ...

"... out of this Inquiry some useful action may be taken to end what must be regarded as unhappy disagreements and rivalries and bring a greater degree of agreed order into the relations between the representative organs of the employees in the banking industry ..."⁽⁷⁰⁾

and the process of re-establishing order was mainly to be generated by the pragmatic "community of interest" which could bring the two staff bodies together in some sort of joint national forum, even if an "identity of interests" remained unachievable. It is arguable however that the grounds for constructing even a "community of interest" were smaller than Cameron envisaged despite persuading the union of the futility of its claim for exclusive recognition.

First, it must be said that despite the factual errors of NUBE's case very few new facts came to light, and not enough to alter the thrust of NUBE's central argument that the employers had favoured the associations at its expense from which the longstanding rivalry was derived. And second, there was no proof that simply by establishing the facts the existing rivalry between the staff bodies could be replaced by institutional cooperation.

But this crucial assumption was made on the basis of the argument of the then Assistant General Secretary of the TUC, Victor Feather, who had accepted that NUBE's claim to exclusive rights was, in the circumstances, unrealistic. Mr Feather also stated that joint trade union representative channels were the normal manner of solving the existence of multi-unionism and suggested that such a proposal was applicable in the banks. Lord Cameron was highly impressed with the apparent practicality of such a solution,⁽⁷²⁾ but in recommending it to the parties to this dispute, it appeared that he, like Mr Feather, underestimated the unique nature of the inter-union rivalry, to which NUBE had of course referred in its Complaint.⁽⁷³⁾

As subsequent events were to show, the union and staff associations were able to accommodate to joint working, but this did not reduce their ideological differences, because in this instance each side continued to regard the other as fundamentally misguided in its philosophy. While Cameron accepted that an identity of interests⁽⁷⁴⁾ between the two sides was probably untenable, it seems clear that the extent and durability of ideological (and hence institutional) competitiveness was underestimated. Indeed subsequently it will be argued that joint working, while creating on one level an area of agreed order also sharpened instability at another level, because in a joint staff side the only means of demonstrating the distinctiveness of their policies to the constituents whom both sides aimed to recruit was through the pursuit of competitive bargaining strategies.

So while Cameron's strategy to bring a greater degree of order into the relations between the representative bodies was the basis upon which reform was subsequently undertaken, in the longer term it could not resolve the underlying "disagreements and rivalries" between them, as the following chapters will demonstrate.

CONCLUSIONS

To summarize, we have examined the emergence of two factors which disturbed the stability of the industrial relations arrangements established between the banks and their associations in the early 1950's.

The first factor, pay bargaining, was characterised by the growth of overt disagreement between the banks and associations as regards the determinants of pay levels. In addition, there was an unprecedented use of arbitration as the means of pay settlement, which took the decision making process out of the hands of the banks. A heightened competitiveness between the associations, and the emergence of more overt "leapfrogging", combined with frustration at official incomes controls, led to the collapse of the 12 month interval between pay rises and the use of interim claims. The utility of the existing bargaining arrangements to the banks was therefore under strain at the time of the Cameron Inquiry.

It has been suggested that this inquiry was highly instrumental in the banks' decision to instigate talks on national machinery. We looked at the background to NUBE's Complaint to the ILO, and its investigation by Lord Cameron. In a legally stylised procedure there was an extremely narrow interpretation of the object of the Inquiry, with the context of the union's complaint being ruled as irrelevant. Despite finding against NUBE's specific allegations however, Lord Cameron's general conclusions proposed a national forum in which the union and associations might act in a community of interest together. We suggested that concern with the public image of staff relations and fear of further intervention led to Cameron's proposals being enacted, despite opposition from some of the banks, but concluded that the proposed joint staff side by no means ensured that the existing rivalry between the representative bodies would be resolved.

FOOTNOTES

1. Evidence of associations to Arbitration tribunals 1961-63.
2. The Lloyds Bank arbitration submission, 1961.
3. The relation of quoted and actual profits was examined by the NBPI in its Report number 34.
4. Argument quoted in Robinson (op cit) pg 30.
5. Lloyds Bank arbitration submission 1961.
6. Source: CLCB.
7. Source: CLCB Statistical Unit.
8. MBSA evidence to Donovan Commission (1965).
9. Ibid.
10. Ibid and evidence to Cameron Inquiry (1963).
11. The associations of the Midland (1962) Westminster (1963) and National Provincial (1965).
12. The phrase is used by the NBPI (1965).
13. The Government of the day instituted a "pay pause" in July 1961, which was voluntary and confined to the public sector, but which had been based upon a rising concern with wage inflation. This pause ended on March 31st 1962, but was followed by "Incomes Policy: The Next Step" (Cmd 1626, February 1962) which provided for a "guiding light" on wage increases, fixed at 2½%. Increases of more than 2½% could not be justified by cost of living, comparability, or increased profits, but could be justified by increases to productivity, if achieved by more exacting work, more onerous conditions or by abandoning restrictive practices. cf Barnes D and Reid E "Government and Trade Unions: The British Experience 1964-1979 (PSI London 1980) pp 33-40.
14. Report of the Inquiry by the Honourable Lord Cameron, DSC, QC, into the Complaint made by the National Union of Bank Employees on 12 March 1962 to the Committee on Freedom of Association of the International Labour Organisation. Cmd 2202 HMSO London, November 1963. (Referred to hereafter as the Cameron Report).
15. Complaint to the Committee on Freedom of Association by the National Union of Bank Employees on 12 March 1962, paragraph 14(a). (Referred to hereafter as the Complaint.)
16. The Complaint was submitted formally through the TUC, which took up NUBE's case by writing to the Minister of Labour on its behalf, on 6 March 1961.

17. Quoted in the Cameron Report paragraph 13.
18. The Complaint to the ILO (1962 op cit).
19. The Complaint to the ILO, op cit (1962).
20. Ibid.
21. Ibid. paragraph 14e.
22. The Complaint to the ILO, op cit (1962). The substance of the argument, as stated in paragraph 35, was as follows.

The employers indicated that they were agnostic on the question of which body their staff chose to join, but that on the issue of recognition they preferred to deal individually with a single body (normally the particular staff association) for the purposes of negotiation of terms of employment. In such instances they were however prepared to receive representations from NUBE, although this did not confer negotiating rights upon the union.
23. Ibid. paragraph 15.
24. Cf Court of Inquiry into Briggs Motor Bodies Ltd. March 1957 Cmnd 131.
25. Lord Cameron also argued that the narrow interpretation was the intention of the TUC when forwarding the Complaint, based on his examination of correspondence between the TUC and the ILO. Cameron Report paragraph 32.
26. Cameron Report paragraph 33.
27. Ibid paragraph 23.
28. Ibid.
29. Cameron Report paragraph 23.
30. The Complaint to the ILO op cit paragraph 8.
31. The Cameron Report paragraph 117.
32. The first arbitration in the clearing banks was in Lloyds. The arbitration, made by Lord Birkett, made its award on 16 November 1961.
33. The Cameron Report paragraphs 55-115.
34. Cf paragraph 76 of the Cameron Report for example.
35. Ibid. paragraphs 264-303.
36. Ibid. paragraphs 304-339.
37. Although paragraph 32 of the Cameron Report states that in adopting a narrow construction of his remit, Lord Cameron was "aware that it would not always be possible to avoid reference to matters of a slightly wider import ... this was inevitable in view of the terms in which the Union's Complaint was drafted."

38. Cameron Report paragraph 291.
39. Cameron Report op cit paragraphs 308-311.
40. Cameron Report op cit, paragraph 321, (our emphasis).
41. Ibid. paragraph 306
42. Ibid. paragraph 311.
43. Cameron Report paragraph 328.
44. Ibid. paragraph 322: The National Provincial Staff Association's General Secretary had suggested that his organisation would "wither and perish" in the event of an ascendancy by NUBE.
45. Ibid. paragraph 329.
46. The Cameron Report (op cit) paragraphs 329 and 332.
47. Ibid. paragraphs 331 and 324.
48. The Cameron Report paragraph 8.
49. See next chapter, this became critical in 1967.
50. (1965) op cit.
51. Working Party minutes (1964).
52. Interviews conducted by the author 1981/2. In particular S H Bealey of LBSA and C Carthy of NWSA who emphasised this point.
53. MBSA Evidence to Donovan (1965).
54. Interviews with CLCB representative. 1982/83.
55. Evidence of the Banks to Dr T L Johnston 1978.
56. Membership at the end of 1955 in English banks (incl non-clearers) was 43,266; at the end of 1959 was 45,711. Total employment figures unavailable but estimated to have increased by 25% (based upon figures for Midland Bank. Source: NBPI (1965)).
57. Interviews with CLCB representative.
58. Ibid.
59. Working Party minutes (1964).
60. Sir John was a member of the Donovan Commission (1965-68) and devoted a considerable amount of time to the question of representation.

61. Interview. 1983.
 62. Ibid.
 63. chairman until 1963.
 64. Interviews with management and Mr S H Bealey (IBSA). Also Winton J R (1981)
 65. Natproban (National Provincial Staff Association magazine) 1963-68.
 66. NUBE ADM's 1960-68 emphasised this hostility. The National Provincial chairman in fact emphasised the good relationship between the bank and its associations and made no mention of Lord Cameron's recommendations in his Annual statement for 1964.
 67. Interviews with the then General Secretary and NUBE officials 1981/82.
 68. "Essay" (BBSA magazine) Winter 1967
 69. BBSA General Council meeting April 1965.
 70. The Cameron Report (op cit) paragraph 337 (our italics).
 71. Paras 99-112 especially paras 102 and 106.
 72. "At the outset, however, it seems to me there was much wisdom and good sense in Mr Feather's approach to such a problem as now arises in the light of the facts as they have emerged."
Cameron Report (op cit) paragraph 326.
 73. "It is our COMPLAINT that proper trade union practices are deliberately frustrated by the banking employers and that this situation is generally unknown elsewhere in British Industry, with the main exception of insurance."
The Complaint (op cit) paragraph 14a.
 74. The Cameron Report (op cit) paragraph 321, our emphasis.
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CHAPTER 4

1964-1968: THE CRISIS IN INDUSTRIAL RELATIONS AND
THE ESTABLISHMENT OF NATIONAL BARGAINING

1. Introduction
2. Talks in National Machinery
3. Opposition to National Machinery
4. The Division Between the Banks
5. Pay Bargaining 1965-1967
6. The Hours of Work Issue
7. 1967 Strike Action
8. Conclusions

**1964 - 1968: THE CRISIS IN INDUSTRIAL RELATIONS AND
THE ESTABLISHMENT OF NATIONAL BARGAINING**

INTRODUCTION

In view of the lack of unanimity between the banks as well as the staff bodies at the start of talks on national machinery, the end-product of the ratified constitutional framework has to be seen in the light of the changes occurring between 1964 and 1968. In particular it is necessary to explain why, despite the withdrawal of several staff associations in 1967 from the working party, the national constitutions were ratified by all parties less than a year later. This chapter explains the volte-face in terms of the crisis over pay and hours and the impact of strike action taken by NUBE at the end of 1967 which culminated from it.

It will be argued that this crisis compelled the banks to reverse their traditional disinclination to force the two competing staff bodies together. This was a fundamental difference from their policy in previous discussions where a preference for avoiding union recognition had prevailed. A second factor was the government's role; here it will be argued that the Ministry of Labour, while consistently sympathetic to NUBE's cause, became more actively involved after its strike action in putting pressure upon those bankers who remained recalcitrant to the proposition of union recognition. This was significant both in terms of the banks' change of policy and in pulling the unwilling staff associations into national machinery. It is concluded therefore that an element of coercion had brought the competing unions together and fundamental disagreements still remained between the staff bodies despite their constitutional alliance. This was to have a profound impact upon their relationship in the operation of national machinery which the following chapters then proceed to consider.

The chapter is set out as follows. The reasons for the collapse in talks on national machinery which precipitated the crisis in the autumn of 1967 are discussed. Despite the support for national bargaining by a majority of banks and associations an important group

were still opposed: the same weaknesses which collapsed the 1955 initiative were still evident. In this case however NUBE was able to mobilise its rapidly growing membership into strike action in support of its recognition claim. The explanation for this unprecedented display of action is related to the discontent over pay and hours, both of which are then considered to understand why they could provoke this sort of reaction from the normally "moderate" bank staff.

The strike campaign is documented to demonstrate its success in obliging the employers to reopen the national machinery talks. The intention here is also to show how decisive the strike was in influencing the Government to take up a more interventionist role and put pressure on the banks to come to terms with NUBE. It is concluded that the strike action was therefore critical in overcoming the recalcitrance of the minority of banks and associations which opposed working with NUBE.

TALKS ON NATIONAL MACHINERY

It will be remembered that the impetus to organise a national forum had come from the CLCB in 1964. By February 1965 a working party of nine was formed, consisting of three representatives from the banks, three from NUBE and three from the CCBSA, with the secretary to the Chairmen's Committee of London Clearing Bankers acting as secretary to the working party.

As with the talks on national machinery in the 1950s, it is notable that the staff associations had departed from their tradition of individual autonomy, by agreeing to delegate members from their collective body. This was done to keep the working party to a more manageable size, but it raised the old constitutional question regarding the authority of the CCBSA to make binding agreements on behalf of its constituents. Furthermore, as noted earlier, the decision to enter the working party had not been taken without disagreement: the Midland Bank Staff Association had disaffiliated and the National Provincial Association remained uncommitted, although it continued to send representatives to the CCBSA meetings convened on the subject.

The outline of procedural and substantive matters, as well as some discussion on the question of union recognition and the disparity of subscription rates were dealt with relatively quickly. By October 1965, after four meetings of the working party, an interim report was issued for discussion among each of the parties. The report dealt with:

1. An outline of the negotiating procedure.
2. Scope of the negotiations.
3. Other matters, including domestic recognition, and subscriptions.

Following acceptance in principle of this outline, the constitutions covering the proposed employers' body, the joint staff side and the negotiating council were drawn up in conjunction with a firm of solicitors.⁽¹⁾ These were developed through a process of legal guidance and negotiation at the meetings of the working party, and during this period each party was constantly referring back to its governing body for guidance and advice. It was therefore a slow process of compromise, taking until March 1967 before the outline constitutions were accepted by all of the parties.

OPPOSITION TO THE NATIONAL MACHINERY

However, even whilst the talks on joint working were taking place, the underlying competition between the staff bodies continued. In particular the "leapfrogging" in domestic bargaining had resumed, again apparently under the influence of inter-union rivalry, because it was those associations least committed to national bargaining which applied the most pressure. Not only did the Midland Association's 1964/65 claim break the 12 month interval between salary revisions, but it was finally settled only as a stop-gap measure pending the lifting of official controls. This was followed by an arbitration reference from the National Provincial in an attempt to circumvent the settlement some two months later, unsuccessfully in the event.⁽²⁾

In 1967 it was the Midland Association which again initiated the annual claims, and in the existing total pay freeze implemented by the Government this was only allowed as an exception after reference to the Ministry of Labour. Nevertheless, the Westminster Guild, having just withdrawn from the talks on national machinery, insisted on taking the claim to arbitration to try and force a higher award.

Moreover the NPSA and MBSA both developed an extensive rationale for the continuation of existing domestic arrangements. Their arguments included the following:

1. Suspicion of NUBE's motives and the view that the union regarded national machinery as a means to the achievement of sole bargaining rights. If this was to occur the banks would not be able to rely upon the associations as a moderate brake upon the union.
2. Belief that the linkage of pay and productivity criteria, which was becoming central to Government incomes controls, required closer domestic consultation in order to develop clearer standards of measurement. Linked with this was the argument that pay rises could be restrained by national bargaining with less profitable banks pulling down the industry average.
3. Belief that the national machinery would inevitably concentrate on general salary movements, to the neglect of rewards for ability, thus threatening differentials of senior staff.
4. A reassertion of the expertise argument used previously: that those officers of the association who were in closer contact with the bank and had worked for it were capable of more sophisticated and sensitive bargaining than an external and unacquainted national union official.
5. That domestic bargaining was enhanced because the banks could reveal confidential information to staff associations which nationally they would be afraid to do for fear that it might be used by their competitors. This was also referred to in 1955. (3)

There was also criticism of the militancy of those trade unions which had taken action in opposition to the Government's pay controls. It was pointed out that this sort of behaviour was inappropriate in banking, the implication being that in the proposed national negotiations such action might well occur. (4)

The associations also argued that their majority membership was evidence of the satisfaction of most staff with the existing arrangements: the NPSA emphasised for instance that it had about 62% of staff in membership in the 1960s (5) while NUBE's density was around 20% in 1967. In effect then there was considerable criticism of the proposal to move away from the special arrangements which the associations still believed to be appropriate to banking and an effective means of representation for their members, as their continuing popularity suggested.

In response NUBE continued its criticism of the associations and applied further pressure in two new arguments. Firstly, it proposed a complete reform of the salary structure based upon job evaluation. (6) Not only did it suggest that this should justify an increase in pay above the national "norm", which the associations had not been able to achieve, but it would also offer adequate rewards for responsibility and ensure a proper path for career development. Given past difficulties and current restraints, this sort of proposal was thought likely to appeal to a broad section of staff. In this it was supported by the Barclays Association which published similar proposals in 1965 based on a "rate for the job" and criticised the existing age-based system as "paternalistic" and "backward looking". (7)

Secondly, NUBE argued that in the light of the Government's intervention into wage determination the parochialism of the associations was disadvantageous. Instead NUBE emphasised the value of its affiliation to the TUC which was closely associated with the Government in developing its incomes policy. In these new conditions those associations which remained opposed to reform of the bargaining structure came under increasing pressure.

It was therefore perhaps not wholly surprising that the NPSA and the Westminster Guild announced their withdrawal of support for the

LONDON CLEARING BANKS

SALARY SCALES

New Job Evaluation system Introduced 1 April 1971 with salaries backdated to 1 January 1971.

	CG1 Minimum £	CG1 Age 21 £	CG2 Age 21 £	CG3 Minimum £	CG4 Minimum £	Minimum Managerial £
1 January 1971	485	750	-	1000	1250	2770
1 January 1972	522	804	-	1074	1341	2967
1 October 1972	522	804	1020	1228	1494	2967
1 January 1973 **	561	861	1092	1317	1599	3098
1 January 1974	693	993	1224	1449	1731	3408
1 August 1974 (including threshold consolidation)	876	1242	1554	1857	2220	4221
1 July 1975	1073	1521	1904	2275	2720	5171
1 July 1976	1338	1833	2216	2587	3032	5483
1 July 1977	1449	1963	2346	2717	3184	5691
1 July 1978	1683*	2122	2534	2962	3471	6374
1 July 1979	1978*	2494	2978	3510	4114	7617
1 April 1980	2335*	2943	3532	4185	4953	9348
1 April 1981	2569*	3238	3886	4604	5449	10283
1 April 1982	2788*	3514	4217	4996	5913	11158

* (age under 18 - previously under 17)

** Paid from 1 April 1973.

TABLE 8.1

proposed national machinery in July 1967. With the continuing opposition of the MBSA this meant that three large associations were against national machinery. As in 1955 it was enough to end the talks, the CLCB announcing it could hardly continue under the prevailing circumstances.

THE DIVISION BETWEEN THE BANKS

In fact throughout the talks the banks had remained split on the proposal for national machinery. In the last chapter it was suggested that those favouring reform were responding to a combination of political and economic factors. To managers in these banks these became more significant between 1964 and 1967. In particular the formalisation of incomes control and the development of "corporatist" modes of managing the economy by the Labour Government were factors which argued for a stronger national voice with regard to pay settlements.⁽⁸⁾ Although the majority of senior managers was opposed to encouraging the growth of influence of outside bodies such as the TUC on the determination of bank pay, it was realised that more and more the wider union movement, of which NUBE was a part, was being brought into the processes of government decision making. To have a greater say in this bigger forum therefore seemed more realistic than trying to ignore it, and implicitly those ultra-internalist associations which wished to pursue the latter course were revealed as increasingly parochial. Although some associations had recognised the influence of the wider world and made attempts to become more integrated into organisations which would give them a voice outside the banks,⁽⁹⁾ they remained outside the TUC and therefore beyond the institutions concerned with pay determination. Meanwhile the NBPI had criticised the parochialism of domestic bargaining which it implied was shortsighted and rather amateur,⁽¹⁰⁾ and in terms of incomes controls indicated that the banks were to be treated as a single group, whether they bargained nationally or domestically.

On the other hand, those banks which had opposed bargaining with NUBE (principally the Midland, National Provincial and Westminster) largely on the traditional grounds of an ideological hostility to trade unionism in banking remained unconvinced of a need to change. Their views were reinforced by the arguments of the associations against reform, which they found convincing, and particularly by the fact that

a larger number of their staff were association members rather than NUBE members. To support the working party was therefore seen as tantamount to opposing "the wishes of the majority of our staff" as one of the banks put it. (11)

Thus, following the collapse of the talks in 1967, the chairman of the Westminster and National Provincial Banks declined to compel their associations to join the national machinery against their declared policies. Their expressed priority remained the maintenance of amicable arrangements with the existing recognised body in spite of pressure from the Minister of Labour upon the banks to force the associations to return to the discussions. (12) In effect then, both sides saw good arguments to support their cases, and a reconciliation between the two therefore appeared unlikely. Yet unless the three "Big Five" banks (Midland, National Provincial and Westminster) could be persuaded to change their views national machinery would not be instigated. The situation had close parallels with a previous stalemate in 1955: this time however, the union was able to force a shift in the banks' position by its strike action.

Why then was NUBE able to galvanize its membership into action in 1967 when this had not appeared feasible previously? Our argument is that despite the views of the pro-domestic bargaining group of associations, NUBE managed to persuade a significant number of bank staff that the existing arrangements had proved inadequate in the face of the outcome of two issues of concern to all staff: pay and hours of work. It then managed to exploit the dissatisfaction on these to press its recognition claim. However it will be argued that the adoption of more militant tactics by the union was not simply an exceptional reaction to circumstances, but the culmination of a longer term policy. Firstly, however let us consider the pay and hours issues.

PAY BARGAINING 1965-1967

During this period bank staff were subject to stringent controls imposed by the Government. That the associations could not negotiate rises above the national "norm" in 1965, was, it will be argued below in chapter 9, not entirely due to their bargaining abilities, but reflected the nature of the industry and structure of bargaining. In

particular the growing concern with productivity bargaining by the Government was difficult to apply in a service industry like banking.

Nevertheless the MBSA manifestly failed to obtain anything like its 10% claim in December 1964 when a final agreement to a 5% rise was reached in June 1965. This was quickly referred by the Government to the National Board for Prices and Incomes, the other clearing banks meanwhile copying the Midland settlement. The Board's investigation⁽¹³⁾ led it to conclude that the rise was unjustifiable under official policies and bank pay was frozen for 20 months from November 1965 to July 1967.

Despite the increasing severity of official restraint in 1966 and 1967⁽¹⁴⁾ retail prices rose by 4.4% in the 12 months to January 1966 and a further 2.9% in the following 12 months. Hourly wage rates rose at around 5% per annum for the two years from September 1965,⁽¹⁵⁾ thereby exceeding the official norm, and the pay increase to which bank staff were restricted. Table 4.1 demonstrates how the average weekly earnings of banking and insurance staff declined between 1959 and 1968 (but particularly after 1964) compared to the all-industry figure, and it may reasonably be asserted that this deteriorating relationship was especially pronounced in the case of the clearing banks staff.

In this situation the criticisms of "strong-arm" tactics of more militant trade unions⁽¹⁶⁾ made by the internalists were hardly adequate compensation for their members whose standards of living were falling compared to other groups. The position was also not alleviated by the 2½% rise negotiated in June 1967 by the MBSA despite the fact that this was the maximum the Ministry of Labour would allow.⁽¹⁷⁾ It was the first general pay rise in the banking industry for nearly two years but did not match the average rise in prices and incomes during that period, nor the increase in weekly earnings from July 1967 to January 1968 which was 4%.

Clearly then, although the associations were restricted by official policies (and the banks themselves would liked to have paid more) they failed to defend the interests of their members satisfactorily in this period. This exposed them to the criticisms which we noted above that

A V E R A G E W E E K L Y W A G E 1 9 5 9 - 6 8 (OCT)

	MALE				FEMALE			
	BANKING / INSURANCE £ s d Index	ALL INDUSTRIES £ s d Index	BANKING / INSURANCE £ s d Index	ALL INDUSTRIES £ s d Index	BANKING / INSURANCE £ s d Index	ALL INDUSTRIES £ s d Index	BANKING / INSURANCE £ s d Index	ALL INDUSTRIES £ s d Index
1959	19 5 7	(100)	18 0 6	(93.5)	8 4 7	(100)	9 13 1	(117.3)
1960	20 6 0		19 2 0		8 12 5		10 3 0	
1961	20 14 3		20 0 9		9 0 1		10 13 6	
1962	21 15 2		21 2 8		9 11 2		11 6 11	
1963	22 14 2		22 5 1		9 18 0		11 19 4	
1964	23 7 10		23 10 7		10 17 7		12 11 11	
1965	25 15 7		25 10 8		11 15 5		13 14 3	
1966	26 13 9		26 13 9		12 0 7		14 4 11	
1967	27 17 8		27 18 1		12 11 11		14 8 0	
1968	29 13 0	(100)	29 15 5	(102.1)	13 2 6	(100)	15 15 2	(120.06)

Change over
period 53.8%

59.5%

63.2%

TABLE 4.1

Source: Ministry of Labour

NUBE made, and were reiterated implicitly by the NBPI, that the existing domestic arrangements were parochial and inappropriate given the prevailing modes of macro-economic management. (18)

THE HOURS OF WORK ISSUE

The second major issue concerned hours of work, and particularly the banks' practice of opening on Saturday opening. In discussing the developments on this issue the intention is to highlight the protracted process of decision-making by the banks as well as the changes in their decisions which were made unilaterally. All of these factors contributed to growing dissatisfaction among all grades of bank staff over the way the "hours" question was handled, and to the response of the associations to the banks' decisions which NUBE was able to exploit in pressing its claim for national machinery through industrial action.

During this period the banks were open from 10.00 am to 3.00 pm Monday to Friday, and 9.30 am to around 11.30 am on Saturdays. Staff worked a five and a half day, $41\frac{1}{2}$ hour week. For the banks, the issue of whether these hours of opening were appropriate related to two factors; staff recruitment, and competition for business, however the effect of these factors tended to be contra-directional. On the one hand working a $5\frac{1}{2}$ day week was becoming more unpopular with the staff, who compared their position with the growing practice of a five-day week in other areas of clerical employment. Related to this it was thought that the increasing employment of female staff in a non-career capacity, who were therefore less prepared to make the sacrifice of Saturday work, aggravated the problem and resulted in a higher turnover, (19) despite the fact that NBPI's surveys suggested turnover of staff was similar to areas where a five day week existed. Nonetheless, the banks consistently maintained that difficulties in recruiting and retaining the right number and type of staff were related in part to their hours of opening. (20)

Conversely, the banks were aware of their declining share of the total market for deposits, and of the large proportion of adults who did not have a bank account, which it was recognised was due in part to the existing over-restrictive banking hours. This point was also made in

1963 by Lord Cromer, then Governor of the Bank of England, who publicly questioned whether,

"... the traditional hours within which bank customers are expected to transact their business (were) in step with demands of potential customers. (21)

To reduce opening hours further therefore only threatened to increase the difficulties in attracting new business. Furthermore, throughout the 1960s the banks were aware that the competitive threat from the Trustee Savings Banks, the building societies and the Post Office Savings Bank was increasing and that hours of business were a critical factor in the market place.

It was in this context that the question of hours was intermittently examined by the banks through a sub-committee of the CLCB. In 1960 for example, it recommended no changes to the existing arrangements. But in reconsidering the matter intermittently over the next few years it appeared that the banks moved more closely to accepting Saturday closure although no final announcement was made until 1965 when the banks declared their intention to introduce Saturday closure. However the whole matter was then referred to the NBPI for investigation by the Chancellor of the Exchequer.

This Report, published in May 1967, rejected the idea of complete Saturday closure, and proposed more flexible opening times between the banks and in different localities instead. (22) As part of a whole recipe of proposals to improve the competitiveness of the banks it was sound advice; but it hardly satisfied the growing pressure from bank staff for complete Saturday closure. The banks were thus sandwiched between the Government on the one hand and its staff on the other.

The long period of indecision was in itself frustrating but the banks then compounded this by a change of policy. Having raised expectations of a complete Saturday closure, the banks announced in October 1967 their decision to retain opening on that day, arguing that closure was not "feasible" at that time. This was included in a "package deal" on the working week, which in fairness did go some way towards meeting the NBPI's recommendation of greater flexibility to serve the needs of the

public. But the element of flexibility was considerably diluted from the proposals in Report Number 34. More importantly for immediate events, the CLCB changes not only reneged on the previously declared policy of closure, but, as they stood, lengthened the opening hours by five hours per week. The outcome of these changes was therefore likely to be a greater workload which had to be completed within a five accounting-day-week, effectively leading to longer hours of work. Both NUBE and the CCBSA confirmed their opposition to the proposals, but whereas the latter agreed to use them as the basis of further discussion, NUBE declared it would not.

This was a crucial development because it established a clear differentiation in policy between the CCBSA and NUBE which the latter was able to exploit. By taking the stronger stand the union was able to exemplify its uncompromising response to the October proposals as concrete evidence of its claim to be the more effective representative body, and the proper defender of the interests of bank staff. It therefore linked this issue with pay and its claim for national recognition, developing the slogan of "Ten percent - 35 hours" for its campaign in October 1967. It argued that it could obtain much more than the recently agreed 2½% rise and that the banks could afford to pay more but were hiding behind the pretext of the Government's incomes policies, again indirectly criticising the bargaining competence of the associations. (23)

THE 1967 STRIKE ACTION

The Autumn campaign culminated relatively quickly in strike action, but was itself the outcome of a longer term move to more militant strategies by the union, which will be considered before the influence of the action is explored.

Fundamentally the shift in union policy derived from recognition that its failure to obtain bargaining rights in the 1950s reflected an inability to compel the banks to offer these. Constitutionally the most important change resulting from this was an alteration to the strike clause in 1960. The amendment to Rule 11.D meant that strike action could take place on the simple majority vote of a section of the membership. Prior to that a ballot of the whole membership had been

required, so the effect of the change was to facilitate the use of action much more readily.

Subsequently, the union was successfully involved in strike action in the Trustee Savings Banks which led not only to recognition but also resulted in a substantial boost to its membership.⁽²⁴⁾ The union also became party to a national procedure agreement which included an arbitration clause and enthusiastically endorsed this form of collective resolution,⁽²⁵⁾ but the use of strike action to gain recognition appeared to be a viable tactic.

Second, there was a change in the General Secretary of the union in 1963, with Alfred Brooks assuming control after a policy disagreement in the NEC had ousted the former Secretary, J L Hornby. A more strident tone immediately emerged on the question of achieving recognition, Mr Brooks arguing that this would not be given passively by the banks, but that it would have to be won, and that union policy should be derived from this assumption.⁽²⁶⁾

So, during the 1960s the use of action in support of its recognition claims therefore became both a plausible and a desirable strategy for the union in the view of its executive. This was because experience suggested not just that militancy was a viable tactic, but furthermore that the union would not lose members in pursuing such action, if the cause was right. On the contrary it might gain in membership. From the beginning of 1966 the union executive canvassed the possibility of industrial action several times.⁽²⁷⁾ As a supporting tactic it also tried to whip up popular feeling, as it had done in 1950/51, by the circulation of petitions on the hours issue and against the NBPI's Report on the Midland Bank in 1965 - with mixed success.⁽²⁸⁾ With the combination of discontent over pay and hours of work the militant approach appeared to be justified however. The executive were aware of the rise in union membership which started to accelerate in the summer of 1967 from around 43,000 (in the clearing banks) and had reached 58,000 by the end of 1967. Indeed between the end of September and the end of November, when the "October compromise" was struck on the hours issue between the CLCB and CCBSA, NUBE's membership rose by over 12,000, easily the most significant gain since the founding period of the Bank Officers Guild. All of which appeared to vindicate its policy.

Despite calls for moderation from the Ministry of Labour⁽²⁹⁾ and the suggestion that the issue be shelved pending the publication of the Donovan Report,⁽³⁰⁾ the union declared its intention to strike on 24/25 November in a letter to the CLCB dated 13 November 1967. No reply was forthcoming from the CLCB until the 20th. Even when it came little else besides the "wait for Donovan" proposal was offered.⁽³¹⁾ Strike action therefore took place for the first time in the clearing banks on 24/25 November in South Wales, during which the union claimed that three hundred offices were affected and 3,000 staff took part.⁽³²⁾ The banks claimed that the impact was much smaller. A second phase took place in selected English towns where membership was high and feelings known to be strong on 8/9 December. Up to that point the banks had refused to modify their position, but they were more concerned by the potential effects of the third phase timed to take place over the year-end accounting period as this threatened to disrupt work more widely. However, it was only following personal intervention by the Minister of Labour, who insisted that the CLCB meet the union for the first time ever, that this was called off at the last moment (28 December).⁽³³⁾ The employers agreed to reopen talks on national machinery and 9 of the 11 CLCB members and their associations declared their willingness to take part. The National Provincial and Westminster reversed their previous policy of opposition, as did their associations, leaving only the Midland and Coutts uncommitted. The inclusion of all but one of the major banks made national negotiations a viable proposal. Then in April 1968 Midland too changed its position, joining the employers' Federation.⁽³⁴⁾ Its association reluctantly agreed to enter the machinery as well.

It seems that NUBE's strike campaign was highly effective. Not only did it compel the employers to reopen the talks, but ultimately it forced those banks which had been opposed to national machinery to join the forum, and override the wishes of their associations which previously had been of paramount importance. Moreover, its campaign had proved popular, the rise in membership vindicating the unprecedented militancy in the view of the union's executive.

Arguably the most significant influence of the strike was upon the Ministry of Labour. Although the union had concluded that ultimately it had to secure recognition for itself in the light of the previous

failures, it was the Ministry which, in response to the strike action, exerted the necessary pressure upon the employers to make them alter their position. Until then, they would not acknowledge that the failure of the talks was any more than an inter-union dispute of which they were no part.⁽³⁵⁾ It was the Ministry which insisted that the banks held the key to resolving the dispute, advising the CLCB to recognise the union over the heads of the recalcitrant associations, and brought the union and the CLCB together for the first time. As a means to ensuring that the associations join the machinery, the Minister also proposed the resolution of the hours of work issue in the national forum.⁽³⁶⁾

Although the pressures which were brought to bear were apparently influential, direct compulsion was never employed. However, the banks were reminded that the ILO would require a report of the Cameron proposals, and further investigation might ensue from this. Secondly, it was pointed out that Bain's Research Paper "Trade Union Growth and Recognition"⁽³⁷⁾ written for the Donovan Commission had been noted within the Government. This had been highly critical of the banking industry, resurrecting the old charge that the associations were instruments of the employers in a strategy of "peaceful competition" to exclude trade unionism. Like Flanders,⁽³⁸⁾ Bain concluded that an independent recognition tribunal should be established to deal with such cases, and it was expected that the forthcoming Donovan Commission would incorporate this recommendation, possibly within a statutory legal framework. Thirdly, being concerned about their public image over the issue of full disclosure of profits, to which the banks objected strongly, it was thought necessary to undertake voluntary change on this issue as a means of showing a readiness to reform. This was certainly one major reason for the change of policy by the National Provincial and Westminster Banks.⁽³⁹⁾

In the shorter term it appears that the National Provincial and Westminster's change of heart in favour of joining national machinery was also directly related to the impact of the strike action. While these banks favoured domestic bargaining they moved into the Federation to avoid the possibility of being picked off by the union in a stoppage, and because of the Minister of Labour's pressure upon the banks collectively to settle the hours issue in conjunction with the union.

The Midland in contrast remained more firmly against the national forum, in keeping with its policy of strongly supporting its association and because of the exceptional hostility to trade unionism in banking among its senior executives. Its change of heart "in the interests of the bank" apparently related partly to the proposed amalgamations of Barclays, Lloyds and Martins Banks⁽⁴⁰⁾ and the National Provincial, District, and Westminster Banks, announced early in 1968, as these two groups would be more likely to dominate the conduct of the clearing banks' affairs. It was concluded from this that its ability to continue to influence pay levels, and any future reform of pay structures, from without the Federation would be severely diminished by the creation of these groups and that it would be more likely to be able to influence negotiations within the employers organisation.⁽⁴¹⁾ This was reinforced by pressure from the other banks which pointed out that to operate a set of domestic negotiations alongside the national forum would create the likelihood of continued pay leapfrogging, particularly if the Midland decided to pay a premium upon the national rate as the price of isolation. Certainly the Midland could not pay less than the national rate, particularly in view of the availability of unilateral arbitration which would predictably see the national rate as a reference point. In addition, to pay less would court the danger of staff discontent which NUBE would be bound to exploit, and as a general point it was acknowledged that the bank would always be susceptible to further strike action by the union to try and force it into national negotiations. The price of staying out of the Federation therefore seemed unacceptably high.

It can be argued that NUBE achieved the critical breakthrough to recognition by its strike action. Why therefore did it not try and enforce the longstanding demand for sole recognition, continuing instead to accept the proposal for joint working with its rivals?

This seems to be best explained in terms of the optimism of the union following the success of its strike action. While not wanting to work in conjunction with the associations, the union believed this would not be an impedence to the rapid achievement of its objective of majority membership and control of the Banking Staff Council. It therefore assumed that, having proved its greater effectiveness, the national machinery would ensure the final demise of the internalists.

It must also be remembered that, until the decision of the Midland association to participate at the last moment, both sides had virtually equal memberships and NUBE had gained at a much faster rate in the previous twelve months. When the union claimed that,

"We are within an ace of being the majority body in British banking ..."(42)

its optimism was thus understandable. In due course this proved to be a fundamental misjudgement.

In retrospect, the decision to work within the constraints of the procedure which incorporated an arbitration also seemed somewhat paradoxical. Although the executive had deliberately moved the union away from its former moderate image and the success of the recent campaign had derived from the ability of the union to demonstrate its distinctiveness from the associations and its greater effectiveness, under the national procedure there would be little or no opportunity to repeat this. However the union executive had concluded that only in the most exceptional circumstances could it rely on its members to take action against their employers; it was, in normal circumstances, as dependent upon arbitration as the associations. And again, in the context of the post-strike optimism the issue of relative effectiveness was assumed to have been proved beyond doubt. In terms of attracting members and gaining control of the joint staff side however, the relationship between these factors was not as influential as the union hoped.

CONCLUSIONS

Although a majority of the banks had already expressed their willingness to recognise NUBE nationally, an important group of big banks remained opposed. This chapter has demonstrated that only through NUBE's strike action could this obstacle be resolved. The ability of the union to enforce its claim was therefore a crucial change from previous attempts to form national machinery, both because the banks were themselves persuaded of the need for combination against the threat of further disruption, and because this galvanised the Government into a more interventionist role. To mount such strike action did require a combination of two issues of importance to staff

across all of the banks, and an unprecedented crisis over conditions of employment which the union could exploit.

By inducing their reluctant staff associations to join the machinery, the banks demonstrated at the same time that they had considerable power over them. This derived firstly from the organisational boundaries of the associations: as each only organised within a single bank, a failure to cooperate in a proposed change in the bargaining structure effectively resulted in a loss of the recognition upon which it was dependent. It also meant that NUBE would obtain control at the associations' expense. Furthermore, to demonstrate overt disagreement with a bank over the proposed bargaining structure was hardly compatible with a notion of identical interests. For these reasons the associations were compelled to comply with the banks' change of policies, and the implications of this point were not lost on NUBE, which is why subsequently the union saw employer intervention as crucial to resolving the problems it encountered under the continuing division of representation.

Secondly, unity against strike action was henceforth an extremely important issue for the banks. They had entered national machinery with growing concern at the increasing militancy of the union,⁽²⁹⁾ and this was almost immediately borne out by the threat of strike action by NUBE in 1969 if domestic recognition was withheld. Not only did the priority of conflict avoidance influence the construction of the constitutional framework, but it impinged upon employer bargaining policies as well. Subsequently however, greater concern with costs began to conflict with this principle placing strain upon the negotiated agreements, as will be shown.

But thirdly, even at the outset of national machinery, the instability from divided representation was not resolved by bringing both staff bodies together in the joint staff council. This was in effect a constitutional artifice which disguised the intensification of competition occurring in the 1960s as the pressure from NUBE began to pay off. So while it was shown that the associations adopted more aggressive bargaining strategies in response, and by establishing a greater degree of financial and operational independence from the employers became more like trade unions, at the same time their distinctiveness was re-emphasised.

These developments arguably had important implications for the future operation of national bargaining. Having been able to reform their role as representative bodies in the post-war period to come to terms with the new conditions in banking, the prospect of national machinery did not represent an insoluble crisis for the domestic ethos of the associations even if a minority had consistently opposed it. It was recognised to be necessary to work within the new machinery rather than oppose it on principle. So, each side of the staff council entered it convinced of the rectitude of its own philosophy and thus primarily seeking control of the staff council rather than a pooling of interests or a submersion of differences. The consequences of this continuing rivalry are considered in the following chapter.

FOOTNOTES

1. An interesting difference in the attitudes of the parties is revealed by the union representatives' desire not to have the name of the solicitors (Sidney Morse & Co) printed on the constitutions for fear of worrying their members. The employers and the CCBSA took the opposite view that the staff would be further impressed by this evidence of professionalism. The latter view prevailed. (Minutes of Working Party 1967)
2. The award, given in October 1965, concurred with the Midland settlement and stated that it was within the limits of the Government's incomes policy.
3. Staff Association magazines; Evidence to Donovan (1965)
4. Natproban 1966/67; "Essay" 1966/67.
5. The association claimed a consistent membership density of 62% between 1950 and 1965. Natproban Autumn 1965. NUBE's density was around 20% in 1967 in National Provincial Bank.
6. Submission to NBPI for Report No 6 12 July 1965.
7. Essay Spring 1966 and submission to NBPI July 1965.
8. The Government initially generated its incomes policy proposals after consultation with the TUC and major employers' associations.
cf "Joint Statement of Intent on Productivity, Prices and Incomes" Dec 1964.
9. Some associations had changed their constitutions after 1960 to register as trade unions, and to try and gain access to the National Economic Development Council.
Others still argued that participation in political life was irrelevant.
cf Natproban Winter 1965; "Essay" Spring 1964.
10. NBPI Report No 6 (1965)
11. "Since the Association represented a substantially larger proportion of our clerical staff than the National Union (NUBE), the Bank took no part in the joint working party which was then set up, as we had no desire to take a course contrary to the wishes of the majority of our staff ..." Chairman's statement to the shareholders, 16 Feb 1968.
12. Meeting of CLCB with the Minister of Labour, 3 August 1967.
13. NBPI Report No 6 Cmnd 2839 Nov 1965.

14. There was a complete standstill period from July 1966 to the end of the year followed by "a period of severe restraint", in which a zero norm for pay rises was fixed. Only rises related to productivity and low pay were to be exceptionally permitted, throughout 1967.
cf White Papers Cmnd 3073 "Prices & Incomes Standstill" 1966
Cmnd 3150 "Prices & Incomes Standstill: Period of Severe Restraint" 1966.
Cmnd 3235 "Prices & Incomes Policy After 30 June 1967".
15. Source "British Labour Statistics: Historical Abstract 1886-1968" HMSO.
16. Natproban 1966/67; "Essay" 1966/67
17. Minister of Labour in a letter to Midland Bank, July 1967.
18. NBPI Report No 34 Cmnd 3292 (May 1967) & Report No 6.
19. A survey of staff attitudes revealed these general views in "The Banker", July 1969, pp 669-698.
20. NBPI Report No 34, para 157. Federation of Bank Employers, minutes of meetings, 1969.
21. Quoted in NBPI Report No 34, para 160.
22. NBPI Report No 34 paras 156-165.
23. NUBE, ADM General Secretary's Report for 1968.
24. Membership rose by 16% in 1963. The recognition dispute had been boiling up since 1960, and culminated in the successful action in 1963.
25. ADM 1964
26. Ibid General Secretary's Report
27. NUBE NEC minutes Feb-Nov 1966
28. General Secretary's Report to ADM 1966
29. "Natproban", Winter 1967 emphasised that NUBE disregarded these pleas.
30. Royal Commission on Trade Unions and Employers' Associations, chaired by Lord Donovan. Hereafter referred to as The Donovan Commission or Donovan Report. London HMSO 1968 (Cmnd 3623).
31. Letter from CLCB to NUBE 20 November 1967.
32. A press release, quoted in "The Banker", Dec 1967, suggested that 2,800 staff were affected, but that the action was a nuisance rather than a stoppage.

33. FBE documents 1967.
 34. Midland Bank, Directors' statement 17 April 1968.
 35. Meeting - CLCB and Minister of Labour 3 August 1967.
 36. Meeting - CLCB and Minister of Labour 17 January 1968
 37. Bain G S (1967) Donovan Commission, Research Paper 6. espec. Ch 5.
 38. Flanders A "Collective Bargaining: Prescription for Change 1967 in Flanders A. (1975)
 39. Interviews with management - 1983.
 40. This tripartite merger was prohibited by the Monopolies Commission. Subsequently Barclays and Martins proceeded to merge however.
cf The Monopolies Commission (1968).
 41. Interviews with management 1981/82.
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CHAPTER 5
THE ABFU DISCUSSIONS

1. Introduction
2. Background
3. The ABFU Talks
4. Reasons for the Failure of ABFU
5. Conclusions

SECTION 2

NATIONAL MERGER ATTEMPTS IN THE 1970's

5. The ABFU Discussions

6. The Johnston Enquiry

THE ABFU DISCUSSIONS

INTRODUCTION

To recapitulate, the central theme of this work concerns the relationship between the national union, NUBE and the "internalist" associations, and the methods of the banks to try and resolve the instability which resulted from this. It has been argued that the creation of national bargaining with a joint staff side was designed to deal with this problem, but we concluded that while constitutionally combined, the rivalry between the unions was not dissolved, and underneath their cooperation was the objective of controlling the staff side.

This second section considers the two attempts to effect a full-scale merger between NUBE and the CBSA in the light of this objective. It argues that because of their continuing philosophical and organisational differences these merger initiatives were both ultimately unachievable. Learning from the failings of the first attempt, it is argued that the latter initiative (the Johnston Enquiry) came much closer to its goal by confronting the fundamental problem of how to reconcile the domestic orientation and internalist principles of the associations with the financial sector ambitions and more orthodox trade union principles of the national union. In each case as well the employers were centrally involved. The mergers can be therefore located within our central theme as part of their response to the instability of divided unionism. It will be emphasised that the merger initiatives were not simply "employer solutions" however.

This chapter deals with the first round of merger discussions which took place between September 1973 and January 1976. Following the convention adopted by the parties themselves, these talks will be referred to as the ABFU discussions, ABFU being the acronym of the proposed merged body, the "Association of Banking and Finance Unions".

Given the initial commitment of the parties, why did these talks fail to produce a satisfactory working solution? Was this because of the mode in which they were conducted? Was it related to the national

level at which they took place? Was it because of disagreement over a particular item or items? Or was it rather an impasse created by the emergence of external circumstances which altered the attitudes of the participants throughout the process of negotiations?

The argument will begin by considering the developments which led up to the instigation of the talks. Specifically these were related to the financial problems facing the union and the threat of competition from outside unions. More broadly however they derived from NUBE's failure to achieve control of the staff side and thus to dominate the associations, which led it to propose merging as a solution. The process of the discussions are then considered, it being argued that despite initial progress fundamental differences also soon emerged which were never properly overcome. Fundamentally these related to the philosophical differences between the two sides as regards the nature and purpose of the merged body. Was it to be domestically or nationally oriented? Was it to be an "orthodox" trade union or more like an amalgam of staff associations? It is concluded that having failed to establish agreement on these questions the initiative could not succeed; but failure is also more broadly related to the recession of external threats from other trade unions which had originally brought the two sides together into considering what was essentially a defensive alliance.

BACKGROUND

The talks must be seen in the context of two factors. Firstly, the organisational weaknesses of NUBE relating to its financial problems and failure to expand its membership after 1968 sufficiently to dominate the joint staff side. Secondly, registration requirements under the Industrial Relations Act which affected both the union and the associations by exposing them to competition from external unions, and prompting the merger talks as a defensive responsive.

As an organisation NUBE was facing financial crisis by 1970. Latta showed for example that it was the union with the lowest level of per capita assets in 1960 and 1970. This, he suggested,

"... while not entirely satisfactory, is probably the best measure of union wealth available."⁽¹⁾

In 1960 NUBE's per capita assets were £1.25; in 1970 these had risen in money terms to only £1.53. (2)

Furthermore, NUBE was one of eleven unions in his sample which spent more than its income in four or more years during that decade. (3)

In terms of income, NUBE was reliant upon 96% of total income from contributions. (4) This was not untypical of expanding white-collar unions which as a group had not built up large investments. However NUBE's total income was, even within this group, extremely low, because it was the union with the lowest contribution per member in both 1960 and 1970. (5) Unsurprisingly, it also headed the list of unions with the highest percentage of expenditure going on working expenses. In 1960 this amounted to 92.5%. By 1970 this had deteriorated to 97%. (6)

NUBE's financial position was critical because its recruitment was based almost exclusively on the clearing banks where it was competing with organisations which offered the same services for a considerably lower charge. Rule changes in 1970 and 1971 enabled it to broaden its horizons, but the Executive was extremely worried that the costs of recruiting piecemeal in the building societies and insurance companies, and often where staff associations were also operating, merely extenuated the union's operational problems. They were as a result reluctant to pursue large campaigns in these areas. (7)

In addition it had failed to gain control of the Banking Staff Council through achieving a larger membership than the associations. Obtaining this control had been a central assumption of the union's decision to work jointly with the associations in the talks leading to recognition in 1968. After recognition NUBE's membership rose steadily until 1973, but the difference between it and the membership of the CBSA remained relatively stable. There was growing impatience in the union with the continuing obligation to acquiesce in the policies of the CBSA at the bargaining table, and a growing belief that under the existing conditions, the ability to overhaul the CBSA was impossible.

These organisational weaknesses were not alleviated by the Industrial Relations Act, as the union had hoped.

Both NUBE and the CBSA members registered under the Industrial Relations Act, although the registration of each of the associations was subject to vigorous opposition by the union. The most important factor in favour of registration concerned the ability to obtain statutory rights to agency shop arrangements, or sole bargaining rights. Only when registered could a union initiate an application to obtain recognition as a sole bargaining agent under the Act,⁽⁸⁾ or rely upon the statutory enforcement powers of the National Industrial Relations Court.⁽⁹⁾ The obverse of this situation was that failure to register on the part of any of the staff bodies might have led to loss of recognition rights. As Weekes et al noted:

"NUBE was attracted to registration primarily by the recognition procedure, which was seen as vital by this union, which operates in areas where employers have not generally been willing to recognise it, often preferring staff associations, and where the traditional means of obtaining recognition - by a show of strength in industrial action - is either not desirable, or not available, or is considered unlikely to be effective."⁽¹⁰⁾

The Registrar of Trade Unions was prepared to accept the staff associations' applications because they conformed to the criterion of independence laid down in the Act (Section 167).

For the staff associations of Lloyds, Barclays and National Westminster this decision was perhaps unsurprising. Their accounts showed considerable reserves and they employed staff of their own. For example, by 1973 the Barclays Association employed a dozen clerical staff in addition to its officials.⁽¹¹⁾ However the decision to register the Midland Bank Staff Association was more contentious, even to its fellow CBSA members.⁽¹²⁾ This association was apparently closely dependent upon the Midland Bank. It had failed to pursue the sort of organisational reform which would ensure greater independence. It ran no regular magazine or newsletter, was dependent on the bank's facilities, and used its premises. Significantly it had also failed to generate the growth in membership which would permit the funding of greater independence: between 1968 and 1973 its membership remained static, around 10,000, while the staff employed by the Midland during the corresponding period grew from 30,000 to 40,000.

The most dubious aspect of the MBSA's successful application concerned its source of funds. From evidence to the Registrar it was clear that the association was in debt to a subsidiary of Midland Bank, the Forward Trust Company, to the tune of £20,000 and this sum formed the bulk of the association's balance sheet. Even on the narrowest interpretation of financial independence it is arguable that the Registrar was extremely generous in his judgement.

Because of NUBE's decision to register under the Act it was in contravention of the TUC policy of non-registration as declared in September 1971. NUBE was accordingly suspended from the TUC in 1972 and expelled by the annual Congress in 1973. This exposed NUBE (and the associations) to the new threat of competition from those unions which had followed the TUC line and not registered, NUBE no longer being protected by the "Bridlington rules". The union was aware that several white collar unions, and particularly ASTMS were keen to start recruiting in its traditional territory, and rivalry was growing in the newer areas such as the building societies and insurance companies where NUBE was starting to recruit after registration. Given its difficult financial position however it could not afford very large campaigns, and therefore pursued other strategies to raise its membership including mergers with individual associations. NUBE approached the Barclays association in 1970, the MBSA in 1972 and the Lloyds and National Westminster bodies in 1973. Success would have brought the union much closer to its desired majority position, but in each case it would not compromise its essential aim of absorbing the associations into its domestic committee structure. The associations each found this unacceptable and declined. The union therefore concentrated its pressure for support upon the employers.

From 1971 NUBE was warning the employers of its financial problems,⁽¹³⁾ but while these were taken very seriously by the Federation secretariat, the individual managers who constituted the Federation Council were disinclined to try and ameliorate them. The request from the union for support via the employers' use of their power to effect defensive mergers between the staff bodies was not taken up.

Out of NUBE's warning the Federation did however begin to consider more seriously the threat of incursions by other unions. In particular it was believed that if the banks had to deal with powerful unions (such as ASTMS) with memberships spread throughout the financial sector, they:

"... would be very tempted to use the banks as a 'stalking horse' with the Bank settlements as a lever for other negotiations with insurance companies and so on."⁽¹⁴⁾

The likelihood of outside unions gaining a foothold was also thought to be raised by the continuing inflation in the economy. It was feared that if aggressive bargaining by such unions produced high settlements for their members this might be an inducement for bank staff to join them, or become more militant as they had done in the 1950's and 1960's.⁽¹⁵⁾ Nonetheless the Federation Council members continued to resist pressure from their secretariat to take up an interventionist policy in order to effect a merger of NUBE and the associations. Their reluctance appeared to stem from the satisfactory working of joint domestic procedures and a disinclination to believe that an employer could effect such a merger. In addition the desire to remain impartial, given previous accusations of interference was evident.⁽¹⁶⁾

Two events in August and September 1973 were the immediate causes of the start of the merger talks. In August NUBE's President and General Secretary informed the employers of their intention at the following union Executive Committee meeting to recommend withdrawal from certain joint negotiating machineries.⁽¹⁷⁾ This was acknowledged to be a last-ditch "shock tactic" to galvanise the employers into action, as NUBE was now locked into a vicious circle of declining membership and growing financial problems, yet its own attempts to start a dialogue with the associations had failed.

While this was sufficient to get the employers to agree that talks should start forthwith, the associations of Barclays and National Westminster remained disinterested. In the following month (September) they changed their views with the announcement by the Midland Bank Staff Association that it was to recommend a transfer of engagements to ASTMS.

The decision by the staff associations to enter the talks was taken the same day the MBSA's announcement of its intended merger was made; and on the strength of that news.⁽¹⁸⁾ Not only did the prospect of encroachment by ASTMS alarm them, but it was also accepted that NUBE might no longer be in a minority within the BSC. But although they were henceforth convinced that it was necessary to form one representative body, the General Secretaries of Barclays and National Westminster emphasised right from this point that a "take-over" by NUBE was not acceptable,⁽¹⁹⁾ and that the new body should operate with considerable domestic autonomy in bargaining.

THE ABFU TALKS

Under the chairmanship of the FLCBE Chairman, and with the Federation Secretary attending in an advisory and administrative capacity, meetings were held between October 1st 1973 and the beginning of 1976. Representing NUBE initially were the General Secretary and Honorary President; the staff associations remaining in the CBSA were represented by their respective General Secretaries.

On the face of it, the talks made rapid progress. Agreement on a title for the new organisation was quickly reached.⁽²⁰⁾ This was later modified, but it was agreed that the overall organisation was to be an association of unions. We would argue that, as they had always emphasised their distinctiveness from the orthodox trade union movement, the inclusion of the term union in the name of the organisation represented a strong symbolic gesture on the part of the staff associations.

From drafts put forward by each side, a composite constitution was produced for discussion by February 1974. That this was possible arguably indicated the apparently wide area of agreement between the parties on the structure of the new organisation.

It was accepted that a federal arrangement was necessary to encompass three levels of organisation. At the top there was a confederate body known as the National Council, and of which the constituent unions (or members) of the Association would be members. The bottom layer was made up of constituent members, which were either unions or sections.

Membership of this Council would be open to any union registered under the Industrial Relations Act which was solely concerned with banking and finance.

This was designed to be broad enough to encompass NUBE's non-clearing bank areas of membership, but not so broad as to permit the entry of external unions such as ASTMS. Sections were distinguishable from unions mainly by their size: they were small organisations of employees from one or more employer which were not necessarily registered as unions, but which had common negotiating interests, or formed a separate bargaining unit; for example the non-clerical staff within the banks. Organisation was thus a mixture of industry/employer based, and overlaid with a horizontal/occupational linkage.

A middle layer consisted of negotiating committees. Principally this was designed to encompass the existing Banking Staff Council and the national negotiating procedures in the clearing banks. It was envisaged that other negotiating committees, covering building societies, insurance and hire purchase companies, could also be established, in some cases around the proposed sections.

As far as the staff associations were concerned, the prime locus of power of the ABFU was to exist at the level of the constituent member. Indeed the individual associations would be transformed into staff unions whose constituencies would be the domestic banks. These would hold considerable power together on the National Council, because of their membership predominance, but most of their activity would be concentrated upon the domestic unions, and the English Clearing Banks Council. The secretaryships of the unions and of the clearing banks negotiating body were therefore crucial positions, although no agreement on who was to hold the latter was made at the presentation of the composite document.

One further point about the constitution concerns the function of the National Council. Its duties were defined broadly as being to ensure that the powers and duties of the Association were discharged. This definition left room for considerable interpretation as to its meaning in practice. Predictably the union attached a much wider construction

than the associations of what was thereby implied. NUBE saw the organisation as a centralized and genuine industrial union with co-ordinated powers and policies, in which the clearing banks were the most important part. But the clearers had to be integrated, like the other parts, into the whole expressed by the concept of ABFU. The associations in contrast were concerned to see as much control as possible devolved to the domestic bodies, and the National Council having a limited administrative role.

From the discussions of the draft constitution in early 1974, the fundamental sticking points began to emerge. Initially, the associations were concerned at the coverage of matters in national as opposed to domestic machinery. They saw the revision of the constitution as the means to changing the balance in favour of domestic negotiations. This reflected the disagreement on revision of the JNC which had been outstanding since 1971.

At that time it had proved impossible to obtain consensus on revision, and the matter had been somewhat unsatisfactorily resolved by the renewal of the original constitutions. This, the staff associations had regarded as an essentially provisional arrangement.

The three main points of difference, which were to remain unresolved throughout the talks, were also clarified at this point. This seemed to be because as the constitutions were discussed, concrete examples of the differences between the union and staff associations crystallised. These points were:

1. The contract of service of the officials of the clearing unions (initially this problem revolved around the employment of the General Secretaries rather than officials in general).
2. Direct membership of ABFU as opposed to membership of the constituent unions which would then affiliate in some way to the central body.
3. The remittance of subscriptions. (21)

Throughout the following meetings until June, much time was spent talking round these problems, and the question of the balance of domestic and national negotiations. At the latter point the employers indicated that revision of the JNC had to take place separately, and that it would be best to retain the existing split in the constitution of the existing body, if only to facilitate the agreement on the merger. (22) They did indicate however that they would be prepared to modify the national arrangements marginally, by making the minimum managerial salary a domestic matter. It seems that this encouraged the staff associations to reform via ABFU. (23)

The representatives essentially regarded the questions of the contract of service and the remittance of subscriptions as being the crucial ones. (24) On the payment of subscriptions, the associations were in favour of payment being made direct to the domestic bodies, and different levels of subscription being permitted to reflect the differences in facilities being offered. From there a per capita payment would be made to the central body. In contrast NUBE wanted the funds to be remitted centrally, and thereafter distributed, their aim being to minimise variations in domestic services.

On the contracts of the executive officers of the clearing bank unions there was a parallel dichotomy. The staff associations wanted these to be with the individual staff unions: NUBE was in favour of all contracts being made with ABFU itself.

It is indicative of the spirit which then predominated that a compromise was evolved. This effectively traded one point for the other, although the wording of the agreements was somewhat tortuous. As a result the subscriptions were to be paid to a joint account in the name of ABFU and the constituent union, and this joint account was operable only on the joint authority of an ABFU and a constituent union official. In return NUBE backed down on the question of the contracts of service. (25)

Similarly, a compromise was reached on the question of external affiliation. Although NUBE was still outside of the TUC it regarded re-affiliation as a necessity at some point in the future. In contrast the associations were not keen on this. Another complication related

to the Confederation of Employee Organisations (CEO) of which the BBSA was a founder member in 1973. This body predominantly represented staff associations and white collar organisations with little sympathy for the TUC and its role was mainly as a political pressure group. NUBE was, unsurprisingly, not keen to be associated with it. (26)

Agreement over external affiliations could therefore have been problematic, but again a compromise was reached after the BGSA agreed to have an affiliation clause written into the domestic constitutions, which effectively gave it an option out of the TUC. (27)

Ostensibly then, the constitution had been agreed upon by April 1974, six months after the talks had begun. It was reported in the Federation Council that the merger would probably be completed by June or July, (28) and all that was required was ratification from the executive committees of the staff bodies. At the latest it was thought that ABFU would be a concrete reality by January 1974. (29)

The constitutions were subject to legal drafting and amendments during the following three months. At meetings on the 3rd and 14th of June these were apparently accepted by the officials of the parties involved, and NUBE then mistakenly assumed that the final draft of the document could be quickly approved. (30) However between June and October no confirmation was forthcoming from the associations.

Meanwhile, in July an extremely significant meeting between the honorary officials of the union and staff associations took place. (31) This was intended to examine the practical aspects of the constitutional arrangements and discussion was based upon the draft ABFU constitution. However it became clear here that there was considerable distance between the two sides on the operation of the clearing bank unions within ABFU.

In particular the union's officials believed that:

1. NUBE's General Secretary was acceptable to the other side as the General Secretary of the National Council but not as the Secretary of the Clearing Bank Council, the negotiating committee at the secondary level for the

clearing banks. In other words the NUBE leader was to be excluded from a principal role in the national machinery. This, it was presumed, was to facilitate a revision of the JNC towards greater domestic autonomy.

2. It was believed that the associations were not committed to the concept of ABFU as a centralized industry-wide body. They were not interested in the ABFU General Council, and it was suspected that they were mainly concerned with building up autonomy at the constituent bank level. In this respect it was also noted that they rejected any need for a central level Reserve Fund.
3. On the question of officials, the NUBE members were alarmed by the fact that there were 35 still to be "absorbed"; the association officials had indicated no interest in doing this.
4. NUBE feared a subsequent withdrawal of one of the constituent unions, as the constitutional ties to the central body were not tight enough. This related to the likelihood of a disagreement over affiliation to an external body such as the TUC, but NUBE felt that any withdrawing constituent would be likely to take both former association and NUBE members.

NUBE communicated their views to the Federation, and requested that they act to ensure this did not happen. This the Federation declined to do, saying it was not their position to impose a ruling on one side or another. The Federation also pointed out that the delay stemmed mainly from the BGSA. The Barclays staff association defended its slowness by insisting that all the implications of the move had to be considered by its lay organisation. Events began to be bogged down in points of detail while the main object of the exercise was no closer to being achieved.

This was just prior to the October meeting between the fulltime and lay officials of each side, when a draft constitution was put on the table.⁽³²⁾ Here the union reacted to the July "revelations" by

hardening its position. It pressed for modification to the draft constitution to safeguard what it regarded as its interests. This involved it reneging on the agreement over membership and subscriptions; it demanded that both of these would be directly linked to the central body, ABFU, in the first instance.

The new union position was restated at the following meeting in December. The "infamous trinity"⁽³³⁾ of points which agreement could not be reached were detailed as follows by NUBE:

1. Direct membership of ABFU (the central body).
2. Direct subscriptions payable to ABFU.
3. Direct employment of all officials by ABFU.

In a sense, the fresh demands put by NUBE at the December 1974 meeting marked the end of any chance that the ABFU talks would be successful. The staff associations, surprised by this retrenchment, went back to their executive committees, but at the meetings in early 1975 indicated that they were prepared to stand by the October draft constitution. They were not prepared to tolerate the revised union position.⁽³⁴⁾

Fundamental questions which had been previously unresolved now emerged, such as the prospect of affiliation to the TUC and how to deal with the differential in subscription rates between NUBE and the staff associations.⁽³⁵⁾ As these differences began to dominate the proceedings, the Chairman from the FLCBE floated the idea of bringing in an outsider to try and "thrash out all the problems", without success.⁽³⁶⁾ Union officials confirmed their intention to take NUBE or any new body into the TUC, as their Delegate Conference had resolved, even though the price of this would be £33,000 in back-dated affiliation fees.

Resolutions at NUBE's Delegate Conference had also called for the withdrawal from the talks if the executive felt no agreement was in sight. Withdrawal from joint machinery in the event of the talks failing was also proposed. While the talks were still in progress NUBE

also placed formal objections to the certification of the associations under the Employment Protection Act, disputing their independence. This was supported by attacks upon them in NUBE's magazine. The staff associations responded by arguing that individual bank sections should have the right to withdraw from national machinery.

The talks broke up in January 1976 without the three supposedly outstanding questions of direct subscriptions, membership and employment of officials even having been considered at the last meeting.

REASONS FOR THE FAILURE OF ABFU

According to those involved the talks failed for several reasons. Personality differences; the problems of carrying lay officials and local committees; lack of clarity about objectives and changes of policy were all pertinent factors. (37)

Could the talks have succeeded at domestic level? This at first seems plausible. Certainly relations between officials at this level were better, and the problems of joint working in a practical way had been sorted out by previous experience. In addition, the drafting of constitutions for the individual banks made more headway. For instance, by October 1974 the staff association in Barclays was claiming that provisional agreement between it and the NUBE representatives over the domestic constitution was effectively complete. (38)

But, as was subsequently pointed out in the Johnston Report, there were fundamental problems with a domestic initiative. Any negotiations which were derived from the domestic level were hardly likely to be able to ensure reform took place in the other domestic units, nor to establish a consensus upon their relationship with the second and third tiers of the federal body. As NUBE's principal concern was to establish a centralized organisation into which the domestic unions could be integrated, it wanted a top-down approach to change and resisted any other mode of reform, unless it could achieve individual transfers of engagements with any of the staff associations. This method however was, as we noted above, unacceptable to the associations.

With regard to the question of how much importance may be attributed to personality differences in the failure of the talks, the problem arises of distinguishing this factor from questions of principle and how much the participants were constrained by organisational roles. Certainly the participants themselves put a great deal of weight on personality clashes as an explanation.⁽³⁹⁾ Yet what might have been interpreted as dogmatism or inconsistency could have been due to multiple organisational pressures which tended to create complex or shifting negotiating positions throughout the two and a half years of the talks. It should be noted however that Dr Johnston saw the failure of the talks stemming not so much from concrete differences as differences in attitudes,⁽⁴⁰⁾ and in general it seems clear that as the talks progressed both sides tended to adopt less flexible positions.

One problem for NUBE was that its officials were dealing with three separate officials who came with differing remits. While the LBGSA official claimed to have carte blanche, his counterparts emphasised that they were much more constrained by their organisations. The BGSA representative was particularly concerned with the issue of external affiliations and put up more strenuous opposition to the membership than the other association officials, a reflection of the Barclays staff association's central role in the CEO it would seem. The NWSA representative was the most concerned to establish enhanced domestic bargaining and the widest possible powers at that level of organisation. NUBE were strongly critical of this official in ascribing blame for the collapse of the talks, suggesting that his position shifted as the talks progressed; however the minutes of the meetings suggest no great inconsistency in his priorities throughout the talks. He consistently favoured a clear domestic orientation to the new organisation as is shown by the following exchange:

"Mr Mills (NUBE) added that the overall executive body must have the authority to speak for the then most powerful organisation as a whole ..."

"Mr Carthy, (NWSA) however, stated that he did not see the Central committee as a controlling body, he likened it to the CBI whereby it offers advice and guidance to its members."⁽⁴¹⁾

Similarly, the same association official stated, just prior to the discussion of the merged constitution, in January 1974,

"Broadly, the staff associations see unification through the establishment in each of the banks of a new organisation into which all of the staff associations and NUBE members in that bank would be transferred ... The membership of the new organisation would have complete control over its activities through the normal democratic process ... The confederation (the top level council) would provide legal and research facilities but would have no power of control over its affiliated members. It would be financed by a capitation fee payable by each of its affiliated organisations."⁽⁴²⁾

and this position was reiterated in October 1975, towards the end of the talks.

It should not be denied that there were differences of attitude on the associations' side however. The LBGSA representative was undoubtedly the keenest of the CBSA officials to effect a merger, and the least concerned with points of detail, or of principle. But in general, more pragmatic attitudes to amalgamation were adopted by the associations than by NUBE. Their priority was to implement, and then sort problems out. Given that they entered the talks from a position of relative strength it is evident that the associations made significant compromises up until mid-1974, and were prepared to go ahead on the basis of the October 1974 Constitution, while NUBE wanted further reassurances written into it.

Linked to the question of personalities is the role of the lay officials. These people evidently had a considerable impact on the outcome of the talks, and NUBE argued that the fulltime association officials had failed to "sell" the proposals accurately to their lay members. But the idea of a large gap between the CBSA representatives and their lay officials was probably overblown. That the representatives were well aware of their lay officials' view is in no doubt, and that the latter group had expressed strong positions on the issues of TUC membership, individual membership of ABFU, contracts of service and so on is also clear.⁽⁴³⁾ To an extent it might be argued that the associations' leaders had misjudged how difficult it might be to carry their lay officials into a merger through compromise, and that the leaders were keener on a merger than their constituents. But these leaders had from the start emphasised that the final decision with regard to a merger would rest with their lay members. Furthermore the associations argued that NUBE shifted its ground at the end of 1974 as

a result of pressure from its branches and there is an element of truth in this. The NUBE representatives admitted that its more dogmatic position was in part due to the dissatisfaction of the branches with the draft constitution of October 1974. It seems fair to argue therefore that there was some distance between the fulltime and the lay officials on both sides.

The FLCBE representatives ultimately felt the talks suffered because of the entrenched attitudes of the participants. It was noted as early as January 1974 that one of the chief problems was the jockeying among the officials for the important jobs in the new arrangement,⁽⁴⁴⁾ but this was obviously related to the question of where the locus of power was primarily to be - at domestic or at national level. Although in their reporting the employers remained generally neutral, less sympathy with the associations was evident in the Federation. For example, it was noted that they were "insistent" upon domestic autonomy,⁽⁴⁵⁾ and subsequently it was suggested that they "remained obdurate" on this issue.⁽⁴⁶⁾

But this interpretation arguably reflects the employers' own concern to secure a swift resolution to amalgamate from the staff bodies, and to leave the existing national constitutions largely intact. As the staff associations were less pressed to secure an early settlement, they understandably showed more concern at the implications of the first draft constitution. Furthermore they saw the ABFU talks as the means to adjust the national-domestic balance more towards their philosophy, a move which they believed to be justified by their success in gaining members more rapidly than NUBE since 1968 and reflecting the greater popularity of their approach. Expressed differently, they saw little point in acquiescing in a reform which simply led to their take-over by what they saw as a new model NUBE, when it was the latter which was obviously failing to flourish in the existing conditions.

What can be made of the role of the Federation members? They acted as advisors and facilitators but in a very passive sense, in that there was no effort to dictate what the preference of the employers might be, or to impose a solution onto the participants. This of course was thought necessary to maintain neutrality and impartiality.

Their presence was subject to criticism from outside unions, which was subsequently repudiated by the participants.⁽⁴⁷⁾ Certainly there were instances when it was necessary to have an employers' representative present, as for example over the question of whether reform of the JNC could be assumed to be acceptable and therefore included in the ABFU constitution.

It is undeniable however that the employers were interested in and supported a merger, and that they felt this would be to their advantage. This did not mean that the talks were therefore invalidated because it was perfectly plausible to argue that, whatever the banks' view, there were advantages to the staff in the merger which the representative bodies were under a moral obligation to pursue. It is also arguable that a merged body would not necessarily have conformed to those advantages which the employers perceived.

Quite apart from this, there are two observations related to the employers' role. While they undoubtedly facilitated change, they appeared to be too optimistic, and too keen to bring about the new body without examining the real differences between the two parties. This was particularly true in the early meetings when agreements were almost assumed to be a technical exercise. Often the employers made the mistake of assuming that questions such as those relating to subscriptions and membership had been resolved, when in fact they had not.⁽⁴⁸⁾ This reflected, in part, the impatience to get things done because of the apparent crisis facing the parties. It also reflected a misunderstanding of the role of the officials, and the way that their power was circumscribed by their executives, so that they could make few commitments without reference back.

It is arguable that the Federation representatives therefore pushed matters along too quickly in the early stage, without appreciating the fundamental differences in the attitude between the parties, and that this contributed to the mistaken assumption that there was substantial congruity over what the nature of ABFU was.

Secondly, when progress slowed, the employers were unable to direct the parties forward. This of course related to their agreed role as passive participants, but they were unable to make fresh proposals, to

point to inconsistencies in the arguments of each side or explain the views of one side to the other. Hence, for example even though they met each side separately, little initiative could be taken to try and lead either into a compromise by way of conciliation or mediation. When the entrenched positions were taken up the Federation felt it should do no more than reiterate the previous developments, and thereby hope to prompt the parties themselves to move away from a stalemate.

This does not adequately explain why the talks initially made so much progress, only to flounder, effectively from March 1974 onwards. Rather, changes in the negotiating position of the participants have to be located within a dynamic context, and incorporated with factors which to an extent were external to the talks.

If the reasons why the talks were initiated are borne in mind, more insight into the weaknesses of the process can be gained. It will be remembered that the staff associations were persuaded to enter talks because of the imminent threat of ASTMS. Unity against a common external problem drew them together with the union and the employers. Throughout 1974 this threat receded as ASTMS failed to make membership headway or to disrupt the operation of national machinery where it was not offered recognition.

Secondly the staff associations were registered under the Trade Union and Labour Relations Act in 1974 and certified under the Employment Protection Act 1975, as independent unions. When NUBE openly objected to these decisions relations between the sides were considerably soured. Indeed this may have been a crucial mistake for the union because the Lloyds Staff Association was in 1974 on the point of transferring itself to NUBE in an effort to keep the impetus of the talks going, but decided not to after the open hostility to "internalism" expressed by the union. (49)

The certification also meant that NUBE could not once again utilise statutory criteria to have the associations de-recognised. The CBSA members also continued to expand their memberships, and at an accelerating rate after 1973 thereby remaining organisationally viable and able to resist the approaches for amalgamation or transfer which were made to them. (50)

Thirdly, NUBE was substantially stronger by the end of 1974, and this factor was used by the CBSA representatives to explain why the union hardened its position at that point.⁽⁵¹⁾ The upturn in the union's fortunes may be attributed to the way in which it used the Industrial Relations Act to its advantage. NUBE made more applications than any other union to the NIRC to secure recognition rights. Of a total of fifty-four applications by trade unions, NUBE submitted seventeen.

Perhaps the most important, so far as union expansion was concerned, registration permitted the union to co-operate with institutions set up by the 1971 Act. This would have been considerably more difficult as a non-registered union, because of the TUC policy of non-participation in CIR investigations.⁽⁵²⁾

As has been pointed out elsewhere,⁽⁵³⁾ NUBE tended to be favoured over the internal associations with which it was competing, because the CIR assessed bargaining agency on more testing grounds than those used by the Registrar to determine independence.

In particular, the CIR emphasised the need to assess each case individually, and to be especially concerned with the question of effectiveness when assessing the suitability of bargaining agents.⁽⁵⁴⁾

It was wary of assuming that conformity to "formal organisation and financial criteria" was sufficient evidence of effectiveness as a bargaining agent, and was concerned to ascertain whether (possibly latent) "outside influence" was nonetheless existent.⁽⁵⁵⁾ Independence and effectiveness were explored congruently, and the CIR showed particular concern as regards the representative capabilities of house associations.⁽⁵⁶⁾

NUBE scored several successes in the Building Societies, where collective bargaining was not established. It also reached agency shop agreements in some non-clearing banks such as the Yorkshire, Co-Operative and the TSB, and hire purchase companies.

The CIR also showed a preference for the union as sole bargaining agent in the clearing bank cases which it considered.⁽⁵⁷⁾ It overrode the claim for recognition of the staff association in each case, despite their substantial memberships, showing a stronger concern to create streamlined and effective bargaining with an orthodox trade union.

Financially the assistance obtained by being able to establish the agency shop agreement as created in the Industrial Relations Act was substantial, because these offered several advantages to the impecunious NUBE. There was no need for campaigns to recruit members and the costs of maintaining members and of collecting subscriptions were minimised, because the direct debiting system was introduced with each agreement.⁽⁵⁸⁾ This also eased the cash flow of the union by ensuring a regular flow, rather than payment on an annual basis. By 1975 the union had survived its financial crisis and began to augment its reserves as well as to start expanding its number of fulltime officials and organisation.

In terms of membership the Act appeared to offer considerable assistance. Compared to non-registered unions which registered an aggregate growth of 4.7% between 1971 and 1974 NUBE's total membership rose from 92,603 to 100,228. An increase of nearly 8%. However during this period its clearing bank membership dropped from 71,029 to 60,335 so that the rise in non-clearing bank membership was in fact much more rapid. It increased from 21,574 to 39,893, a rise of 85% and this was the area where the majority of NUBE's new recognition agreements were made under the Act.

This growth evidently altered the character of the union. Instead of having a constituency which was predominantly located in the clearing banks it became more generically a finance industry based organisation. This is demonstrated in the weighting of the unions' membership: in 1970 78% were clearing bank staff; by 1974 the corresponding figure was 60%.

It is therefore probably no overstatement to suggest that the 1971 Act enabled NUBE to survive as an independent union, but it also complicated the issues involved in the merger talks. The associations had entered the talks because (interalia) it was believed that the majority of staff in the banks were in favour of a united body. They did not want to see this happen at the expense of the clearing bank staff being swamped by a finance sector organisation of workers, arguing that conditions of work and the employment relationship in the clearers was unique and demanded a special sort of representative body.

In practice this meant that notwithstanding the agreed structural autonomy of the English clearing banks group at the first and second levels, the staff associations also wanted to confirm the extensive operational independence of the constituent unions and the English Clearing Bank Negotiating Council in the new body. They did not want to be controlled or linked to the extraneous section, which was becoming more important to NUBE, on matters such as finance, strikes, political affiliations, or on bargaining strategies, and the more that NUBE's extra-clearing bank membership rose, the more problematic this issue became. In effect, there was a process of institutional divergence going on throughout the ABFU talks which tended to militate against the potential for a merger.

Finally, perhaps the most important reason for the collapse of progress after early 1974 related to the emergence of questions of organisational power only at this point. The apparent urgency of the situation prompted the commencement and the progress of the talks, but it also meant that the fundamental federal problem of how power was to be distributed was neglected. In drafting the constitutions both sides were principally concerned to get the organisational structure right, and given that they were committed to some sort of federated arrangement, this did not create too much difficulty. It proved relatively easy to define the components of the organisation and to delineate the connections between them, but matters became problematic when the parties turned to trying to establish the nature of the operating relationship between these components.

This was expressed through the three areas of contradiction. These were the concrete dimensions of power within the organisation, because they related to financial control; the primary locus of membership and therefore where the members were linked to their organisation; and the employment principle, which determined which constituency the official was primarily serving, and where his responsibilities in decision-making lay. So although agreement was technically reached on each of these three points at one time or another, in practice however this process did not engender explicit agreement on the organisational philosophy of ABFU. Specifically, the union believed that the written rules would safeguard what was to be to them a nationally oriented organisation with a continuation of the existing bargaining division.

Their officials were therefore highly surprised by the admission of the lay officials of the associations that ABFU was to be in their eyes a vehicle of change. But we argued that they had failed to understand from the start what the staff associations wanted out of the talks, which would seem to imply that the talks were doomed to fail from the outset.

To some extent this was so; as we have shown, the way that the talks were handled meant that many crucial points were neglected. The fright which both sides had taken at the spectre of ASTMS initially gave them the will to concentrate upon points of similarity. When that defensive impetus wore off the incompatibility of the respective views as to the role and functioning of the new organisation came to the fore.

Of course, had ASTMS continued to threaten things might have gone differently, but, in a sense, the threat from this union was always overplayed. The Midland Bank Staff Association was not comparable to its counterparts in many ways, and ASTMS really failed to establish itself as a viable alternative for the staff of other banks. Again, if NUBE's financial position had not improved, it may well have had to undertake to merge if only not to collapse. It was however offered amalgamations elsewhere with TUC unions which it may have found more palatable in the final analysis. (59)

On the positive side though, it can be said that an organisational structure was devised which went a considerable way to satisfying the aspirations of both sides. This technical achievement remained despite the breakdown of the talks, but it was clear that if a merger was to be effected the crucial philosophical differences between the two sides still had to be bridged.

CONCLUSION

The talks lasted for nearly two and a half years, from October 1973, but were effectively stalled after the October 1974 meeting. We have argued that during the period of discussions the external threats of ASTMS and NUBE's financial crisis, which had pushed the sides together, receded and that these issues had an important effect upon the failure to consolidate on the initial compromises.

While a degree of personal rivalry and disagreement may have crept into the talks, this was unlikely to have been as important as some of the participants suspected. Nor, in isolation, were the differences between the views of the fulltime and lay officials as crucial as was suggested.

In general it has been argued that these were aspects of the more fundamental failure to clarify how each side intended the merged body to operate. Agreements on organisational principles were made without full exploration of how ABFU was to operate as a compromise between the national orientations of one side and the desire on the other for greater domestic autonomy. Related to this it has been suggested that the early preoccupation with agreeing a federal structure ignored the power implications of such a compromise, and that the role of the employer-chairman contributed to this, inadvertently. In particular the desire to remain impartial, by assuming a deliberately passive observer role meant that the chairman was unable to lead the parties through fresh propositions or initiatives. This was a crucial weakness when the talks started to get bogged down. In addition, no sanctions could be put on the parties to force them into reform, nor inducements be offered as a means of encouraging it. As will be shown with the Johnston enquiry however, the lessons of this failure were largely learnt, and much greater progress to amalgamation was then made.

FOOTNOTES

- (1) Latta G. "Trade Union Finance" B J I R November 1972.
- (2) Ibid. Table 6. page 405.
- (3) Ibid. The sample covered all unions with more than 30,000 members which had made returns to the Registrar of Friendly Societies.
- (4) Ibid. Table 1. page 397.
- (5) Ibid. Table 2. page 398.
- (6) Ibid. Table 5. page 403.
- (7) G.S. Report 1971 ADM.
- (8) IR Act S.45
- (9) Ibid. S.49-50
- (10) (1975) page 131
- (11) General Secretary, Barclays Bank Staff Association, Report 1973. Excess of income over expenditure was £10,333 for 1972; reserves were £25,000.
- (12) For example the General Secretary of Lloyds Bank Staff Association was surprised to hear of its successful application. See "The Banker" November 1973.
- (13) FBE meeting with NUBE's General Secretary and President, 28 June 1971.
- (14) FBE internal memorandum, July 1971.
- (15) Ibid.
- (16) FLCBE meeting, June 1972.
- (17) Minutes of meeting of FLCBE representatives and NUBE officials, 28 August 1973.
- (18) Meeting between the General Secretaries of National Westminster and Barclays Bank Staff Associations and the Chairman and Secretary of the FLCBE on September 3rd 1973. The General Secretary of the LBGSA had already declared himself in favour of a merger, but was on holiday at the time.
- (19) 15 November 1973 meeting.
- (20) 23 November 1973 meeting: the title agreed upon was the Association of Finance and Banking Unions. This was subsequently modified by the transposition of the words "Finance" and "Banking", at a meeting on 15/18 January 1974.

- (21) Meeting of 28 February 1974.
- (22) Ibid.
- (23) Interviews with officials conducted by the author, 1982.
- (24) Minutes of meetings on 12th and 28th February, 1974.
- (25) Minutes of meeting on 12 March 1974.
- (26) The CEO objected to the TUC's non-registration policy under the Industrial Relations Act. It also objected to the closed shop implications of the "agency shop" provisions in the Act which it saw as an infringement of individual liberties. "Essay News" 1973/4/5.
- (27) ABFU meeting of 12 March 1974.
- (28) FLCBE minutes of 21 March 1974, item 22.
- (29) ABFU meeting of 12 March 1974.
- (30) NUBE General Secretary's supplementary report to the ADM, 1975.
- (31) July 29th and 30th 1974.
- (32) Meeting of 21 October 1974.
- (33) The phrase used by Dr T L Johnston in his Report of October 1978. "Report of an Enquiry into Staff Representation in the major London Clearing Banks." (unpublished).
- (34) Minutes of meeting of 11 March 1975.
- (35) ABFU meetings on 27 January and 11 March 1975.
- (36) ABFU meetings on 11 March 1975 and 29 October 1975.
- (37) Interviews with the participants by the author, 1981/82. References to the breakdown of these talks were also made in the evidence given to Dr T Johnston by the parties, (1978).
- (38) "Essay News" October 1974.
- (39) Interviews with the author, 1981/82.
- (40) Johnston Report Mark I October 1978.
- (41) Meeting of 15 November 1973.
- (42) "Counterpoint" NWSA magazine, January 1974.
- (43) For example the minutes of the meeting on 12 February 1974 show the BGSA executive committee to have expressed strong reservations on the issue of TUC membership, individual membership of ABFU, contracts of service, etc.

Similarly, NWSA reported that when it discussed ABFU with its district committees in the spring of 1974, they made strong demands for membership with the NWSU and not with ABFU, contracts with NWSU, and a compromise over subscriptions. ("Counterpoint": Autumn 1974).

- (44) FLCBE minutes January 1974.
- (45) Ibid. March/April 1974.
- (46) Ibid.
- (47) And in the press. A hostile article on the talks appeared in "The Tribune" in September 1974. there was also a discussion in the correspondence columns of "The Financial Times" in 1974.
- (48) Minutes of meeting of 23 November 1973, for example, record an assumed compromise over subscriptions and membership by the Chairman, when no final agreement has been made.
- (49) Interviews with the then LBGSA General Secretary 1981/2.
- (50) Each was approached by ASTMS. LBGSA was also approached by other unions presumably because as the smallest body it was thought to be more susceptible to a take-over.
- (51) Meeting between staff association officials and FLCBE. 16 January 1975.
- (52) TUC General Council. Report to a special Congress on the Industrial Relations Bill, 1971. Paragraph 61.
- (53) Weekes et al, op cit. pages 138-147.
- (54) CIR 1974 Annual Report "Leading Themes of the Commission's Work 1969-74." Paragraph 18.

"There are general principles governing recognition policy but particular cases cannot be dealt with by applying a general model or a fixed set of rules."
- (55) CIR Annual Report 1973, paragraph 27.
- (56) Ibid. Paragraphs 29-32.
- (57) CIR Report Nos. 56,57,84 1973/74.
- (58) The shortfall between nominal income and actual income was cited as a serious problem for many unions, by Jenkins & Mortimer. Given NUBE's difficulties a 100% collection strengthened the union dramatically, as the General Secretary of the union emphasised in interviews with the author 1981/82.

C. F. Jenkins C. & Mortimer J. "British Trade Unions Today!" (1965).
- (59) Minutes of meeting of 28 February 1974. NUBE announced that it had been approached by the GMWU, NALGO and APEX. It had also received a written approach from ASTMS.

CHAPTER 6

THE JOHNSTON ENQUIRY

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THE JOHNSTON ENQUIRY

INTRODUCTION

The Johnston Enquiry represented the second attempt at the national level to resolve the division of representation by effecting a merger between the staff associations and NUBE. Like the first attempt, the ABFU talks, the employers were actively involved in this initiative, but to overcome the shortcomings of ABFU the need for a neutral outsider to conduct the discussions was thought necessary. To this end, Dr T L Johnston* was appointed as independent Chairman to enquire into the whole question of representation, and report with recommendations to the parties concerned. Dr Johnston produced three Reports between October 1978 and January 1980, containing the recommendations which were meant to form the basis for the merger, but they were also supplemented by a sequence of meetings in which the detailed problems and objections raised by each side to the Reports were discussed.

In this chapter the intention is not simply to apportion blame for the ultimate failure of the talks, but to examine the proposals in terms of the objectives of each party (including Dr Johnston). Furthermore, by looking at the problems which arose in the process of the Enquiry (which lasted nearly two years) and how the Chairman proposed to resolve them, the intention is to locate the difficulties which finally led to the collapse of the Enquiry in a more dynamic context. We argue that Dr Johnston came much closer to effecting a merger than the ABFU talks had done because, recognising the shortcomings of the previous attempt, he tried to confront the fundamental problem of low trust which characterised relations between the unions as a result of their longstanding rivalry, and which consistently threatened to undermine any possibility of agreement as to the nature and working of a merged body. In the development of the discussion we try to demonstrate how Johnston tried to overcome this mutual suspicion both in the content of his reform proposals and by addressing specific operational issues over which there were differences in conjunction with the parties themselves, through a series of meetings running throughout the Enquiry. Focussing on the progression of the talks, the chapter tries to demonstrate the achievements of this strategy of building consensus.

*At that time head of the Scottish Manpower Services Committee and formerly Professor of Economics at Heriot-Watt University, Edinburgh.

There is argued to be something of a paradox in the ultimate failure to create a merger. It is suggested that as the proposed merged body put forward by Johnston was a relatively centralised model, this appeared to favour NUBE's objectives, yet the ultimate failure of the talks, resulted from a refusal by BIFU (NUBE had changed its name during the Enquiry) to accept the second Report as it stood. It is concluded that, despite the centralism of the new model, insufficient guarantees on the extra-institutional structure of the new organisation could be produced to satisfy various strategically important groups within the union. While failure was apparently due to an apparently minor technical detail, the profound importance of this point to the parties concerned, and the reluctance to take the first active steps to implementing change are argued to be evidence of the persisting suspicion between the sides, which Johnston had finally been unable to overcome.

CHAPTER OUTLINE

The chapter is set out as follows: first, the Enquiry is set in the context of growing instability of the joint staff side, and the decision by NUBE to try and resolve its minority position by applying pressure on the associations through outside agencies, as it had done prior to obtaining recognition. As in the 1960s following NUBE's complaint to the International Labour Organisation (ILO) the response of the CBSA to the pressure applied by the union was to adopt a more competitive bargaining strategy designed to demonstrate their effectiveness, and this led to the collapse of the joint staff council, over the 1977 pay claim.

The Johnston Enquiry is therefore located in the context of a crisis of instability in the bargaining environment, following the collapse of the constitutional framework.

The second section of the chapter examines the Reports, looking at the proposals in detail and the reactions of the parties. Here we try to demonstrate Johnston's success in constructing an acceptable general framework for the merger, followed by the way in which he confronted more specific problems concerning the locus of organisational power before the talks floundered after the second Report. The details of this statement are then considered.

The roles and attitudes of the parties involved, including the Chairman, are explored in the final section. The question of whether anything further could have been done to overcome the fundamental problem of low trust is addressed, and in particular whether the banks which were ascribed an important function in seeing the reform implemented, fulfilled their intended role or could have done anything more to avert failure. Associated with this, we consider the charge made by one party that the Johnston model of reform was managerialist, that is to say that it favoured the employers; we conclude that this accusation was unfounded.

BACKGROUND TO THE ENQUIRY

Before examining the substance of the Johnston Reports, the enquiry must be placed into the context of the resurgence of competition between the staff bodies arising from the stalemate of the ABFU talks. As Dr Johnston emphasised, it was institutional rivalry between the union and associations which led to the collapse of the joint national machinery: the following section will therefore examine the elements of this rivalry which principally derived from the realisation in NUBE that strict constitutional parity with the CBSA members was insufficient to enable the union to achieve its objective of control of the joint staff side by obtaining a majority of members (See Appendix 2 for Poll vote figures). It therefore turned to external bodies as it had done in the past with apparent success in pursuing its case for recognition.

i. References to ACAS

Firstly, the union attempted to use the statutory changes introduced by the Trade Union and Labour Relations Act (TULRA) and the Employment Protection Act (EPA) to outlaw the staff associations. It objected unsuccessfully to the registration of the associations under TULRA in 1974, while the ABFU talks were still continuing. Secondly, it raised both a general objection to the CBSA members, and specific objections to each association as regards their certificates of independence under the EPA, again unsuccessfully.

Significantly NUBE had returned to the argument it had put to the ILO in 1961 that no staff association could be truly independent because it could not continue to function without employer recognition. Yet like

Lord Cameron, the Certification Officer argued that per se this did not prove operational dependence, and he emphasised that his role, as laid down by statute, only required him to address the question of independence as defined by section 30 of TULRA.⁽²⁾ Under the terms of that definition the CBSA members were able to obtain certification.

Secondly therefore, the union approached the Advisory, Conciliation and Arbitration Service (ACAS). It was more confident that it could force the banks to end their recognition of the associations through an ACAS enquiry because this body had emerged from the vestiges of the CIR which had given more emphasis to bargaining effectiveness as the criterion upon which to judge trade union recognition, and had declared itself particularly concerned that company or house unions prove that they were effective and independent bargaining agents when judging their claims.⁽³⁾

Linked with this pressure the union's executive determined to withdraw from joint machinery, at both national and institutional levels in September 1976, but immediate withdrawal was not made because the employers' response to this threat was not to offer separate negotiating rights. The FLCBE indicated that national machinery would continue to operate under the existing constitutions despite the withdrawal of the union. Individually the banks demonstrated less dogmatic positions, but none would willingly envisage separate procedures. The most positive response was from National Westminster Bank, which was more in favour of wider domestic relations and less national bargaining. Nonetheless it emphasised that separate negotiations would only be envisaged if a third party intervention via conciliation and arbitration was removed,⁽⁴⁾ and this loss of power seriously alarmed the union: absence of arbitration rights was seen as tantamount to a loss of all formal recognition rights.⁽⁵⁾ In addition the union heeded the employers' request to "wait and see" what came of the ACAS enquiry.

When NUBE approached ACAS in 1976 to request an enquiry into the procedure and practices of Barclays, Lloyds and National Westminster Banks under Section 5 of the EPA, it received a positive but guarded reply. ACAS officials discussed the position with the FLCBE, the banks and the staff associations and then confirmed:

"... it is our view that ACAS could play a helpful role in dealing with the question of divided staff representation, in Barclays, Lloyds and National Westminster Banks."⁽⁶⁾

ACAS therefore did not envisage a review at national level of the whole question of representation, but initially interpreted the issue as having three discrete areas of contention. Nonetheless it was accepted that as there was such a common core running through the problem in each bank it would be sensible to defer any investigation until all of the applications to the Certification Officer had been dealt with. This took until December 1976.

ACAS met the staff associations and NUBE separately in 1977. It then indicated that owing to the differences which still existed between the parties there seemed to be little hope of a formal enquiry under section 5 of the EPA being successful. NUBE attempted to put further pressure on an ACAS initiative by proposing to claim recognition under section 11 of the EPA. This came into operation from 1 February 1976 and was a part of a wider section of the Act dealing with trade union recognition.⁽⁷⁾ However it was pointed out that in view of NUBE's minority membership position, and the certification of the staff associations, there could be no guarantee that it would gain sole bargaining rights.⁽⁸⁾ While NUBE felt frustrated by this decision, it was consistent with the Services's adoption of a pragmatic case-by-case approach to recognition recommendations whereby several main criteria were used as yardsticks, including membership and employees' wishes for example.⁽⁹⁾

It was therefore evident to the union that the likelihood of successfully using governmental agencies as a means to eradicating the division of representation were slim. Indeed there seemed to be no other alternative but to pursue the strategy around which it had pinned its faith in the 1950's, that of achieving a majority membership, if it was to call upon ACAS with any hope in the future,⁽¹⁰⁾ but the inability to achieve this had of course been the reason why NUBE had turned to the external bodies for support in the first place. It could therefore see no means of resolving its failure to achieve control of the joint staff side while it remained within it.

ii. The 1977 Pay Claim

Clearly then, NUBE's withdrawal from the joint staff councils was to be predicted, although it was actually prompted by a decision by the CBSA. Having just returned to the TUC after its expulsion over the Industrial Relations Act, NUBE was very concerned to follow its policy with regard to the operation of the Social Contract and cooperation with Government economic policies. It could not therefore tolerate the claim which the CBSA insisted on putting forward through the BSC, for a 10% across-the-board pay rise, as this contravened Phase II of the existing incomes policy. The staff associations' superiority in the poll vote ensured that this claim was made however, their view being that the clearing banks should try and move straight to the next Phase (III) of the incomes policy on the grounds that it offered more flexibility. NUBE therefore felt it had no alternative but to withdraw from the staff council. Its representatives walked out of the BSC meeting of 13 October 1977 and declined to attend them subsequently; it also withdrew from all meetings of the JNC henceforth, and national and domestic machinery effectively went into abeyance at that point.

In withdrawing NUBE did risk losing all recognition rights however, because the employers, both collectively through the Federation and individually, reiterated that there could be no possibility of granting separate negotiating rights and that the existing arrangement would continue to operate without the union.⁽¹¹⁾ At the national level there were mixed views on the desirability of this course of action however. In particular Williams & Glyn's and the Midland were unhappy with the situation whereby national negotiating was undertaken by a bargaining agent (the CBSA) which had no members among their staff. This left them with the undesirable necessity of having effectively to impose any agreements over the heads of their domestic representative bodies, a course which the latter would be likely to try and resist, and/or exploit to their own advantage.⁽¹²⁾ In addition the CBSA saw this as the appropriate moment to adjust the balance between national and domestic negotiations, by widening the area of the latter, so that although they were prepared to assume the role of sole bargaining agent in the BSC, and made the necessary constitutional revisions, they did not envisage national negotiations carrying on entirely as before.⁽¹³⁾ Again although some of the banks were happy with this proposal, others were not so keen to undertake change at this point.

The prospect of negotiation with NUBE in absentia thus became more problematic. The Midland indicated its desire to attend national JNC meetings with observer status only and not to be bound by any agreement that was reached. Williams & Glyn's followed suit.⁽¹⁴⁾ Subsequently it was realised that three banks did not make a quorum; it was therefore decided to withdraw from the JNC with effect from the ending of NUBE's period of notice on 20 March 1978. But as some form of national co-ordination was considered desirable, and as a gesture of support for the reinstatement of national negotiations it was agreed to continue to meet in the Federation Council.

This represented a significant strengthening of the union's position in any prospective talks. It suggested that national negotiations without NUBE were not feasible, despite previous statements to the contrary by the banks. Indeed, as NUBE had been hoping, the majority of the banks moved quickly to institute informal channels with the union, thereby acceding in effect to the demand for separate arrangements, in order to resolve the threat of instability presented by the collapse of procedures. This was, at the time, seen as no more than a short term expedient however, separate negotiations being disorderly and unpredictable: the longer-term solution was acknowledged by the Federation Council to be another enquiry into the whole question of representation, as NUBE had been pressing for.

But this point does put the decision to undertake another round of merger talks into perspective. The decision, taken even before the JNC was officially wound-up, was something of a shock reaction to the prospect of instability and open competition between the unions without the constraints of procedural order. In the longer-term the banks' concern at the prospect of dual negotiations became less urgent. As we shall argue below, this was of some significance when it came to their reaction to the collapse of the initiative, and a strong stance might have made a critical difference.

THE ENQUIRY - INTRODUCTION

There is a line of continuity between the 1968 constitutions, the ABFU talks and Dr Johnston's enquiry in that they were the concrete responses of the employers to the manifestations of instability deriving from divided representation. Yet while the first two were

conducted internally, Dr Johnston was an external and impartial party, brought in to resolve the deepening crisis this division created. Although formally he was required to report on the situation with his recommendations it was evident that he was also expected by the parties involved to be a catalyst for change, a broker who could generate an area of agreement large enough for institutional amalgamation and the reconstruction of stable bargaining. As an impartial outsider he was thought capable of budging the entrenched positions of the parties, which had undermined voluntary change. Additionally he appeared to have demonstrated an interest in efficient centralized bargaining systems,⁽¹⁵⁾ and in arbitration as a constructive means of dealing with change in industrial relations,⁽¹⁶⁾ both of which were regarded favourably by the banks.

The terms of the Johnston Enquiry were established by the FLCBE, which also accepted responsibility for payment for his services. Dr Johnston's terms of reference were:

"To investigate the whole question of staff representation and negotiating procedures in the major London clearing banks, and to report with recommendations."

These were evidently as broad as possible, in order that the question of the reform of the constitutions could be encompassed within the enquiry.

Dr Johnston's mode of enquiry was to obtain all relevant documentation, including the national constitutions, the rules of the various parties and details of domestic arrangements. In addition the banks and staff bodies submitted written reports covering the historical development of the representative machineries, existing arrangements, and their recommendations for the future. Discussions also took place with the representatives of the parties, with the secretariat of the FLCBE and with other parties not immediately involved, including representatives of ACAS in an informal manner, before the Johnston Report was produced.

THE JOHNSTON REPORT MARK I (OCTOBER 1978)

Synopsis of Proposals

The Mark I Report opened with a resumé of historical developments at an institutional level leading to the dissolution of national machinery. From this the common ground between the parties was set out, with the Chairman concluding that there was sufficient consensus to achieve a solution of a single staff body. It was affirmed that the staff bodies were independent; that all of the parties were concerned to avoid coercive action and expressed a preference for arbitration as the means of resolving conflict; that all accepted the need for some degree of national as well as domestic negotiating; that staff representation was a viable and permanent feature of the banks, and that there was among the banks' staff,

"... massive support for the proposition that one staff body for the banks is desirable." (17)

from which it was argued that there was sufficient consensus to overcome the existing division and to create a single merged union. Dr Johnston's Enquiry was located at the institutional level in terms of its analysis and solutions. Inter-union rivalry was seen as the basis of the industrial relations problem in the banks.

"The basic problem with which this enquiry has had to deal is dual unionism and its manifestations in representation and negotiating arrangements." (18)

But this had become critical because of the way in which it had collapsed regulatory procedures.

"What lends urgency to the contemporary situation however is that this joint negotiating and disputes settlement machinery had broken down." (19)

The enquiry therefore linked the drawing together of the staff bodies with the reconstruction of negotiating rules and procedures. The Report continued,

My recommendations are aimed at restoring this machine to working order and if possible improving its efficiency through the reorganisation of staff representation on a unified basis - a Clearing Bank Union." (20)

but in generating efficient machinery there was also seen to be the need for several levels of operation in the merged body via a federated organisational arrangement. This would enable a judicious compromise between sufficient national/industry level powers to negotiate over common areas with the FLCBE, and the need for a degree of domestic autonomy.

In turn this revolved round the creation of rules and procedures which would establish the principles of the relationship between the different levels. From the problems of ABFU however, Dr Johnston was aware of the deficiencies in expecting written rules to conflate different attitudes satisfactorily, because they were subject to a variety of interpretations.⁽²¹⁾ This suggested that it would be necessary to supplement any written proposal with discussion between the parties to clarify the intention of the constitutional frameworks.

The Report proceeded by examining various alternative modes of approach to the process of merging. The deficiencies, for instance, of a purely one-way change so that the merger established a new NUBE-like body were pointed out: such a reform would be impolitic and thus insufficient to guarantee a total change.⁽²²⁾ In effect, it was recognised that a degree of compromise by each side was vital because of their existing suspicion and rivalry, and that this would be best achieved by a full scale merger, although it was a technically difficult solution. Also, in compromising, both sides would have to give up some principles in order to meet the other side's demands, and in so doing they would be demonstrating their commitment to change, an essential prerequisite of any successful reform, as the Report emphasised.⁽²³⁾

THE PROPOSED STRUCTURE

There were three layers of membership to be incorporated into any body which merged NUBE and the associations (see diagram 6.1). Johnston opted to work upwards from the primary/domestic level, to get clear the foundations before building other layers on top.⁽²⁴⁾ Above the

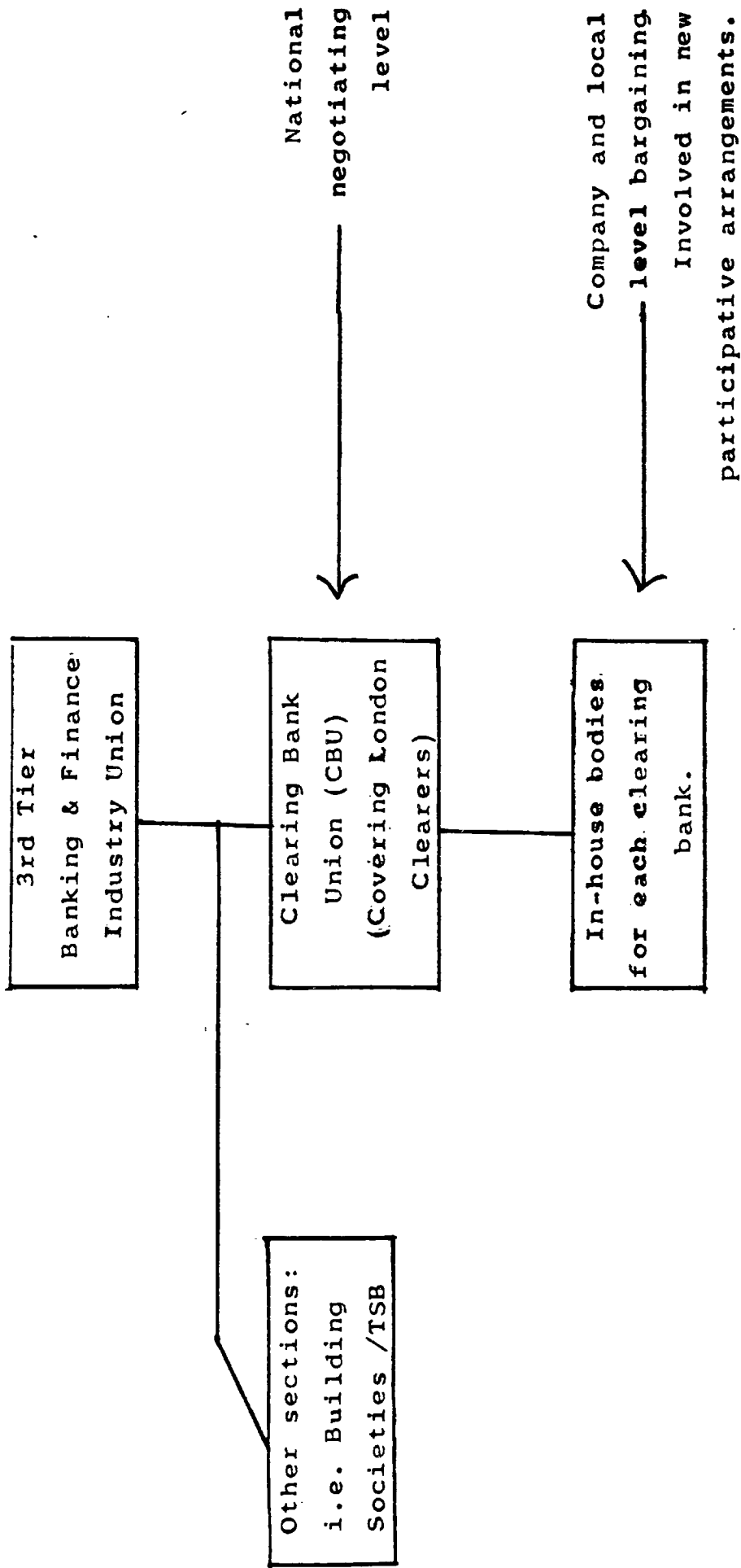
primary level was the secondary/national level, and above that the tertiary/overall administration of both clearing and non-clearing bank areas of interest. Johnston was principally concerned with the first two levels, for which he proposed to establish the Clearing Bank Union (CBU). This was to be,

"... a single, responsible, 'industrial' Union for the clearing bank sector."⁽²⁵⁾

Being aware of the interpretative problems which had undermined ABFU, the Report attempted to define the relationship between the first two levels in detail. First, the division of domestically and nationally negotiable items were to remain as they had existed since 1968.⁽²⁶⁾ National negotiations were to remain on those "issues of general concern" fixed a decade previously. Johnston rejected the minority argument for a "substantial reduction" in the national forum, noting that the scope of the existing arrangements had not been the cause of the collapse, and arguing that "a broad residue was still left for domestic arrangement"⁽²⁷⁾ in terms of the treatment of domestic-level issues arising out of national negotiations; domestically negotiable items which were not subject to national consideration; and other items which were "in the gray area between negotiation and consultation."⁽²⁸⁾

It was then necessary to establish a constitution which could reflect this federal mix, but the Report deliberately did not include a drafted constitutional example, outlining instead the main issues and a way round problems which had previously arisen.⁽²⁹⁾ Firstly, the federal concept of spheres of power necessitated clarifying the boundaries between each level, and the relationship between them as part of the larger body which ultimately encompassed the whole banking and financial sector. Secondly, it was necessary to establish sufficient power at the second and third levels to ensure the organisational parts adhered together, but also to ensure sufficient domestic autonomy to

Johnston Report Mark 1: Proposed Structure of Merged Union



establish an effective federal division of powers. This was to be done through such mechanisms as positive constitutional rights for the first level bodies with regard to negotiating, and the opportunity to hold annual conferences.

THE ABFU PROBLEMS

In the light of the failure of ABFU the Report dealt specifically with the three areas of contention upon which it had floundered.⁽³⁰⁾ On membership Johnston opted for both CBU and the in-house body. On subscriptions the Report was non-committal, but proposed a lead-in period with various options both to harmonise rates between the existing bodies and so that the parties could work out which method was most appropriate. With regard to the employment of officials the Report proposed that all should be officers of the national body (the CBU). However it was recognised that for traditional reasons some existing staff might want to retain a domestic base and this would have to be accepted.

From constitutional arrangements, Johnston moved to suggest how the new body could be made to work in practice. Here the role of the employers in encouraging change was deemed to be crucial, because the "reward" to entice the staff bodies into change was increased activity in a broadened process of regulation, specifically through the enlargement of participative structures at the domestic level. Dr Johnston was impressed with the Williams & Glyn's mode of operation which was exemplified as,

"at the very least a point of departure for the other banks and their in-house bodies."⁽³¹⁾

although he deliberately avoided trying to impose a system upon all of the banks with a high level of specificity. Among the proposals concerning the actions the employers should take⁽³²⁾ was the requirement that they endorse the affiliation of the CBU to the TUC as part of a role in "mainstream trade unionism."⁽³³⁾ No closed shop was to be permitted however.

As Dr Johnston's Enquiry was essentially concerned with the clearing banks, the non-clearing bank members of NUBE (the "rump") were a

secondary concern, but obviously they had to be accommodated because they represented a "substantial" part of the union. The Report expressed the view that they were capable of being assimilated at the third level without a reduction in organisational strength, and without detriment to the need for "enormous autonomy" for the CBU. (34)

In contrast, there was no room for ASTMS in this configuration because it could not amalgamate as a whole or permit the transfer of its Midland Bank section. It would also not tolerate a national forum. ASTMS was dismissed as "an anomaly" whose presence Dr Johnston envisaged would be resolved via the TUC, at some future date. (35)

AIMS AND ACHIEVEMENTS OF MARK I

It seems that the strategy of Johnston's first Report was to set out the problem as he perceived it, consider each of the possible alternative solutions and then decide upon the best way forward. At the same time, given the weaknesses of ABFU there had to be some mechanism to induce the unions into a merger and overcome their ideological differences voluntarily. So while constructing a proposed organisational skeleton for the new merged body, the details or flesh and bones were not drawn in with any degree of finality at this point.

The proposals of the Report started from the central assumption that measures of reform were appropriate because industrial relations had fallen into a "slough of despond" through institutional division and the collapse of negotiating machinery. Like Lord Cameron fifteen years earlier, Johnston saw the restitution of order in the clearing banks coming from a fundamental reorganisation of the structure of representation. Unlike Cameron however who had seen only the grounds for a "community of interest", Johnston felt there was sufficient consensus to go beyond this and establish an "identity of interests", between the unions as Cameron had termed it, in a single merged body; given their longstanding and fundamental rivalry this was clearly an ambitious task.

Johnston also faced the problem of persuading the parties themselves that a merger was necessary. In particular, while separate negotiations were an inefficient method of conducting affairs, they

had, by the publication of the first Report, led to no serious setbacks for either side. Indeed, in contrast to the ABFU talks where both staff bodies started off with very strong reasons for entertaining a defensive alliance, there was no absolutely pressing need to amalgamate. Despite NUBE's calls for an ACAS enquiry, there were groups within the union as well as in the associations which saw separate negotiations as preferable because they avoided the necessity of having to compromise organisational principles.

Recognising this, Johnston proposed to circumvent it in two ways: firstly, the strategy of enlarging the potential size of the total area of joint regulation, via increasing participation which introduced the employers into the process of change. In effect, the package thus became a positive-sum equation for each party. Secondly, the Report emphasised the popular desire of bank staff to see a merger effected, and their discontent with the institutional wranglings between the two sides, which placed a strong moral obligation upon each party to enter the talks positively. But as it was essentially through these points that Johnston hoped to overcome the longstanding competitive orientation, they were clearly of great importance. Much depended on the union and the associations, and strategically powerful groups within them which might resist a compromise being persuaded that the two factors were a sufficient trade-off to warrant the compromise of principles necessary to effect the merger. This in turn redounded on the skills of the Chairman in being able to "sell" his proposals effectively, as well as on the banks in agreeing to the proposed participative reforms. It was, in short, not simply a matter between NUBE and the associations.

In general, Johnston was aware that the ideological differences between the union and the associations, were greater than the concrete areas of policy disagreement. It was a general theme of his enquiry that change required more than a technical exercise in establishing the right institutional mix. Indeed the proposed model was superficially similar to ABFU in its federal division of powers, but the significantly new element in Dr Johnston's Report was the emphasis upon a political will to change, a meeting of minds.

"Most fundamental of all, I have concluded that a serious effort of imagination will be needed to bridge the gulfs of history. There have to be seen to be clear gains and sacrifices all round in any solution which is to command support."⁽³⁶⁾

So merger involved a thorough compromise, both technically and politically. However, on certain points it appeared that the Johnston model seemed to be closer to NUBE's demands than the associations. Firstly, although it was to be a "responsible" trade union, it would affiliate to the TUC. Secondly, Johnston favoured retaining the existing split of national and domestic negotiations, resisting proposals for decentralization of the bargaining structure favoured by some of the associations. Both of these proposals also required the support of the banks to be endorsed, in Johnston's view, but the employers felt unable to support TUC affiliation, and this was one potential sticking point unresolved by the Report.

Indeed it could be more generally argued that Mark I was a blue-print for further discussions. It developed only a general structure for the new body but did not deal fully with specific issues. Nor did it lay down final decisions but left room for further discussion. For example it could be argued that the issues of subscriptions and employment of officials still left room for further discussion. Yet this was apparently a deliberate decision in order to avoid pre-empting any chance of a voluntary agreement, which Johnston insisted was what change essentially had to be. Thus, although the Report proposed a merger timetable of about 6 months, it put no further sanctions on the sides to ensure that this was adhered to. Nor did it call upon the employers to enforce change through the application of negative sanctions.

Much was still open to negotiation. In particular there appeared to be a need for discussion on the three areas upon which ABFU had collapsed, employment of officials, subscriptions, and membership, in order to specify the locus of power and the nature of the merged body more clearly. In the sequence of meetings that followed the Mark I Report, and in the Mark II proposals Johnston attempted to do this in conjunction with the staff bodies, rather than impose an operational framework without prior consent.

THE MARK II REPORT (AUGUST 1979)

Synopsis

Following a series of six meetings with the staff associations and NUBE/BIFU, Johnston was able to produce this second Report at their

request. It represented a significant advance towards implementing the proposed merger, its basis being the acceptance in principle, by both sides, of the broad proposals for the new union's organisational structure outlined in Mark I. Additionally, it was intended to confirm the progress made in the ensuing meetings on resolving the outstanding details and specific problems to which we referred above regarding items such as the collection and allocation of subscriptions, and the employment of officials. While based on the original Mark I concept, Mark II was designed to translate this into a detailed description of the proposed operational framework and thus be a springboard for the implementation of reform: however it was emphasised that there was still room for further negotiation upon specific questions if the parties found it necessary.

Mark II opened by referring to the process of negotiations following the first Report. It was made clear that although progress had been made, the longstanding rivalry between the unions had remained a considerable difficulty. Johnston was encouraged by the majority acceptance of his proposals, the dissenting party being National Westminster Staff Association which could not accept one or two points discussed below.⁽³⁷⁾ However he was discouraged by failure to achieve the necessary psychological effort to overcome the historic divide between the staff bodies: fundamental attitudes seemed not to have altered significantly.⁽³⁸⁾ The parties had been preoccupied with tactical point-scoring and had almost completely disregarded the theme of participation which had been emphasised as a crucial mechanism of change. While it was accepted that their negotiating postures represented the preoccupation of both sides with organisational power and control,⁽³⁹⁾ they reflected a divided and negative attitude, which was trenchantly denounced.

"There has been a pervasive and disappointing parochialism, a lack of imagination, exemplified in this neglect of participation as an objective and an opportunity."⁽⁴⁰⁾

Furthermore, the power struggle had polarised around the extent of domestic autonomy (that is, the first level) and the role of the third tier, so the functions of the CBU at the second level, which had been central to Dr Johnston's first Report, had been neglected.⁽⁴¹⁾ In particular, the two larger staff associations were criticised for

their "myopic" preoccupation with domestic matters, and disregard for the larger opportunities offered by the CBU. Dr Johnston felt that they had failed to understand the large role for domestic activity offered by the proposed strategy of extended participative structures. (42) National Westminster Staff Association was also singled out for further criticism of its dilatory response to the original Report - it produced no coherent statement until May 1979 - and for its opposition to the question of TUC affiliation, which derived from a membership survey it had conducted. This Johnston condemned as narrow in its context and biased, as the association had made no attempt to inform its members about TUC services. (43)

The union was also criticised. Firstly its name change, decided upon at the 1979 Delegate Conference, was seen as provocative to the staff associations as well as to other unions, notably ASTMS, because by becoming the Banking Insurance and Finance Union (BIFU) it was clearly and formally declaring its interest in a much wider recruiting area. Of course the union had already moved beyond the clearing banks, in response to the diversification of banking activities and the increasing integration between various parts of the finance sector, and this was in a sense only the official confirmation of that diversification. However the timing of this name change, and the expansionist attitude it appeared to enshrine were hardly conducive to the theme of psychological cooperation.

Motion B at the same conference was also deemed provocative. It stated that mergers had to be undertaken within the terms of Rule M of the union concerning the creation of sections, and any new body within the union had to accept the principles upon which the union had stood firm in the ABFU talks, viz direct subscriptions, membership and employment. Although BIFU argued that this motion was meant to relate to the proposed transfers of the Phoenix Insurance Company's staff union and the Bank of England Staff Organisation, their argument appeared somewhat disingenuous, given the wider context. (44)

In the light of what he regarded as the persistently negative attitudes of both sides Johnston chose to reiterate that although the federal structure represented a compromise, in which the essential difficulty related to the balance of "domestic autonomy versus national norms and rules." (45)

"Yet such a Federal arrangement is possible, as a positive not a negative concept, and as one that occupies the middle ground between centralism and decentralisation." (46)

But in fact Mark II's detailed proposals made explicit the relatively centralised nature of the new union, which had been implicit in Mark I, and which appeared to favour the national union, BIFU, more than the associations. For example, it was stated that,

"Fundamentally, however, the need for a Federal solution derives not from abstract principles, but from the need to ensure that the clearing banks and their staff retain their distinctive and explicit position as a unique grouping ... The Clearing Bank Union component of the three-tier body has to be, and has to be seen to be largely autonomous. It is now, and for the foreseeable future, Big Brother ... This means ... that the in-house union groupings within individual banks, are part of the Clearing Bank Union, not autonomous bodies." (47)

Of course the Report did not deny the essential autonomy of the domestic bodies upon certain matters, but in effect Johnston saw that autonomy as being defined from what remained after the area of national negotiations had been established; the institutional apex was clearly the CBU:

"The specific matters traditionally reserved for the national negotiations would be dealt with through the CBU itself ... The balance of negotiating matters and also participation arrangements would be automatically allocated to the in-house bodies." (48)

Moreover, the Report emphasised the need to minimise the differences between the various domestic units as another basic principle: "similar, if not identical, standards of service" were to be expected, and to avoid duplication of services, these had to be established at the higher tiers, as for instance with research staff. (49)

In terms of the specific recommendations, strong support for a relatively centralized organisation was also evident, both to create efficiency and equability between the parts and to ensure organisational unity. First, the disinclination to disturb existing (1968) negotiating arrangements was reaffirmed, although the prospect

of a change at a future date was not ruled out. ⁽⁵⁰⁾ Second, membership was to be at all of the levels, and while this permitted a decentralized orientation - members would regard their in-house body as the "point of entry" and identify with that level accordingly, ⁽⁵¹⁾ the location of the in-house body within the larger whole was re-emphasised. Membership was also to be subject to confirmation by the CBU. ⁽⁵²⁾

Third, subscriptions were to be tripartite like membership, but initial payment was into a central account, from which allocation was made to the tiers. This was a more centralized arrangement than that put forward by the associations to ABFU, which favoured remittances to the domestic level, and control of the distribution of funds to the other tiers. Johnston accepted on the question of subscriptions the appropriateness of a "modest element" of domestic autonomy to permit them "to do their own thing" ⁽⁵³⁾ but this was to be circumscribed, and temporary. It was desirable,

"... that these domestic needs should be viewed in a narrow context rather than in the broad autonomous way advocated by the staff associations. ⁽⁵⁴⁾

Further, there should be,

"... gradual reduction in the financial autonomy of the domestic bodies ..."

and

"... a commitment to the harmonisation of domestic subscriptions (ie parity between banks) within a period of three years. ⁽⁵⁵⁾

Each of these stipulations appeared to be controls on the possibilities of the domestic bodies operating independently of the larger bodies, or of creating problematic disparities between themselves.

Fourth, co-ordinating pressures were also evident with regard to the employment of officials where the move to standard terms and conditions for all employees was recommended. As Johnston argued,

"This is essential if ... the integration and development of staff as a whole union resource, is to be achieved. (56)

Again this was to be augmented by limiting the period of re-entry to the banks for officials to one year after they had entered the employment of the union.

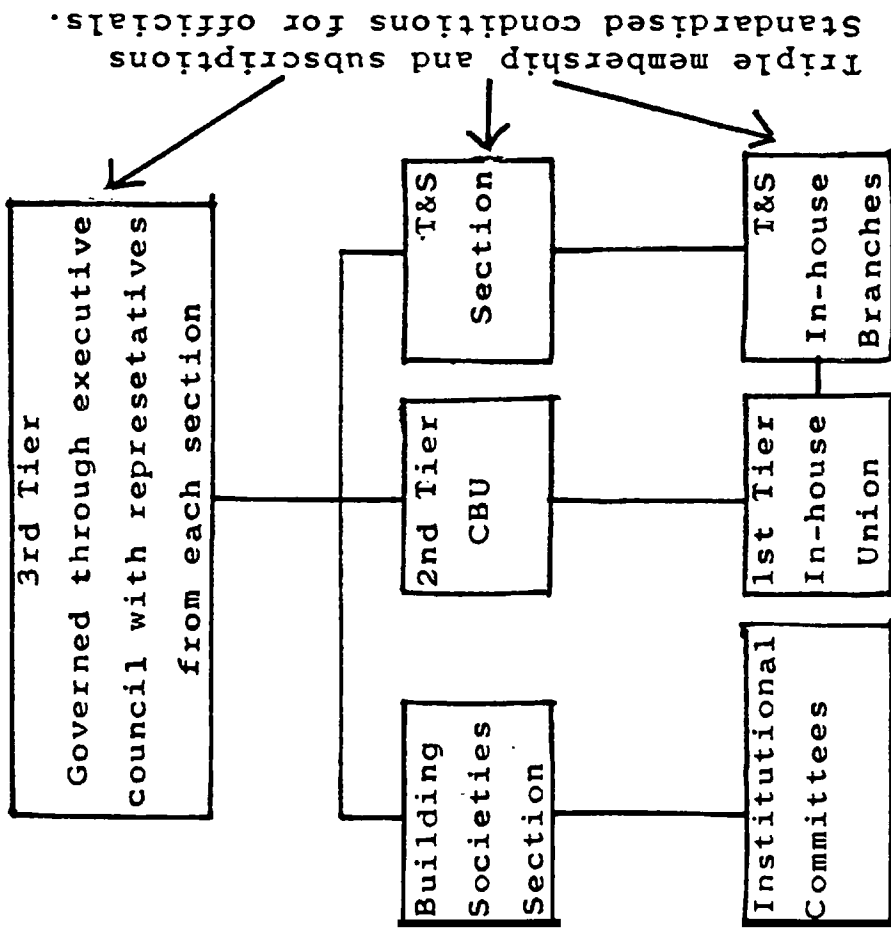
Indeed on only one point did Johnston not insist upon a trans-institutional arrangement. This concerned the branch structure where he rejected BIFU's demand that a geographical basis should be imposed, although even here it was pointed out that such a structure would be desirable. (57) On the other hand, several other matters were also dealt with in a manner which emphasised the extra-domestic orientation of the new body. First, the proposal of the two large staff associations that BIFU's "rump" of non-clearing staff should be grouped in one body parallel to the CBU was rejected completely. In doing so, Johnston not only pointed to the illogicality of such a move in terms of compatibility with differing bargaining structures, but also implied that such parochial disinterest in the wider body was quite the wrong attitude.

Second, on the question of certification, Johnston was against this being sought by any but the second and third tiers. As discussions with the Certification Officer had confirmed, to pursue certification any first level body would have to develop a degree of independence and autonomy in such matters as finance as well as vis-a-vis the overall organisation. (57) Johnston explicitly reiterated that this was against the central intention of his design,

"... I do not envisage that the domestic bodies would have significant financial autonomy after the passage of three years at the most. Equally, I have already stressed that the in-house bodies are explicitly part of the Clearing Bank Union. (58)

Third, it is evident that the top tier body was to be invested with considerable responsibilities, including the broad strategy of industrial relations and collective bargaining, representations with outside bodies including the Government, and the provision of central services. This tier was also indirectly to be involved in negotiations via the participation of the General Secretary and it would have to approve industrial action which extended beyond one second tier

Mark II Proposals



3rd Tier Objective: to promote trade unionism in the banking and finance industry.
 Functions: broad strategy of industrial relations; main research facilities; support services: legal, statistical; external representation and relations with other unions; TUC affiliation; approval of strike action involving more than one section.

2nd Tier Objective: trade union representation in London clearing banks.
 Functions: national negotiations (with arbitration representation to external parties (in conjunction with 3rd tier).
 Power to conduct industrial action.

1st Tier Objective: representation at domestic level - affiliated to the CBU (or other 2nd tier body).
 Functions: institutional negotiations; participation arrangements.
 Limited powers to conduct industrial action.

DIAGRAM 6.2

affiliate. (59) It was also suggested that disaffiliation from this third tier,

"could only take place after stringent tests of membership opinion." (60)

but it was doubted whether this would be possible at all.

Furthermore, the constituency of this tier, which was to be the whole banking and finance sector, concurred with the broadest aspirations of the national union BIFU. This was arguably in direct contrast to the staff associations' philosophy as expressed both in the ABFU talks, and during this enquiry which was focussed primarily upon the clearing banks and envisaged power in any federal body emanating upwards from the base. (61)

The Report concluded with specific proposals for bringing the parties to implementation, through the establishment of joint working parties, as Johnston had already suggested at a previous meeting. (62) While a degree of detailed work remained to be done, the Report was viewed as a sufficient basis in principle for agreement to amalgamate.

THE REACTION TO MARK II

We have argued that the second Report went beyond the first in laying down specific proposals on the basis of the discussions between the parties. Johnston had therefore already got the agreement for much of the detail that was set out with a view to clarifying actually how the new union would operate, and where organisational power would reside, although there was still room for detailed discussions within this framework.

It is evident that the Mark II Report conveyed the frustration of Dr Johnston in trying to draw the parties into this compromise, and away from preoccupation with power: criticism of the participants was occasionally sharp. (63) One way in which the Report tried to alleviate each side's suspicions of the other, and to draw the sides together was by the suggestion that arrangements were neutrally practical. Operational requirements and optimal allocations of resources were seen as the appropriate tests which had to be applied to resolve

disputes such as the location of membership records both before and after the merger was effected.⁽⁶⁴⁾ This was of course sound advice, but it was also derived from a desire to de-politicise the negotiations, and take the concern with power and control out of court. Hence with regard to certification by domestic bodies, Dr Johnston explicitly contrasted the "practical" with the "doctrinal".⁽⁶⁵⁾ Clearly however, the mutual suspicion engendered by longstanding institutional rivalry was still seen to be the fundamental problem, despite the progress towards merger made by the representative groups, and broad agreement over the proposed structure of the new body.

It has also been argued that Mark II confirmed Johnston's intention to create a relatively centralized organisational structure. It might therefore have been expected that it would be the associations which took exception to the proposals. However they each accepted Mark II "warts and all" as the basis for a merger, seeing in the participatory structures focussed at the domestic level a sufficient enlargement of joint regulation to offset their disagreements. Additionally, elements of the old internalist style were infused into the domestic level arrangements, so that, for example, while each level had the right to mount strike action, the balloting procedures at the domestic level were much more stringent, and similar to existing staff association constitutions.⁽⁶⁶⁾

This sort of response was exactly what Johnston was looking for because, to repeat, Mark II was evidently intended to be a springboard to implementation via working parties drawn from both sides. Johnston appeared to consider it very important that this should occur relatively quickly in order not to lose the momentum engendered by the sequence of discussions. This momentum was however unsustainable because in the second meeting following the publication of Mark II, BIFU announced it could not follow the CBSA's example, as it had certain reservations. It was in the light of this delay that the CBSA withdrew from the working parties, and the Johnston proposals effectively collapsed.

THE MARK III REPORT (JANUARY 1980)

It was in the context of this stalemate that Mark III was written. Dr Johnston's final Report was a note addressed to all the parties included in the original terms of reference. It was in effect a postscript, which offered observations on the failure to carry through the Mark II proposals at the two meetings involving the BGSa and BIFU in October and November 1979. As Dr Johnston stated:

"The staff associations have accepted the Mark II Report as a package, 'warts and all' and have proposed that the parties proceed to implement it through working parties. They have also suggested that BIFU should rejoin the joint negotiating machinery, as the act of faith suggested in both my Reports.

BIFU accepted, after some clarification, the specific recommendations in the Mark II Report ...

It indicated also that it was willing to sign heads of agreement on these subjects, and enter into working parties on the basis of and within the framework of the Johnston Report. It suggested in addition that there were matters on which there appeared to be contradictions, and topics on which the Report was silent."⁽⁶⁷⁾

BIFU would not however return to joint working prior to implementing the merger nor accept the proposals without further discussion.

The CBSA members would not accept these reservations, and in December 1979 withdrew from the Johnston working party. They also decided to implement the Clearing Bank Union proposal without BIFU,⁽⁶⁸⁾ setting up the CBU in 1980, but without the third tier covering the rest of the banking and finance sector proposed by Johnston.

The Mark III Report was, in its final remarks, scathing in its criticism of BIFU. Dr Johnston argued that,

"The key issue is the acceptance of my Mark II Report as a package."⁽⁶⁹⁾

as this would demonstrate the "indispensable ingredient for success"⁽⁷⁰⁾ namely the will to succeed. BIFU was castigated for its prevarication and its failure to convey the will to succeed, or to compromise on those parts of the proposals it found unpalatable. The initiative remained firmly with BIFU as a result.⁽⁷¹⁾

But it was BIFU's argument that it was not to blame for this collapse: it had after all not withdrawn from the talks but merely requested further clarification. It was also pointed out by the union's representatives that they were not empowered to accept the proposals "warts and all": constitutionally such a decision could only be made by a Delegate Conference. We shall discuss these arguments in greater detail below, but there are two important points to be made here.

Firstly, the return to joint machinery which Johnston proposed BIFU undertook prior to merger as a gesture of good faith was apparently a crucial sticking-point. Again BIFU said it could not do this without a Delegate Conference decision, but it was evidently loathe to return to joint machinery, having ignored the proposal when Johnston had put it forward in his first two Reports. This was because under the joint staff side NUBE had felt powerless as the minority body and the associations had had the advantage of control; in the new arrangement it was believed that no such constraint existed, and insofar as the associations' bargaining weakness was more clearly demonstrated (being unable to rely upon the compulsory arbitration facility) NUBE/BIFU believed it was in a considerably more powerful position vis-a-vis the merger. Presumably this much was also recognised by the associations, which was why they were keen to see BIFU's return to joint working.

This illustrates the second and more general point that Johnston was still dealing with competitive unions. The quick collapse of talks in the post-Mark II stalemate, the jostling for best negotiating positions, the break-down on the apparent technicality of whether to return to joint machinery before or after the initial decision to implement were all indicative of the continuing prevalence of low-trust and antipathy, which had not been bridged entirely. And of course throughout the enquiry while Johnston was trying to generate a cooperative spirit, this was being contradicted by the day-to-day processes of collective bargaining where in the separate arrangements each side was actively competing with the other, and thereby reinforcing the longstanding sense of division.

This brings us to the final discussion in which it is intended to consider the objectives and roles of the actors involved in the enquiry

within the dynamic context of the reconstruction of negotiating arrangements in the banks. We start first however with an examination of the role of the chairman.

1. DR JOHNSTON

Firstly, in the light of the collapse of the talks, we have to consider whether the way in which Dr Johnston interpreted his role as independent chairman was appropriate. It will be argued that he adopted a flexible and broad-based approach to the task which was increasingly pro-active, and that he cannot be held responsible for the failure to merge.

i. Structural Agency Approach

In the first Report it appeared that Johnston relied primarily upon what Purcell has termed a structural change agency,⁽⁷²⁾ in that he concentrated upon the organisational and institutional changes around which reform was to be based. As Purcell has pointed out of this sort of approach to reform,

"Implicitly an assumption is made that there is general underlying consensus on what constitutes good industrial relations and the benefits of structural reform."⁽⁷³⁾

and it has been suggested that at this stage Johnston did rather assume as given the common desire for the sort of changes which would lead to a merger. His view was of course based upon the strong argument that divided representation was generally unpopular among bank staff, but this did not necessarily confirm his point that collapse of institutional relationships and competitive unionism was an unhealthy development. To many activists on both sides quite the opposite inference could be made, and it was they who Johnston had to persuade.

Until the publication of the Mark II Report it might be argued that this point was not fully confronted. It has been suggested for example that Mark I failed to address what had been shown in ABFU to be the crucial sticking points in sufficient detail. At this stage it might be argued that Dr Johnston did underestimate the gulf between the staff bodies. Displaying what Purcell noted was the typical weakness of the

structural change approach, there was not enough in the Report to bring about change actively and to counter the existing low-trust environment. Whilst Dr Johnston stressed that he could not enforce change, and that there must be the right psychological commitment from the parties themselves, it was hardly to be expected that a spirit of compromise would automatically be generated by the Report alone.

It is perhaps somewhat unsurprising, given this structural emphasis, that Dr Johnston displayed considerable frustration with the parties. He expressed dismay at their persistently defensive and parochial attitudes, and the failure to see the putative value of the opportunities before them.⁽⁷⁴⁾ Yet, again the low-trust context must be stressed, and the historical nature of the gulf between the parties which had been constantly predicated upon rivalry and competition rather than cooperation. In this sort of environment it was obviously very difficult for the parties to forego any principle without misgivings.

But crucially we would argue that Dr Johnston recognised the limitations of his initial approach and increasingly began to employ other sorts of change strategies, although continually emphasising that reform could not be enforced but had to be voluntary. So although even after Mark I Dr Johnston defined his role as being,

"... to seek ... to identify common ground and persuade the parties to take up agreed positions on that common ground, within the framework of the Johnston Report. I have seen the role of independent chairman as falling some way short of that of a conciliator."⁽⁷⁵⁾

Nevertheless, Dr Johnston emphasised that he was prepared to take on any other third party role, including conciliator, mediator and arbitrator, if that was agreed by the parties. He also detailed for their benefit the advantages of each role, and the way in which each operated.⁽⁷⁶⁾

Moreover the parties held several meetings to discuss the Mark I framework. Although again there was constant pressure to acknowledge that ultimately the responsibility for change rested with them, the chairman took an active role in bringing the two sides together, exploring points of detail and the practical application of the proposals.

ii. Emphasis Upon the Process of Change

This role was clearly much closer to what Purcell has termed the process agency,⁽⁷⁷⁾ in which the active creation of mutual trust and appropriate attitude changes are developed through mediation. Clearly it complemented the initial approach in a valuable way by emphasising the need for active intervention to try and resolve the attitudinal obstacles of low trust and competitiveness which had for example undermined the ABFU initiative. Dr Johnston's belief that the differences between the two representative bodies were minimal by the time the Mark II Report was written was not therefore a fanciful interpretation. Both sides had after all accepted the points suggested as Heads of Agreement in principle, and had explored the implications of these in detail. The strategic mode of implementing change via the process agency appeared therefore to have resolved the major differences of policy and brought the parties round to committing themselves to a merger as a desirable and positive step.

Finally, what is to be made of the criticism that Dr Johnston misunderstood the way in which BIFU operated? It has been argued by union officials that he relied too much on a swift positive decision from their representatives despite being aware that they could not commit BIFU to a return to joint machinery prior to clarifying the powers of the second and third tiers, this being a decision for a delegate conference.⁽⁷⁷⁾ Yet documentation of formal and informal discussions at that time show that Dr Johnston was aware of this problem, and more broadly that the BIFU representatives could not make binding commitments.⁽⁷⁸⁾ In his view the success or failure of the Johnston proposals did not simply hinge upon the union making this commitment to return to joint machinery immediately, as long as they accepted Mark II "warts and all" as the basis for implementing reform. In summary it appears that Dr Johnston combined both structural and process agencies of change and explored a variety of roles within the parameters of his remit, operating as what Purcell, and Carr, have termed a "strategic mediator".⁽⁷⁹⁾ Moreover it must be concluded that Dr Johnston was quite correct to emphasise that while he could try to bring the parties together, the decision to implement change finally rested with them alone.

2. THE STAFF ASSOCIATIONS

The staff associations' attitudes to the enquiry have to be seen in the light of their traditional internalist philosophy and of the observations of Dr Johnston upon them.

Initially it must be stated that there was a degree of division between the associations in attitude, if not policy objectives, noted in the Reports. Broadly speaking, the two larger associations were more antagonistic to the concept of a merger which involved them in an extra-domestic macro-financial sector organisation. In particular NWSA held a strongly domestic orientation and attitude to the six points which were itemised in the Mark II Report. It wanted no geographical element in the organisation structure; the prime locus of membership at the domestic level; officials to be employed on terms fixed domestically; each level to have the right to certificate under the EPA, and so on.⁽⁸⁰⁾ But while not as extreme as this, the other associations were also to some extent domestically oriented on the major questions relating to the locus of organisational power and control.

Moreover each was highly concerned about the question of TUC membership and the intention that the new union would move into the mainstream of the orthodox trade union movement.⁽⁸¹⁾ Was BIFU therefore right to insist upon the safeguards which appeared to undermine the whole enquiry, given these views? Or did the associations make a genuine compromise in accepting the Mark II Report which BIFU interpreted too cynically?

The evidence would appear to suggest the latter view is the more accurate. In that the Mark II Report was accepted "warts and all" by the associations, and that it spelt out highly specifically the principles of the amalgamation there appears to be little doubt that the associations moved a long way from their opening position. In adopting this pragmatic policy, they were imitating their approach to the ABFU talks in which we argued that they showed less concern with pre-amalgamation constitutional definition, and more willingness to devise solutions to problems as they occurred, after the merger was put into effect, than NUBE.

Moreover, as was argued above, and was recognised by NUBE after the Mark I Report,⁽⁸²⁾ the Johnston model was a centralized organisation in which the CBU retained the powers enshrined in the 1968 agreement and lost nothing to the domestic levels. This was despite the desire for greater domestic autonomy on the part not only of the majority body of the BSC, but of some powerful members of the FLCBE.

Of course Dr Johnston did offer a substantial trade-off in his plan to enlarge domestic activity via increased participation. It was also emphasised that, once formed, the new body had the right to make internal constitutional changes via its Delegate Conferences so that the internalist proponents were not cut off from the avenues of reform in the future.⁽⁸³⁾ But this did not detract from or contradict with the centralized nature of the proposed organisation. So we must conclude that the staff associations demonstrated a high degree of flexibility and the prerequisite "act of faith" in accepting Mark II in its entirety.

3. NUBE/BIFU

Dr Johnston was careful not simply to conclude his last Report by apportioning blame for the impasse, nevertheless his final remarks were critical of BIFU's attitude because it seemed that the union increasingly conveyed a lack of good faith, and in his view the way forward lay squarely with the union. Was this an accurate commentary on the stalemate?

Firstly we would argue that the increasingly sectoral orientation of BIFU considerably influenced its attitude to what Johnston emphasised as the positive aspects of a merger. There was a tendency to neglect the opportunities for increased activity at the first (domestic) level, the union preferring to concentrate upon securing its broad organisational ambitions, so that the central emphasis upon the CBU and its domestic constituents was in a sense ignored.⁽⁸⁴⁾ Furthermore, the increasing heterogeneity of the union was reflected in the composition of its executive which was less immediately persuaded of the advantages of a merger with the associations, the route to expansion seemingly secured without the necessity of compromise with internalists. So, as we shall argue below, Johnston perhaps somewhat

unexpectedly, had a considerable struggle to persuade the union of the value of his proposals.

Yet BIFU always argued that it did not withdraw from the talks, but rather than accept them as a package it wished to establish working parties to discuss further the six subjects. It argued that some points of the Mark II were "obscure or contradictory". For example, whether the third tier's control over the "broad strategy" of bargaining included a final decision on pay claims in the clearing banks, or did this reside with CBU? Or whether the responsibility of the CBU for authorising industrial action of its first tier bodies was to be extended to other second tier bodies, and where this left the third tier's co-ordination role? Most of these reservations were concerned with the operation of the non-clearing bank bodies and how they related to the CBU and its domestic bodies,⁽⁸⁴⁾ in keeping with the sectoral ambitions of the union noted above.

Yet Johnston had emphasised that precise operational requirements could only be worked out by experience, and it is arguable that these were precisely the sort of issues which would have to be solved thus. Moreover, the working parties, which the associations had agreed to enter, provided an opportunity for clarification and detailed definition, as long as the principles of Mark II were acknowledged as the non-negotiable framework for amalgamation.

What then explains the decision of the union not to return to joint working and resolve these problems in the task forces, as Johnston wished? The existence of a division of views within BIFU's executive was thought by other participants in the talks to be the explanation for the inability of the union's officials to make a binding commitment at this point. Their desire to make Mark II a basis for further negotiation was seen as a means of "buying some time" so that the representatives could establish a consensus policy within the union rather than risk that their endorsement of Mark II would not be supported by a full Delegate Conference.⁽⁸⁶⁾

While roughly correct, this explanation does not quite capture the complexity of the union's position however. In fact at BIFU's NEC in September, Mark II was discussed and the General Secretary expressed

support, noting that of the six main points, five favoured the union; the only one which did not concerned the geographical basis of the branch structure, and even that was not ruled out completely. It was therefore a very favourable package which the executive endorsed.

However the Mark II Report was still interpreted only as a basis for further discussion with the six points as "heads of agreement". It was also accepted that these points would be put to a Delegate Conference of the union for ratification before the working parties could be entered. Crucially the executive made no proposal to accept the Report as a package (which as Dr Johnston had emphasised would not preclude detailed discussions). Nor was the proposition to return to joint machinery prior to the establishment of the working parties, as recommended specifically in Mark I (page 44) and Mark II (page 32) discussed at this meeting.

This can only be explained as a mistake - a misreading - of the Mark II proposals, or as a misjudgement of the position of the associations. The September meeting took place in the knowledge that the BBSA accepted Mark II, but that the other associations had not yet made a decision. While it was likely, in view of previous policy, that the LBGSA would accept, it was thought more likely that the NWSA, traditionally the most domestic oriented body, would prevaricate. BIFU's executive also therefore assumed it had a little leeway, and that the question of re-entry to joint machinery was not critical because further discussions on the six points would be called for.

Even so, at the meeting of the parties with Dr Johnston on 4 October 1979 the union could have acceded his request that the Report was signed as a package, because although BIFU said then that this was not possible without prior ratification of a Delegate Conference, the executive had previously determined that it did have the authority to sign the heads of agreement.⁽⁸⁷⁾ That instead they prevaricated at this point appears to be best explained by the uncertainty generated from a groundswell of opposition among the union's branches to the proposal BIFU had made for a geographical branch structure which Johnston had not endorsed. This was the one unfavourable organisational detail from BIFU's point of view in the Mark II Report. Considerable opposition emerged to the disbanding of Area and Regional

Councils which were seen as the guarantee of an effective trade union organisation, and the proposal to re-enter joint machinery prior to clarification on this point was rejected in several motions to the next NEC meeting.

It would appear then that the upsurge of lay opposition and the acceptance "warts and all" of Mark II by all the associations surprised the BIFU representatives to the Johnston talks. It became a more distinct possibility that were the proposals to go to a Delegate Conference, the endorsement of Johnston Mark II by the representatives (which included the union's General Secretary) might be overturned. Having ostensibly lost sight of the basic principles of the national union, such an outcome would put them in an extremely difficult position, being tantamount to a vote of no confidence. A more reserved position was therefore adopted, it being acknowledged that the union could not proceed on such an important issue while divisions were evident.

Neither however was it desirable that such divisions become public, nor that the union was seen to be stalling on what to the broad rank-and-file might seem like a technicality. The advantage to the associations in propaganda of such a split would clearly be enormous. Hence BIFU attempted to sustain its existing bargaining position by pressing for confirmation of the constitutional position of the second and third tier by working parties before it would resume joint negotiations,⁽⁸⁸⁾ and this was the stalemate on which the talks floundered. BIFU then attempted to lay the blame for the breakdown at the door of the associations by claiming that the pre-condition of re-entry to joint machinery was imposed by them.⁽⁸⁹⁾ This is categorically incorrect, because as Johnston emphasised, he had proposed this as a gesture of goodwill in both Mark I and Mark II. Of course from the union's position it can be understood why its executive was so concerned by the propaganda implications of this division. But the ostensible failure to accept Mark II as a package on the basis of an apparently minor technical detail also belies the point that the need for a geographical branch structure was actually of profound importance as the ultimate guarantee that the merged body could not at some future date become nothing more than a confederation of institutional bodies, nor that one of the first level domestic unions could disaffiliate from the CBU, taking both the former staff

association and BIFU members with it. So, this defensive reaction among the lay activists in the union to the absence of any geographically based branches was in effect an expression of their traditional anti-internalist suspicions and of the continuing low level of trust regarding the intentions of the associations. It was, as such, evidence that Johnston had failed to break the strength of the historical divide.

Nonetheless the union's ultimate refusal to grasp the opportunity to merge seems paradoxical when the following factors are borne in mind. First, it was NUBE which had pressed the employers (via ABFU) then ACAS, and then seceded from the joint machineries in order to resolve the question of divided representation. Second, the Johnston model envisaged a relatively centralized organisation structure congruent with the "national" philosophy of the union. Third, this was recognised by the union's executive itself. Fourth, union officials were aware that the vast majority of their members desired amalgamation, and were unconcerned with detailed niceties.⁽⁹⁰⁾ Fifth, the staff associations had quite clearly compromised their position in accepting the detailed proposals of Mark II, and sixth, the union was still the weaker of the staff bodies in terms of members in the clearing banks, and had not made any significant inroads into the staff associations' majority through the separate arrangements.

Given the above factors, it is tempting to conclude that BIFU missed the opportunity to achieve what would have been a popular merger on very favourable terms. With the proposed increase in participation in the banks this would probably have led to the creation of an organisation with a clearing bank membership of round 200,000 people, and together with BIFU's "rump", a total of over one quarter of a million finance sector workers.

4. THE CLEARING BANKS

Finally, the employers' role, which was of great significance in ensuring that the merger was implemented, has to be considered. Firstly, the banks' attitudes to the Johnston proposals are examined, and despite certain reservations it is argued that his reforms were generally accepted. Secondly however, given this support, we consider

why they adopted the relatively passive response to the collapse of the talks in the post-Mark II stalemate. Thirdly, the question of whether the Johnston model was an employers' solution (as one interested party charged) has to be addressed.

To reiterate: the banks had a key role to play in implementing the merger by offering an increased scope of joint regulation, particularly at the domestic level. This was the prize of reform: an extended bargaining role to induce the rivals to forget past differences and overlook the immediate questions of institutional competitiveness. But clearly this did not require a substantially new policy from the employers until the initial agreement to merge had been taken by the unions themselves, although their endorsement of the proposals was obviously appropriate. What then was the attitude of the banks to the Johnston reforms?

i. The Proposals in Principle

Despite the apparent contradiction between the more traditionalist elements of their managerial methods and ideology and the pluralistic nature of the Johnston strategy to extend the area of joint regulation with a strong highly representative union, the banks professed support for the main thrust of the Johnston Reports.⁽⁹¹⁾ Indeed, they circulated the main points of the proposals to their staff at the time, and emphasised their broad support. In effect this was because they accepted the argument that divided representation was the sine qua non of industrial relations instability, and that their primary aim had to be the restitution of institutional order, particularly to be able to negotiate change in an increasingly complex industry. Second the need to resolve this in isolation from other problems was acknowledged to be the best strategy of reform even if the Johnston argument for continuing the 1968 constitutional framework was not wholly accepted. The banks had shown during the ABFU talks, and during the enquiry, they had no wish to complicate matters by trying to introduce bargaining reform as a second dimension to the problem.

Third, it may be argued that increasing participative arrangements and strengthening the representation presented no conflict with the way that they were developing their industrial relations management, as

all of the banks were extending lay participation through office representatives, seconded representation and other types of communication methods.

Fourth, offsetting the increased power of the proposed CBU was the moderation and responsibility of the new body, which Dr Johnston had emphasised. It was felt that as long as the association viewpoint could still be expressed, the moderation of the new body was assured, and the only danger stemmed from the possibility that apathy on the part of the majority would permit a minority of activists to dominate issues.⁽⁹²⁾ But given that the participative style was designed to counter this, it was not thought to be highly problematic.

Fifth, the proposition to continue the compulsory arbitration facility was accepted despite reservations. As will be discussed below, the existing facility was considered by some managers to be a serious impediment to bargaining. Nevertheless its value as a peace-keeping mechanism was accepted and, given the increased power of the new merged body, this was again acknowledged to be a priority.

ii. Reservations

Individual banks expressed a variety of reservations about the detail of the reform. On one point however there was general disagreement with the Johnston proposals. The banks felt unable to encourage TUC affiliation from the new body, it being argued that this was a matter for the staff themselves to decide, and, given the perceived strong opposition to affiliation by some members of staff, one on which the employers felt they had to remain neutral. In his second Report Dr Johnston reiterated the need for TUC affiliation, despite these views, and had managed to convert the associations to this principle, thus largely nullifying the employers' qualms.

Secondly, the centralism of the proposals, in which the second level of bargaining (the national forum) retained wide powers, was opposed by some banks. In the case of the Midland this related to its atypical bargaining agents. It was felt that the question of ASTMS had not been satisfactorily resolved, particularly as this union had a majority of members in the engineers and data processing staff whose "muscle" made dealings with them especially sensitive.⁽⁹³⁾ In fact the Midland had

wanted ASTMS to be included in the reconstructed system, but this had been rejected by the other banks and by Johnston, who called the union's presence in the clearing banks "an anomaly". National Westminster's objections to the centralism stemmed more from its longstanding domestic orientation, which had been evident in 1968 for example when the National Provincial and Westminster had both expressed only weak support for national machinery. This company level orientation was also encouraged by diversification of trends into other areas of finance, which placed a stronger emphasis upon corporate policy-making. So, National Westminster had for example considered bringing its merchant-banking arm, County Bank, and other subsidiaries into a company wide bargaining unit, but this was incompatible with the Johnston proposals which defined negotiating structures by operational division rather than by ownership.

Similarly, Barclays had considered integrating the conditions of employment between the large home-based international division and the domestic bank. It had also considered applying to introduce a representative for its international arm into the Federation. In this instance however the Barclays' management indicated their willingness to defer any integration plans in order not to jeopardise the success of the Enquiry.

On the whole however, the banks agreed to support the reform proposals as the best means of obtaining a resumption of national bargaining. Secondly, they offered a permanent resolution to the division of representation which, given the breakdown of joint working, was now likely to make negotiations highly unstable and competitive. The division was also thought to be unpopular with staff; as such the banks felt that they must be seen to be supporting any real attempts to resolve it.

REACTIONS TO THE POST-MARK II STALEMATE

A supportive but relatively neutral policy was generally pursued until the stalemate in late 1979. Information on developments was communicated without comment to bank staff, although it was stated that the objective of an end to the division of representation was broadly endorsed.

Differences did however emerge more clearly during the stalemate. To reiterate, under the Johnston proposals there was strictly speaking no

contingency plan for the banks in the event of a failure to merge. Their role was really to become active only when the initial agreement between the unions had been achieved in establishing the extended scope of joint regulation and participatory channels. When matters stalled however a debate between the banks developed on whether they should intervene to try and retain the initiative. Domestically, Barclays and Williams & Glyn's were the most pro-active: Barclays for example considered sending letters from the staff department to line managers suggesting staff meetings at which staff would be recommended to put pressure on their representative bodies and did in fact send out a staff circular to this end.⁽⁹⁵⁾ As Johnston had already pointed out however, the weakness of this strategy was its domestic basis; thus it would be unlikely that BIFU members in Barclays would be able to force the union along as a whole unless their action was matched in the other banks.

And in contrast, those banks which had seen less utility in the reform were not so committed to an interventionist approach to try and keep the reform group. This particularly applied to the Midland where in 1979 the banks was finally stabilising the rivalry between ASTMS and BIFU. Being on the brink of signing a new procedure agreement with each union in late 1979, Midland did not wish to disturb matters by taking a high-profile stance on the national merger. National Westminster was also disinclined to pursue any active intervention policy.

These differences also meant that a Federation level initiative was ruled out, although at that point there was little contact nationally between the unions and employers. Almost as soon as the post Mark II stalemate emerged it is notable that National Westminster proposed to the Federation that it,

"... should now let the dust settle and if it meant the end of merger discussions then Dr Johnston should be asked to write a final postscript to the whole matter"⁽⁹⁶⁾

further efforts to establish a merger being pointless, and while a minority continued to argue for active employer intervention, the postscript was, effectively, written.

It would be unjustified to blame the banks for the collapse of the Johnston initiative. They did after all support his proposals, and agree to implement the bargaining reforms he suggested. It does seem more plausible to argue however that the banks took an essentially short-term view of industrial relations which did not ensure the greatest chance of the Johnston reforms actually working.

Firstly, Johnston consistently had to work against the background of the competitiveness of separate negotiations. He faced the contradiction of trying to generate high trust cooperative attitudes while at the same time the unions were competing explicitly in domestic negotiations. Of course it may be added that the unions also allowed short term separatist interests to interfere with their approach to reform, and it is understandable that in moving quickly to establish ad hoc domestic negotiating channels separately with each union the banks were trying to secure stability and a degree of order. Nevertheless this did mean that BIFU faced no real penalty for collapsing the joint staff side despite the previous threats from the employers, and had no pressing need to resume joint working in 1979 when talks collapsed, ostensibly on this point.

Secondly, this was reinforced by the banks' reactions to the disarray they faced in 1979 in pay bargaining. Despite being the (self-confessed) victims of an extended period of leapfrogging and competitiveness between the unions, the banks appeared not to conclude that this was concrete proof of the need for national negotiations with a simple union. Some argued for instance that there had been advantages in the domestic bargaining, particularly relating to the flexibility it offered to deal with differentials after the period of incomes policy, and Midland, in particular, felt it had contained the problem of ASTMS more effectively. Another bank suggested that the key to stability lay not so much in the structure of representation as in the existing bargaining units: proposals to lump the EDP and computer staff with the clericals were considered. (97)

Thirdly, the concern for stability, predominant among the chief executives and general management of the banks dictated that the banks would reconvene national negotiations early in 1980 with both unions but on a separate basis. As a response to the problems of domestic

bargaining experienced in 1979 it was understandable as a short term measure, although it did in the view of most managers still represent a second-best alternative. It also contravened the previous refusal of the banks to be party to such arrangements. But while it disappointed the Federation secretariat which was keen to try and keep the momentum going, it represented the central concerns of top management for a resumption of employer coordination to re-establish stability in negotiations, whatever the implications for the efforts to resolve dual unionism.

The decision was in a sense in line with the longstanding view that the employers could not impose their wishes upon the unions (despite the events of 1968). Nor, given the balance of membership, could a withdrawal of rights against one body be considered. It was also argued that a decision to merge had to be voluntary otherwise it would not be likely to be permanent, hence very soon after the collapse of the talks the banks appeared to accept failure as inevitable.

Nonetheless the resumption of national machinery clearly reduced the need of the unions to secure a merger, having informally regained virtually all negotiating rights. To the extent therefore that the banks opted to secure short-term stability, it has been argued that Johnston did face extra difficulties, despite the formal cooperation of the employers. This was because the value to the unions of his proposals was reduced as the costs of not pursuing a merger were also reduced. Given the inherent competitiveness of the staff bodies this opportunity cost factor was, we would argue, a crucial one.

So, to sum up: Johnston envisaged an important role for the banks in offering greater bargaining rights to the new merged body as an inducement to reform. Broadly, this much was accepted by the employers because of the perceived importance of a merger. When talks stalled post-Mark II, the banks declined to pursue a strongly interventionist strategy to revive them, and relatively quickly accepted the collapse of the initiative. It was suggested that the short-term priorities of sustaining stability tended to undermine Johnston's longer-term objective; the competitiveness of separate negotiations contradicting with the spirit of cooperation necessary for a merger.

Was the Johnston solution therefore an employers' solution? This was the interpretation ASTMS put on the matter, its General Secretary complaining that the Report (Mark I) was little more than a re-vamped ABFU, the latter having been employer-inspired. (96)

Certainly it is arguable that a re-ordering of the institutions to create stability and efficiency were objectives in which an employer would be likely to place some value. Moreover the collapse of joint negotiations appeared to be detrimental to the banks in the pay bargaining of 1979 when the settlement was upwardly revised several times. Nevertheless Johnston was careful to emphasise the popular support for the idea of a merger among bank staff, as well as employers, and the establishment of an ordered bargaining environment is quite clearly an objective which unions in general have pursued, as well as employers.

ASTMS was also particularly critical of the attempt to reinstate national negotiations, being in favour of company based bargaining; but some of the banks were also beginning to consider extended company bargaining as being more advantageous for them. It should also be remembered that the creation of a centralized bargaining agent was designed as much to ensure organisational strength, which was hardly an employer objective, as to engender bargaining efficiency.

We would conclude that to sustain the ASTMS argument one would firstly have to demonstrate that national bargaining was inevitably against the interests of the staff and in favour of the banks, and this remains unproven; and secondly, that BIFU and the associations were duped by Johnston, or unaware of their own best interests. In the next section of the thesis we shall try to demonstrate that this clearly was not so.

FOOTNOTES

1. Hereafter referred to in the style adopted by Dr Johnston as Mark I, II, and III, and issued in October 1978, August 1979 and January 1980 respectively.
2. The Certification Officer, as established by the EPA, emphasised that he was only concerned with independence as defined by the statute. This definition was very similar to that used by the ILO and examined by Lord Cameron.
(TULRA S.30) of Annual Report of the Certification Officer 1976 (HMSO 1977) Dept of Employment Gazette, May 1977 pp 439-494
3. CIR General Report (1974)
See also Weekes B, et al 1975; Strinati D (1982); Dickens L (1975)
4. Letter from Chairman FLCBE; General Manager (Staff) of Lloyds Bank; General Manager (Staff) Barclays Bank; Personnel Relations Manager National Westminster Bank to the General Secretary of NUBE.
5. General Secretary's Supplementary Report to Annual Conference 1977
6. Letter from ACAS to General Secretary NUBE, March 1976
7. The procedure governing the role of ACAS in recognition issues referred by independent trade unions is set out in sections 11-16 of the EPA 1975.
8. NUBE General Secretary's Supplementary Report 1977.
9. ACAS (1977) Annual Report.
10. NUBE General Secretary's Supplementary Report 1977.
11. The letter to NUBE from the FLCBE argued that the employers were constitutionally tied to joint negotiations:
"... The Employers are not free to agree to negotiate separately with the withdrawing body if the remaining party exercises its right to remain at the national negotiating table."
23 September 1977.
12. FLCBE minutes September/October 1977.
13. Johnston Report Mark I.
14. FLCBE meeting 20 February 1978.
15. Johnston T L (1962).
16. Johnston T L "Arbitrating Industrial Change" in Alexander K J W (1975).
17. Johnston Mark I, page 7.

18. Johnston Report Mark I page 5.
19. Ibid, page 51.
20. Ibid.
21. ABFU was seen to have broken down because "the parties never agreed a clear concept of what ABFU would be ... from an attitude of mind (rather) ... than from a technical incapacity to draft an agreed constitution."
Johnston Report Mark I, pp 15.
22. Johnston Report Mark I, pp 25-29.
23. Ibid pg 51.
24. Ibid pg 31.
25. Johnston Report Mark I, pg 31.
26. Ibid pp 32-33.
27. Ibid pg 33.
28. Ibid pg 34.
29. Ibid pp 35-38.
30. Johnston Report Mark I pp 37-38.
31. Ibid pp 39-40.
32. Johnston Report Mark I pg 45.
33. Ibid.
34. Ibid pg 47.
35. Ibid pg 45.
36. Johnston Report Mark I pg 31.
37. Meetings of the staff bodies with Dr Johnston 17 May 1979.
38. Johnston Report Mark II pg 2-3.
39. Johnston Report Mark II pg 4.
40. Ibid.
41. Ibid.
42. Ibid.
43. Johnston Report Mark II pg 6/7.
44. BIFU: General Secretary's Report to the Delegate Conference 1980 pg 100.

45. Johnston Report Mark I pg 17, reiterated in Mark II, pg 8.
46. Johnston Report Mark I pg 30, and Mark II pg 8.
47. Johnston Report Mark II pg 9.
48. Ibid pg 28.
49. Ibid pg 10.
50. Ibid pp 13-14.
51. Ibid pg 15.
52. Ibid pg 16.
53. Ibid pg 17.
54. Ibid pg 18.
55. Ibid pg 18.
56. Johnston Report Mark II pg 19.
57. Ibid pp 21-22; meeting of parties with the Certification Officer, May 1979.
58. Johnston Report Mark II pg 22.
59. Johnston Report Mark II pp 23-25.
60. Ibid pg 26.
61. Meetings in April and May 1979.
62. Johnston Report Mark II pp 32-33. This refers to the meeting of 17 May 1979.
63. Ibid pp 2-8 (introduction) and pp 15-16.
64. Ibid pp 15-17.
65. Ibid pg 21.
66. As a rule a majority of 75% of the total members entitled to vote was required to endorse industrial action in the staff associations. Johnston Report Mark II pg 30.
67. Johnston Report Mark II pp 32-33. This refers to the meeting of 17 May 1979.
68. Statement issued after a meeting of executive of the Staff Associations of Barclays, Lloyds and National Westminster Banks on 10 December 1979.
69. Johnston Report Mark III.
70. Ibid.

71. Ibid.
72. Purcell J Industrial Relations Journal Vol 10 Number 2. 1980 pp 18-19.
73. Ibid pg 19.
74. Johnston Report Mark II. Also the meeting between the parties on 15 June 1979.
75. Postscript addressed to parties after the meeting of 17 May 1979 by the chairman.
76. Ibid.
77. BIFU General Secretary to ADC 1980. Interviews with BIFU officials 1981-83.
78. Correspondence and chairman's notes of meetings between the parties 1979-80 (uncirculated).
79. Purcell op cit
Carr, Peter, "Personnel Management" March 1976, cited in Purcell op cit.
cf McCarthy W and Ellis N. "Management by Agreement" (1973)
These authors use the term "constructive mediation" in a similar sense.
Also: Kerr, Clark "Conflict and its mediation" in "Labour and Management in Industrial Society" (Doubleday New York 1964)
This author deploys the term "strategical mediator" in a similar manner.
80. Meeting of the parties with the chairman on 17 May 1979. Similar views were expressed by the BGSA at a meeting on 23 April 1979.
81. Meetings with the chairman from October to December 1978.
82. NUBE memorandum to officials 27 October 1978. This document noted that although the Johnston proposal superficially resembled the ABFU model, the latter was loosely federal and domestically oriented while "Johnston proposes that a lot of power would reside at CBU level."
83. Johnston Report Mark II. Meetings with parties 15 June and in November 1979.
84. Minutes of meetings between December 1978 and June 1979.
85. BIFU Broadsheet "The Facts about Johnston" 7 January 1980.
86. Interviews with representatives of other parties to Johnston talks 1981/82.
87. NEC September 1979.
88. Meeting of Johnston parties 23 November 1973. BIFU's NEC had agreed (NEC 13-15 October) to recommend to a Delegate Conference a return to joint working on this proviso.

89. BIFU Report November 1979; General Secretary's Report to 1980 Annual Delegate Conference.
 90. "There is no doubt to my mind that staffs are heartily sick of divided representation and would broadly support (and would indeed not be concerned with detail) a move to end such divided representation" NUBE memorandum from the General Secretary 27 October 1978.
 91. CIR Annual Reports and ACAS Annual Reports from 1976 onwards. The pluralist position is expressed well in Fox (op cit 1966) and Clegg (1979 op cit) chapter 11. Critiques of this have been advanced by Fox 1973 and 1974; Hyman R (1978) and Poole M (1981).
 92. FLCBE minutes of 9 November 1972 and 22 November 1978.
 93. FLCBE discussion document October 1979 on the future of the Federation.
 94. FLCBE minutes November 1979.
 95. FLCBE minutes - September, October, November 1979.
 96. Ibid, November 1979.
 97. FLCBE discussion documents on the future of the Federation, October 1979.
 98. Letter to Dr Johnston from the General Secretary of ASTMS 24 October 1978.
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SECTION 3

THE OPERATION OF NATIONAL MACHINERY

7. The Constitutions and Structure of the Machinery
8. National Salary Scales
9. Productivity Bargaining and Salary Reform
10. The Effects of the Arbitration Facility Upon the Operation of National Bargaining
11. Corporate Developments and the Reconstruction of National Machinery

CHAPTER 7

THE CONSTITUTIONS AND STRUCTURE OF THE MACHINERY

1. Introduction

2. Method

3. The Constitutions
 - (i) The JNC
 - (ii) The BSC
 - (iii) The FBE

4. The Parameters of National Negotiations
 - Scope of Joint Regulation
 - The Bargaining Unit
 - Negotiation/Consultation
 - The Procedure and Arbitration Facility

THE CONSTITUTIONS AND STRUCTURE OF THE MACHINERY

INTRODUCTION

This is the third section of the thesis, and it seeks to explore, given the division of representation, why national machinery was able to operate for nearly ten years, by examining the bases of stability and agreement between the parties. Secondly, the aim is to look at the strains on the national bargaining which derived fundamentally from the division between the staff bodies and how they were dealt with. It is argued that through the way the constitutions were devised, dual unionism proved to be a relatively minor problem for the operation of pay bargaining but that the effect of the constitutional controls was to restrict the ability to negotiate change on non-union pay issues. Moreover because competition between the staff bodies was neutralised but not dissolved, it is argued that the rivalry did manifest itself in the strategies which the joint staff side developed to broaden the area of joint regulation and which were resisted strongly by the banks. In effect it is suggested that the question of the characters of the staff bodies was of little importance, because their objectives were typical of those of trade unions, in trying to further the interests of their members by (amongst other things) extending the scope of their authority into areas of managerial prerogative. However because of the emergence within the banks of greater concerns with labour costs and operational flexibility to meet the pressure of rising competition for deposits and lending, the staff side's expansionist strategies were strongly opposed, and it was this developing conflict between the strategic objectives of the two sides which represented the main threat to the continued working of the machinery as constituted.

This chapter analyses the design of the national constitutions which, it is argued, were predicated upon an economic model of bargaining, the principal function of joint regulation being limited to a wage setting exercise. While this was accepted by the staff side, it is suggested that there were considerable rigidities in this structure and that problems in the bargaining process stemmed from these. These rigidities were located both in the procedure, which incorporated a compulsory and unilateral arbitration facility; in the separation of

bargaining between national and domestic levels; and in the scope of substantive items for negotiation which was broadened considerably from the original list after NUBE's strike action and in the removal of facilities for consultation at the same time. After delineating these, the following chapters then look at how the machinery operated in terms of the objectives of the parties in the JNC, to see to what extent these rigidities impinged upon the satisfactory working of the machinery and the ways in which they were by-passed.

There were also strong external forces acting upon the JNC during its lifetime. In particular the effects of exceptionally high rates of inflation upon pay bargaining will be examined, and the influence of the Government and its agencies (such as the National Board for Prices and Incomes). We have seen already that political pressures for reform of the industrial relations structures were highly effective in this arena; another profound influence occurred in the constraints upon free collective bargaining and the pressure for productivity deals, and the effects of these will be considered in detail.

METHOD

The method of examination will be to look at the development and outcome of what we have interpreted as the major themes within the JNC.

The approach will not then be strictly chronological but instead an issue based analysis, and the timing of the occurrence or resolution of these issues in some instances overlaps historically. Secondly, there are issues which are germane to the analysis of two or more themes, and are mentioned several times. Where the influence of one event, say for example a pay rise, conditioned the outcome of another settlement, for example the salary restructuring exercise, we have however tried to emphasise the fact.

The investigation is based primarily upon an examination of the minutes of the JNC and the FBE. These minutes are comprehensive, containing an account of the way in which discussions developed and detailing differing points of view, although they are not verbatim accounts. It is reasonable to assume that they present a fair picture of the substance of discussions however, and in the case of the JNC representatives of the employers, CBSA and NUBE all had to approve the minuted records. To get round the fact that some informal bargaining was not minuted, this source was supplemented by interviews with representatives of management and the Federation secretariat, and with representatives of both parties to the BSC. However these interviews, which were unstructured, were designed principally to clarify themes and arguments rather than to gather information. A third source is the minutes of the arbitrations which took place under national machinery. These are verbatim and include the submissions of the parties to each tribunal, plus the awards of the arbitrators. Finally we have supplemented our analysis with an examination of miscellaneous documentary evidence from each of the main parties. Private discussion papers and working party minutes, used in the development and conduct of bargaining, and in particular on the salary restructuring exercise offered a valuable source of insight into the process of decision making.

THE CONSTITUTIONS

The operation of the national machinery was defined by three constitutions, covering the rules for the conduct of the employers' side, the staff side and the scope and procedure of their negotiations. These will be considered in turn.

(1) The Joint Negotiating Council (JNC)

This constitution defined the representation on the employers and the staff side, set out the procedure under which negotiations took place and stated the scope of substantive issues which were to be covered by national machinery. It was approved and adopted on 22 May 1968.

The parties on the staff side to the JNC were the union and staff associations each of which nominated representatives from the Banking Staff Council. Six staff side members would normally be present in the joint council. The employers side were nominated from their representative body, the Federation of Bank Employers. Like the staff side they would normally have six members present in the joint council.

As regards substantive issues, it will be remembered that the union had managed to conflate the original distinction between negotiable items and those items for discussion/consultation only, after the strike action of late 1967.

The original list of negotiable items agreed by the Working Party was derived from those issues upon which some consultation already occurred between the banks. These issues were:

- (1) Figures for the aggregate of the basic salary scales.
- (2) Basic retiring salary for the average overscale unappointed staff.
- (3) Minimum commencing salary for a full management grade.
- (4) London Allowances.

The second group of consultative issues were subsequently incorporated into this list of negotiable items as well. These were:

- (1) Safety of Staff
- (2) Working Hours
- (3) Overtime
- (4) Territorial Allowances outside London
- (5) Holidays for Unappointed Staff

A catch-all clause also permitted any issue within the subject of salaries of employers or any group of them to become negotiable and arbitral, if so agreed by both sides of the Council.

The constitution set out the procedure for negotiation, proposing that resolutions could be put from either side for decision by the votes of staff and employers, each side having one each. In the event of a failure to agree being registered on two separate occasions, the resolution could be referred to arbitration, by either side. Any matter so referred would be decided before a tribunal of three men, of whom the staff side and the employers would each nominate one person, and the chairman would be appointed by agreement between the two sides. In the event of a failure to agree, the President of the Law Society would nominate a chairman. The decisions of such tribunals were accepted as being binding on both sides of the JNC. The constitution of the JNC bound the parties to undertake joint national negotiations for a minimum of two years (until 30 June 1970). Thereafter either of the nominating bodies could withdraw after a period of notice of six months.

(2) The Banking Staff Council (BSC)

This constitution was approved and adopted on 20 May 1968. In this Council the staff representative bodies, NUBE and the staff associations, met to decide upon policy, adopt resolutions and nominate representatives to the JNC.

The Rules of the Council laid down in precise terms the code of practise for its operation. This included defining the roles of Officers of the Council, (Honorary and otherwise); the rules governing the convening of meetings; the transaction of business; voting

provisions; the keeping of accounts and financial administration. A procedure for winding up the Staff Council was also set out.

From within the two original constituent bodies twenty-four members were nominated to the BSC, twelve from the union and twelve from the staff associations. In that sense representation was equally balanced at the Council. From these members the honorary officers were elected, and in practice, the chairmanship of the BSC was interchanged on an annual basis between the two constituent bodies. The non-honorary official, that is the Secretary of the BSC was however appointed from outside the staff bodies. The Secretary had the duties of keeping the minute book of resolutions and proceedings, as well as maintaining a record of the audited memberships of each constituent body, as at each year-end.

The nominations to the staff side of the JNC were taken from among the members of the BSC. Normally three representatives of each constituent body made up this staff side, again in an attempt to maintain a balance between NUBE and the staff associations.

However this equal balancing had two perceived defects which were amended by the poll-vote procedure. First it ran the risk of producing a stalemate if there was a difference of opinion between the two constituents in the BSC with regard to the framing of claims; or in the determination of priorities among issues which were to be put forward to the JNC; or in the process of advising the staff side during the conduct of negotiations at the JNC.⁽¹⁾ Second it was thought to be unfair that equal representation should accrue to a constituent even though its membership was unequal. At the outset of course the CBSA, representing the staff associations in the clearing banks had greater membership.⁽²⁾ NUBE had however gained considerably in the events leading up to the ratification of the national forum, and was convinced that in the long term it could dominate the proceedings, because it had always believed that recognition was the major key to increased membership. It therefore accepted the poll-vote procedure despite its initial minority position.⁽³⁾

The poll-vote was simply a "tie-breaker" to be utilised in the event of an equal number of votes for and against a resolution. This was not unlikely to occur on major policy proposals if the staff associations united against NUBE. Each constituent was deemed to be entitled to the number of votes equal to its last audited membership of bank employees

in the poll vote, but it was the individual staff associations, not the CBSA which were the constituents along with NUBE. However it was the CBSA which was the nominating body for the associations' representatives in the staff side of the JNC. Also the CBSA was the forum from which the staff associations' resolutions for negotiation would be put forward.

The BSC also stated the terms on which members could leave or be removed, or for new members to join. It is likely that the joining option was introduced in order to permit the entry of reconstituted staff associations formed from the mergers of the clearing banks in early 1968. Membership was effectively determined by the corresponding employer's election to the Federation of Bank Employers. Moreover the clause restricted membership to those bodies primarily concerned with negotiating on behalf of bank employees, thereby excluding other white-collar unions with interests in the finance sector from claiming representation rights. No withdrawal of any member of the BSC was possible before 30 June 1970; thereafter this was possible on six months notice, although in such an event a disaffiliating body was still subject to any agreement to which it was party in the JNC prior to the giving of notice.

(3) The Federation of Bank Employers (FBE)

This constitution was adopted on 20 May 1968. The Federation was the employers' organisation which nominated representatives from among its members to the JNC.

In many ways this constitution mirrored that of the BSC. It laid down rules for the transaction of business, election of its officials, voting provisions for resolutions, financial administration and winding up procedure.

Each of the banks which were members of the Committee of London Clearing Bankers was offered a seat at the council of the FBE. All of the banks accepted, except for Coutts and Co, which did however follow the agreements made at the JNC. In effect then there were ten members of the full council, from which six were nominated to form the employers' side of the JNC. A Chairman of the council was also elected

from among the members: in practice this office rotated among the banks.

As with the BSC voting on resolutions was based on a show of hands, but the option of a poll was also available. The basis of the poll was on the number of employees, (both clerical and non-clerical) employed by each bank, as at the 31st December last.

Under the constitution a secretary of the FBE was also to be appointed, although his duties were not precisely defined, being simply those,

"... as the Council may from time to time determine."⁽⁴⁾

At the outset it was envisaged that this was a fulltime administrative role, and no specific mention of a negotiating function was made. The broadness of the job description did however permit this, and the banks were advised to hire someone with negotiating expertise to work on their behalf.⁽⁵⁾

Membership of the Federation was initially only granted to the London clearing banks, but there was no absolute restriction upon non-clearing banks, or non-CLCB members also joining, subject to the approval of the FBE council by at least a 75% majority of votes. The criteria for entry were however made more restrictive from 1 January 1972 when the Federation registered as an employers organisation under the Industrial Relations Act (1971). Thereafter entry was restricted to members of the Bankers' Clearing House (the London clearing banks) and other users of the clearing system (such as the Yorkshire Bank or the Co-Operative Bank) were excluded from applying for membership. Withdrawal from the FBE could be made on the same conditions as the constituents in the BSC faced, after 30 June 1970.

THE PARAMETERS OF NATIONAL NEGOTIATIONS

In this discussion the intention is to demonstrate that the basic reasons for tightly defining the constitutions were to establish a strictly delimited bargaining model which was solely concerned with wage setting, and at the same time to neutralize the possibilities of conflict developing from the rivalry between the staff bodies. While

this model was acceptable to both of the staff bodies for reasons considered below, it is argued that certain rigidities were enshrined within the constitution, which were related to the scope of the bargaining unit; the collapse of the distinction between negotiable and consultative categories of discussion; and the tightly defined procedure culminating in the arbitration facility. The discussion then attempts to draw out some of the implications of these rigidities before the actual operation of the machinery is explored in the following chapters to demonstrate their effects and the extent to which they were overcome.

SCOPE OF JOINT REGULATION

In defining the objectives of the banks with regard to the scope of joint regulation, it is pertinent to note what they wished to exclude from this category. This included not only all pay items of lesser importance and other non-pay items, but also all personnel areas concerned with the control and allocation of work, training and development of the workforce and grievances or local work group disputes. The premise underlying their policy was to leave untouched as far as possible the area of domestic prerogative, so that the original scope of bargaining was in fact very restricted, reflecting the limits of existing employer coordination. Broadly speaking this only included the major components of pay and conditions of employment for onscale clerical staff, and during the working party discussions, the banks had resisted a union attempt to make pensions negotiable, as well as opposing the proposal to bring "automation" and "conditions of work" into the orbit of consultation because they were not already managed in a joint manner and were viewed as matters solely for domestic managements' concern. Within the consultative category they did allow both minor pay issues, and those non-pay issues over which there was either a substantial degree of informal coordination, such as holidays or where there was a considerable area of staff interest involved, even though they were ultimately non-negotiable. Examples of this category included safety of staff and working hours.

Arguably then, the scope of bargaining was clearly delimited both because of the traditionally wide area of prerogative the banks enjoyed, and because of the level of negotiation. In the new

arrangements the model of bargaining was essentially economic with the unions operating as a market agent regulating the terms of employment of their members in conjunction with the employers. In effect therefore the bargaining process was intended to be a means of contracting for the sale of labour, or what Chamberlain called the "marketing" function⁽⁶⁾ whereby the prices at which labour was employed were fixed jointly. On the other hand the party which would oversee the application of the terms and conditions would be the domestic management. For example, the national JNC was allocated the right to negotiate upon overtime payments; however while it was intended that it would regulate the premium at which this would be paid, and under what conditions, including to which class of workers it would apply, it was implicitly not assumed that the JNC would be able to stipulate how overtime working would be allocated or distributed among the workforce, this power remaining with domestic management. Hence the national agreement was not intended to establish what Chamberlain termed the managerial function of joint regulation, that is the "principle of mutuality" as he called it, which involved a sharing of the exercise of authority on all aspects of decisions affecting the workforce.⁽⁷⁾

This was reinforced by the separation of bargaining levels as by this division the process of rule-making was distinguished from the application of those rules through joint administration. The national machinery was in effect what Kahn-Freund called a static rather than a dynamic model of bargaining, the characteristic of the dynamic mode being that,

"More important: the body which lays down the conditions is often also the body which interprets its own resolutions. Over a large area of British industrial relations the rule-making and the decision-making processes, the, as it were, 'legislative' and 'judicial' functions are as indistinguishable as they were in the Constitution of 'Medieval England.'"⁽⁸⁾

Flanders⁽⁹⁾ has argued however that it is impossible to limit bargaining to a purely rule-making process, because this is inextricably bound up with the process of administering those rules; joint authorship also involves joint responsibility for the observance of their contents, and parties develop procedures not only as a means of changing existing rules, but also to settle disputes about the

interpretation of the present agreements. Yet in the banks it is noticeable that the JNC made no provision formally to oversee the application of its decisions at domestic level. This was left to the institutional managements, arguably for the simple reason that it was thought to be unproblematic: the scope of the substantive area of national joint regulation was so clearly defined that the JNC would simply establish rules which could be unambivalently applied, as for example by listing the holiday entitlements of various categories of staff based on the criterion of length of service. Furthermore the relative simplicity of the age-based pay structure meant that this could be easily applied: there was none of the complexity associated with bargaining over piecework rates which necessitated joint control over the application of agreements.

But this limited model of national bargaining did largely accord with the expressed ambitions of the staff bodies at that time. Although the banks were advised by representatives from the Ministry of Labour that dual level recognition would be necessary,⁽¹⁰⁾ none of the parties actually foresaw the need for this as a means of resolving potential questions of the application of agreements. So the problems of contract administration were accepted by the staff side to be entirely distinct from the process of rule-making. NUBE was therefore quite prepared to accept the fact that it would be denied domestic recognition, despite its place in the JNC; having previously dismissed institutional bargaining as unimportant, and argued that the decisions on terms and conditions, over which collective bargaining should be established were taken jointly by the banks, it could hardly do otherwise. And it must be pointed out that under the new arrangements, the proportion of pay fixed nationally was very high; much greater for instance than in engineering where local negotiations were established. In banking only the merit rises, which were non-negotiable, were fixed domestically, so NUBE's preference for an externalist bargaining was to that extent highly logical. However, the response of the associations to this point had been to justify their preference for domestic leapfrogging as the best bargaining strategy to exploit this situation.

There was also a sense in which the competition between the two forms sharpened up their philosophies to more extreme positions. For

example, NUBE had at one time argued in favour of an element of domestic pay bargaining, but after the associations had achieved domestic recognition, the union expressed its preference for the single-tier model at the national level⁽¹¹⁾ in order to emphasise its externalism to the banks in contrast to the institutional limitations of the associations as the basis of its strategic appeal. Because of its long history of non-recognition, its ambitions were therefore directed against the internalists as much as the banks. In addition it was hampered in undertaking a more extensive role in issues of contract administration at local or domestic level, or dealing with individual grievances and disputes by its exclusive reliance upon full-time officials - lay activity being equated with internalism and the possibility of employee domination as we noted in chapter one. Its functioning was therefore restricted to a highly centralised bargaining role.

In contrast the staff associations' position being highly institutionally oriented, might have been more amenable to extending their role into the administration of pay decisions at local level and thus taking responsibility for a share in managerial authority through bargaining. Certainly they were able to take up grievances or salary streaming problems, through their well developed local organisations. Ideologically however the strong support of managerial prerogative meant that they saw a limited role in penetrating into management decision-making, acknowledging the latter's unilateral rights to initiate and introduce change as it saw fit. The associations' hostility to anything more than a limited wage setting role for national machinery was also well-known, and fostered at least in part by its conceptual incompatibility with the ideology of internalism. It is reasonable to suggest therefore that the longstanding rivalry between NUBE and the associations had conditioned their mutual interpretation of bargaining principally as a wage setting exercise, in a way which was notionally similar to those of the banks.

THE BARGAINING UNIT

This brings us to the question of what had determined the scope of the bargaining unit, and why had the banks incorporated all of their onscale clerical staff, male and female into this, thereby grouping

together career and non-career categories? The economic argument usually adduced to explain employer combination was that it was advantageous to combine as an oligopsony in order to minimise the competition for labour. In this instance however such an argument may have appeared superfluous in view of the banks' highly developed internal labour markets, for they were only actively competing with each other for staff at the point of entry. On the other hand, establishing a national scale could have been used as a means to reinforce the internal labour market to the extent that staff would see no advantage in moving from one bank to another to gain better pay, although they might still see a change of employer as a more rapid means of promotion. This was already restricted however by the informal agreement not to employ each other's staff. Theoretically therefore it might be deduced that it was unnecessary to delegate control over the whole clerical scale to the national level, and disadvantageous insofar as this reduced domestic discretion. But against this the banks had to weigh the point that as competitors for staff the rates at different points on the scale as well as the entry rate could be a significant recruiting factor if they varied substantially between the banks. In order to limit this competition it made sense therefore to establish a uniform entry rate and similar scales. Moreover as the banks were labour intensive organisations there could be significant effects on their costs resulting from a movement in the entry rate insofar as this set a floor for the whole scale; changes in this rate would be likely to rebound on all salary levels. This provided a rationale for explicit coordination to ensure that shifts in the rest of the scale were kept as low as possible despite the fact that competition in the fixing of the age scales was reduced by the internal labour markets.

Several non-economic factors also appear to have influenced the question of the bargaining unit. Firstly, it is evident that the banks had not simply opted to forego all domestic control over pay, and that they did wish to distinguish between career and non-career groups. Hence the pay levels of all managerial, appointed and overscale clerical staff were to be negotiated domestically and the design of the national machinery did even permit some discretion for the individual banks on the clerical scale, because only the aggregate of scale was fixed in the JNC. While national machinery was to fix the minimum

managerial salary and the minimum retirement pay for unappointed staff, these were only reluctantly conceded by the banks under pressure from the union, and to offset any demands NUBE might have asserted for domestic recognition. The decision to exclude the senior staff from national bargaining reflected the view that there was no point in combining to minimise the competition in the labour market for these grades, because even the overscale clerical group, while not holding an appointment and therefore not in senior positions in the banks' hierarchies, would be unlikely to be able to transfer to comparable positions in other organisations, given the career prospects and the reward package which included substantial "perks" or non-salary items, such as cheap mortgage facilities and non-contributory pension schemes. They were, in effect, well insulated from the influence of the external market.

In contrast it was thought unfeasible to break down the onscale group even though it contained a mixture of career and non-career staff, because this group as a whole was regarded as being susceptible to the external market, a policy which in part reflected the predominance of females within it by the late 1960's. (50% of total staff were female by 1968 but less than 1% of managerial posts were held by women) ⁽¹²⁾ and also the high demand for clerical workers in both the public and private sector. Additionally, a priority of the banks was to retain experienced clerical staff, even if they were not regarded as future managerial stock, because of the growth strategies the banks were pursuing primarily via the labour intensive branch expansion programmes. At that time staff retention was as serious a manpower problem for the banks as recruitment.

Thirdly, it was thought that to split the onscale group up into junior and senior categories, and construct national bargaining to the former group would simply encourage leapfrogging tactics and disturb the differential structure, causing more bargaining difficulties.

Arguably however, the attitude of the banks to this question did also reflect a pessimistic view of their ability to control the influence of the external market. This related to a disinclination to regard the payment system as an instrument which could be actively utilised in manpower development policies, and despite the elaborate career

structures, the banks were still concerned with comparability as a pay determinant in their bargaining strategies. It is notable as well that the age-related pay scale which had been in operation for nearly fifty years was still defended as the best available against the criticisms of the NBPI.

It should also be noted that although pay negotiation was removed from domestic control, the Federation of Bank Employers was not typical of the model of employers' associations, such as the Engineering Employers. In the EEF the central negotiating body does not contain a representative from each constituent; operational differences between the constituents also mean that national wage negotiations in the engineering industry can only establish minima.⁽¹³⁾ Quite deliberately though the banks restricted membership of the Federation to CLCB members, and excluded other small retail banks such as the Yorkshire Bank, on the grounds that because they were not full members of the clearing system their interests and operational systems could not be guaranteed to coincide with those in the CLCB.⁽¹⁴⁾ As a result of this limitation, wage policy could be developed and negotiated by the banks' representatives acting as council members and nominees to the JNC, so that their influence was still direct. In fact employer policy developed on a consensus (or large majority) basis relatively easily, a process which was enhanced after the bank mergers of the late 1960's reduced the size of the council to five members, plus the director. Moreover because of the oligopolistic structure of the industry and the homogeneity of the product, their operational interests and organisational processes remained highly similar.

There were also important reasons which were not purely economic as to why the banks were prepared to forego domestic control over pay negotiations. Firstly, the breadth of the single-tier model was effectively the price the banks had to pay for excluding NUBE from domestic bargaining. Although the banks were subsequently to reverse this decision and offer domestic recognition to the union, it was initially their intention to restrict the union to national bargaining. Being aware of this, the union pressed very hard for some control over appointed and managerial pay, recognising that if its representative constituency was restricted to onscale clericals it could hardly hope to overhaul the CBSA on the membership based poll-

vote, with the associations retaining their existing domestic recognition rights. So for political as well as ideological reasons its aim was to maximise national coverage and minimise domestic coverage.

Secondly, the institutional arbitration facilities already operating in most banks conditioned their interpretation of the freedom they would have to establish their own pay levels. It was felt that previous awards had restricted the opportunity to drift too far from industry averages, even with domestic bargaining arrangements, because it appeared that arbitrators were impressed by claims based on similar pay for similar work arguments. There was therefore seen to be little point in not formalising this already implicit linkage between the banks.

For these reasons the majority accepted a single-tier bargaining model covering basic not minimum conditions, despite opposition by a minority of banks, led by the Westminster, which were not happy with the prospect of the loss of domestic managerial control. This might have been a much more serious sticking-point had the Midland (which was also strongly domestic-oriented) been involved in the discussions. However its policy of non-involvement meant that the matter was resolved according to the majority's wishes. While the banks were able to make merit payments to their onscale staff which supplemented the national agreements, these were not negotiable, and clearly the banks did not envisage a two-tier bargaining process at this stage. But this did present a problem insofar as it offered no means of differentiating between career and non-career categories and thus no satisfactory opportunity to reward responsibility or initiative as the banks increasingly wished to do. The single-tier model was also seen to be disadvantageous during periods of official pay control, and particularly when productivity schemes offered the opportunity to reach pay awards above the prescribed norms. It was therefore one of the rigidities of the constitution which generated pressure for reform of the bargaining structure and an area where a formal compromise was subsequently effected to allow greater domestic flexibility. But it will be argued that the price of reform for the banks was the extension of joint regulation into their domestic prerogative. Thus it represented a substantial modification to the original objective of strictly delimiting an economic bargaining area.

NEGOTIATION/CONSULTATION

A second area of rigidity derived from the substantial broadening of the scope of national machinery, achieved when the union enforced the dissolution of the distinction between the negotiable and consultative categories of representation. This was not however just a quantitative change, but a qualitative one as well, because the list of the substantive items now included areas where there were differences of policy between the banks. For example, there was variation on overtime arrangements, large town allowances, and the management of safety precautions. Such a change in the principle defining the boundaries of negotiable items meant that an initial process of aligning conditions through bargaining would be necessary, which did create difficulties within the context of the tightly defined procedure, as will be shown. It also invested the national machinery with greater potential for disagreement because the range of items was more heterogeneous, and included several which the banks and associations had previously regarded as being within the arena of unilateral management.

Perhaps most significantly, the union managed to establish hours of work as a negotiable item, after the discontent on the Saturday morning question during 1967. This upset the CCBSA as it had taken a different attitude to NUJBE on the compromise proposed by the employers in October 1967, which would have retained Saturday opening in return for extra pay. The CCBSA (which became the CBSA in March 1968) had opened negotiations with the banks only to see them invalidated by the new constitutional arrangements, because the employers yielded to pressure from the Minister of Labour to settle the matter in the new machinery. (15)

Secondly, in view of the mishandling of the Saturday closure issue prior to 1968, it is perhaps surprising that the facility for consultation was omitted. But it will be argued that this change substantially increased the rigidity of the negotiating process because the effect was to make any resolution brought before the council effectively arbitral. As a result it proved difficult to use the JNC as a forum for discussion and the exchange of views even on sensitive items like the hours of opening. In addition certain arbitral items, such as hours of work, holidays, and safety of staff

touched on areas where the banks regarded their authority to be unilateral, but where it was extremely difficult to distinguish completely between the areas of bilateral and unilateral control. For instance, clearly the hours of work issue overlapped with the hours of opening, yet while the former was jointly regulated, the latter was a matter for the CLCB, and thus there was theoretically the opportunity for a variety of interpretations as regards the proper scope of joint regulation.

This meant that there was theoretically the opportunity for a variety of interpretations as to the correct scope of joint regulation. However no facility was incorporated into the procedure for an arbitrator to adjudicate on the negotiability of an item, it being accepted that once the procedure had been activated, an item was thenceforth permanently arbitral until both parties in the JNC agreed to change its status. The precedent-setting nature of the procedural form therefore also made it virtually impossible to introduce items into the JNC on a "one-off" manner, in contrast with the engineering industry for example, whereas Marsh noted,⁽¹³⁾ informal contacts between trade unions and local employers' associations and the development of informal works conferences, were designed to facilitate the resolution of workplace issues without prejudice to the formal statement of managerial functions in the national procedure. In the banking JNC, the use of informal discussions as a means of dealing with outstanding items without prejudice to the formal constitution was very restricted.

THE PROCEDURE AND ARBITRATION FACILITY

As Marsh emphasised however, in engineering these conferences were effectively voluntary conciliation phases rather than arbitration exercises in which a third party imposed a binding settlement,⁽¹⁷⁾ whereas in the banking industry the priority of settling issues rapidly and finally meant that there was no such provision for conciliation. In addition the tightness of the procedure forestalled this, because almost simply by virtue of introducing a resolution into discussions it was possible to trigger the procedure and thus to define a matter as arbitral. Effectively this represented an opportunity for the staff side to challenge the designated scope of the constitution

and thus a potential challenge to the prerogative of the banks, as we have noted, for example on the hours of work question. It therefore rather contradicted the point of creating a strictly defined area of bilateral authority although the banks had intended the opposite effect whereby, in establishing a clear limit to the range of arbitral items, there would be a distinct division between joint regulation and the area of domestic prerogative.

But it was because of the importance attached to conflict avoidance that the banks regarded the inclusion of the arbitration facility as a high priority, particularly after the success of NUBE's strike action. Indeed, they also wished to introduce a no-strike clause explicitly controlling the union's actions before or during any reference to a tribunal, but this proved to be impossible.⁽¹⁸⁾ As a second-best alternative it was therefore seen to be crucial to constrain the union through the joint staff side with the staff associations, even if at some future date NUBE was able to obtain control of the BSC through a superior membership. The importance of avoiding any pressure for separate arrangements either from the union or the associations was then a keystone of the banks' policies,⁽¹⁹⁾ divided representation being seen as a recipe for unrestricted competition between the staff bodies.

Compulsory arbitration and the joint staff side were also necessary arrangements to counter the powerlessness of the associations in the bargaining process. Being unable and unwilling to call upon sanctions to back up their claims, without the support of arbitration the associations would have quickly been revealed as inferior bargaining agents to the union, and thus likely to lose their support. So, to the extent that the availability of arbitration took the question of strength out of the bargaining equation and equalised the effectiveness of both staff bodies, it was relatively disadvantageous to the union. Nevertheless NUBE was also in favour of arbitration and remained so throughout the operation of the machinery,⁽²⁰⁾ because of its desire to ensure that it obtained absolutely equivalent negotiating rights to the associations. The fear of discrimination and the known moderation of its members therefore determined the union's decision to guarantee its own negotiating rights rather than to try and demonstrate the absolute reliance of the associations on arbitration.

Another potential constitutional rigidity was generated by this specific procedural form however, because the inclusion in the procedure of the compulsory and unilateral arbitration facility did raise the question of whether meaningful bargaining could take place. In the discussion below on the use of arbitration in the national machinery it will be argued that as the procedure was so tightly defined it did tend to inhibit the development of bargaining. Particularly during the starting-up period, it was easily possible to exhaust the procedure in the process of clarifying issues and attempting to standardise past practices as a preliminary step to negotiation. Nevertheless this tendency was offset by the adoption of informal modes of procedural amplification by both sides, and meaningful bargaining did take place over the whole range of arbitral items.

A second sort of risk associated with arbitration was that it placed rule-making in the hands of a third party. It will be argued that this created problems for the banks particularly when they wished to impose changes in the principles determining the payment of certain items, such as the Large Town Allowance and overtime because they had effectively become fixed or "trapped" by tribunal decisions. Moreover, to the extent that the staff side, which was dominated by the associations, did not have to depend entirely upon their bargaining strength when using arbitration to defend their interests it will be argued that this represented a relatively advantageous form of rule-making for them, because of the tendency of arbitrators to try and "split the difference" in their awards.

In effect therefore, the combination of the increased scope of bargaining and the constraints imposed by the arbitration clause, served to condition the operation of national machinery in an important manner.

The following chapters will develop the argument that because the competition between the staff bodies for control of the staff side (through superiority in membership) was not dissolved but only neutralized, each was inclined to pursue strategies designed to extend the area of joint control in order to demonstrate their greater representative effectiveness. Importantly as well, the constitution

proved highly conducive to facilitating these strategies because a relatively simple but effective means of challenging the designated scope of bargaining emerged around the arbitration facility. Furthermore, the hazy area between unilateral and bilateral authority in some of the newly negotiable items, such as hours of work and holidays proved highly conducive to fostering such expansionist strategies. So while the rigidities we have outlined above did contribute to the effective stabilization of the problem of divided representation in the bargaining process, at the same time they did generate considerable costs for the banks, and these subsequently became sufficiently onerous for them to question the very basis of their priorities and commitment to the national machinery as constituted.

To summarize the argument, it was suggested that the banks intended to permit a relatively limited area of joint regulation which was essentially concerned with rule-making on pay norms common to each bank; union involvement in the application and administration of these rules was not envisaged however. While the scope of substantive issues dealt with at national level was extended into certain non-pay issues by the union's action in 1967, there was still a clear limitation on the function of joint regulation as a rule-making exercise, so that the national bargaining parties had no jurisdiction over the interpretation of the rules at domestic level. Secondly, it was argued that the scope of bargaining threw up potential problems; first because the single-tier model of pay negotiation which covered career and non-career staff offered insufficient flexibility and discretion for the individual banks to differentiate between these groups; second because the broadened range of negotiable items was more heterogeneous than the original list, and it presented greater opportunity for conflict with other customary rule-making bodies. Thirdly, the procedure no longer differentiated between negotiable and consultative items, and because of the arbitration clause this tended to imply that any item which was discussed was ergo arbitral. In addition, the existence of compulsory and unilateral arbitration raised the question of whether this was compatible with free collective bargaining.

It has been argued that the limited national role for trade union representation was acceptable to the associations and to NUBE at the time that the constitutions were formulated. Nonetheless it will be proposed that they began to develop more expansionist strategies which challenged the role assigned to them in the national machinery, and in particular used the procedural format as a means of trying to establish a broader range of joint regulation. Not only did this clash with the area of unilateral prerogative which the banks traditionally claimed, but it coincided with a growing concern with their competitive position, which prompted firmer bargaining strategies. However, because of the limitations imposed by the procedure, their ability to combat the expansion of the staff side was restricted. Hence the priority of conflict avoidance, which had been embedded in the procedural format of the 1968 constitutions, began to contradict with more cost-oriented priorities creating an incipient source of strain upon the machinery, even prior to its collapse in 1977.

In the following chapters the intention is to examine how the difficulties stemming from the constitutional rigidities were manifested, and to examine to what extent they were dealt with or whether they remained a persistent problem. In addition the sources of stability in the machinery will be denoted, it being argued that bargaining was strengthened by both formal modifications and informal practices designed to by-pass the rigidities discussed above. But one central source of stability derived from the successful negotiation of the clerical salary scales, an item of prime importance to the national machinery, and this is discussed in the next chapter where the satisfactory outcome is explained in terms of the external environment of high inflation and frequent incomes policies as well as the mutually reconcilable objectives of the negotiating parties.

FOOTNOTES

1. No poll was taken on a resolution as to the election of the honorary officers. (Rule 8i BSC).
 2. Membership as at 31 December 1968 (first audited poll).
 3. NUBE ADM: Report of the General Secretary for 1967.
 4. FBE constitution, Rule 11.
 5. Meeting between members of the Conciliation Service of the Ministry of Labour and the management of several banks on 10 January 1968.
 6. Chamberlain N "Collective Bargaining" McGraw Hill 1951.
 7. Ibid pp 128-9.
 8. Kahn-Freund, Otto. "Labour and the Law" Stevens (1977 ed) pp 53-54.
 9. Flanders A "Collective Bargaining: a theoretical analysis" in op cit (1970) espec. pg 216-17; pg 222
 10. Meeting between the banks and members of Ministry of Labour Conciliation Service Jan 1960.
 11. See NUBE pamphlets 1949 and 1956.
 12. Source: CLCB.
 13. It should be further emphasised that this minima is no longer typically even "a 'floor' where rates raise all earnings when they are raised (but) a 'safety net' whereby only the earnings of the relatively low paid are affected". Brown W ed. (1981) pg 16.
 14. The pressure for membership in this instance came from the CCBSA which had wanted the staff association to be given a place in the BSC (Source: Working Party minutes).
 15. Report of meetings with the CLCB, CCBSA and NUBE held by the Minister of Labour on 17 January 1968. Source: FBE papers.
 16. Marsh A "Industrial Relations in Engineering" (Pergamon, Oxford 1965) Chapter 5.
 17. Ibid.
 18. Working Party Minutes.
 19. FBE papers, 1968.
 20. Working Party Minutes; NUBE documents (1975; 1977).
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CHAPTER 8
NATIONAL SALARY SCALES

1. Introduction

2. Incomes Policies

3. Pay Negotiations in "Free" Collective Bargaining
 - Pay Structure
 - Process of Pay Formulation
 - Bargaining Criteria

4. Conclusions

NATIONAL SALARY SCALES

INTRODUCTION

This chapter examines the process and outcome of negotiations over the national salary scales. Because the fixing of clerical pay was a primary function of the JNC it is argued that the success in negotiating this matter in a period of rapid inflation and frequent wage controls was a major source of stability for the national machinery, particularly when the previous problems over pay bargaining are borne in mind.

The intention is to demonstrate how both under incomes controls and in free bargaining periods, the process of negotiation was largely unaffected by the existence of divided representation. This is explained by reference to the similarities in the bargaining strategies of the staff bodies deriving from their all-grades constituencies, and to the broad compatibility of these strategies with the objectives of the employers' Federation, which rendered competition over the formulation of claims, or the generation of significant conflict over the outcome of negotiation very unlikely.

(i) INCOMES POLICIES

In the first part of the chapter, the salary scales are examined under the influence of incomes policies, it being argued that these were not strongly disruptive, and proved compatible with some of the policies of both sides of the JNC.

As regards the staff side, this is related to the fact that although the weighting of incomes policies was often in favour of the lower paid in the junior grades, where NUBE had a much higher proportion of members than the staff associations, the responses of the CBSA and NUBE to this trend were normally identical. Rather than this becoming an issue upon which the institutional competition prompted differentiated policies with NUBE showing much greater support for incomes controls than its rival, as might have been expected, both bodies were primarily intent upon defending the existing internal differential structure.

This similarity is explained in terms of the rivalry for members as the means to securing control of the staff council which necessitated both sides pursuing policies with the broadest appeal, rather than favouring a particular section (such as the junior clericals). It was this factor which tended to neutralize the emergence of institutional competitiveness, although as the 1977 disagreement which led to the collapse of the joint staff side showed, this could be a highly fragile consensus.

On the employers' side it will be argued that the effects of incomes policies upon the national salary scales was, within certain limitations, reconcilable with the objectives of recruiting and retaining adequate numbers of clerical staff. These limitations related firstly to the timing of recruitment into the internal labour market, which placed a priority upon the correct rate of pay in the junior grade, and to the restrictions imposed by the particular structure of bargaining adopted by the banking industry. On the other hand because of the labour intensiveness of the industry, the attempts to control spiralling labour costs were generally welcomed by the banks; moreover we suggest that despite a stated commitment to maintenance of the internal differentials, they were prepared to accept some flattening of the structure caused by official controls as a longer term trend.

In terms then of the problems posed by external constraint over pay determination, this section will argue that this was mediated by the attitudes of the parties which were in some ways supportive of intervention. Some of the restrictive effects did create bargaining difficulties over other areas however, and these will be contrasted with the pay bargaining process.

Writers such as Clegg and Flanders have stressed the primacy of "voluntarism" in industrial relations, implying that periods when voluntary wage negotiations were suspended through intervention by incomes control were therefore exceptional.⁽¹⁾ Yet during the nine and a half years of the effective operation of the JNC (May 1968 to October 1977) there were three statutory phases of incomes policy. These were the Prices and Incomes Policy, which was officially ended in January 1970;⁽²⁾ the Conservative Government's three phase "Counter-

Inflationary Strategy" operating from November 1972 to July 1974⁽³⁾ and the "Attack Upon Inflation",⁽⁴⁾ which succeeded the "Social Contract"⁽⁵⁾ in August 1975 and operated for three years, although its effects were felt in the banks until mid-1979, because of the timing of the pay awards. So in less than half of the years of its operation was the national JNC bargaining in a completely "free" environment.

In the timing of the introduction of these policies, the banks could complain with some justification that they were particularly unfortunate. It was previously noted that bank staffs were one of the first groups to suffer a standstill order under the Labour Government in 1965; the JNC also concluded the cost of living awards for 1 January 1973 on the same day that the pay freeze was announced, delaying implementation until 1 April 1973. The Counter Inflationary Policy also delayed implementation of restructuring agreements reached domestically concerning managerial job evaluation programmes. Again, the banks attempted to implement a territorial allowances agreement reached in July 1975, but were restricted because of the announcement of the "Attack on Inflation" the same day as the claim was submitted to the JNC.

From the standpoint of the parties to the JNC the notion of incomes policies being an exception might therefore have seemed something of a distortion. Indeed the national machinery was instituted during a phase of statutory controls and the JNC quickly learnt that it would not be able to by-pass these, whatever merits it believed its case had, when the first pay agreement it negotiated was disallowed by the NBPI.⁽⁶⁾ Because of this experience, the parties both developed the view that free collective bargaining represented a point at which adjustment could be made for previous controls and prospective restraints as well.

This was reinforced by the nature of the bargaining arrangements. Both sides felt that the centralized level of negotiation and the single tier model of pay determination meant that there was little opportunity to supplement the agreement, so that they were relatively restricted compared to other areas of the private sector where more flexible local deals could help circumvent the controls.⁽⁷⁾ In addition, the national agreements were highly visible and easy to "police", which again prompted the view that free bargaining provided

the adjustment point for the anomalies produced by official control. From the point of view of the banks it might also have been predicted that the distorting effects of incomes policies upon pay structure would be of concern because of the importance of their ordered pay hierarchy in forming a basis of their career structure. Hence those policies which were not based solely on a standard percentage increase throughout the grade, or had an upper income cut-off point could corrode this structure. Certainly the expressed objective with regard to the national salary scales revolved round the broad continuation (or restoration) of accepted internal differentials.

Yet, although the banks consistently supported the government policies designed to reduce inflation, including incomes controls, it was the timing of statutory policies on wages which was particularly critical to them. This stemmed from their concern that the ability to recruit and retain staff should not be impeded by external constraints; in particular, because the large majority of entrants were school leavers who entered in the most junior grade, the salary levels at the entry point had to be in line with what were calculated to be market rates in the critical period of the summer recruiting season. When the timing of the introduction or phasing of official controls constrained recruitment, which, it must be remembered, remained at a high level throughout the 1970's the banks pressed for latitude, although they were never prepared directly to contravene official policy at least until a clear precedent had occurred elsewhere, as in 1969. (8)

In contrast, and arguably because of the strength of their internal labour markets, the banks were prepared to accept a compression of the rest of the pay structure. Indeed in 1972 they had opposed the widening of the differential between grade 1 and grades 2 and 4 which was ultimately endorsed by an arbitration tribunal, and were thus presumably not too concerned by the re-compression caused through official controls in 1973-4. Although the need to retain staff in each of the clerical grades did necessitate general adjustments for the cost of living changes and comparability, their short term priority remained the establishment of the "market rate" at the point of entry. It is notable for example that during the "topping up" exercise permitted under Phase II in 1973 the employers wished to pay this all

into grade 1, while the BSC pressed for equal distribution throughout the grades,⁽⁹⁾ and from the tables 8.1-8.6 showing the trend of clerical pay it is apparent that there was a flattening of the inter-grade differentials throughout the 1970's particularly if the 1972 Arbitration is taken as the base-point (see tables 8.5 and 8.6). Routh⁽¹⁰⁾ has suggested that this is a typical trend of pay structures in periods of high inflation, because the trade union response to this phenomenon is to increase the frequency of pay claims not based upon a standard percentage, partly at least in an effort to compensate for the particular problems of the low paid. But the compression cannot in this instance be explained in terms of union responses to the exceptional inflation of the last decade. Rather it arose from a combination of official incomes policies, coupled with a disinclination on the part of the employers to re-enlarge the structure in periods of free bargaining. Hence between the two periods of official policy, from mid-1974 to August 1975, the compressed structure was maintained, and common percentage increases throughout the grades were awarded, despite the fact that the BSC claims were specifically directed towards compensating for "incomes policy anomalies".⁽¹¹⁾

It must be remembered that as a labour intensive industry, the application of pay awards below the level of inflation did offer the banks a significant cost advantage, as long as they did not lose too many staff. This factor would have arguably been offset for them by the strength of their internal labour markets, because a substantial number of their clerical staff would adopt a longer term perspective to their jobs, especially if they felt that their incomes would be similarly constrained elsewhere. Particularly therefore when pay controls were weighted towards the lower paid in the junior grades it could be argued that the effects were not disastrous, in the short term at least. Nonetheless it is evident that the banks did not intend to allow the differential between the grade 1 and minimum managerial point to contract as markedly as it did during the Social Contract period from 1976-78, and after the latter date the differential was re-opened.

Another effect of incomes policies was the narrowing of the scales within each grade, due to the flat rate increases affecting those on the lower point while those at the top received a (smaller) percentage increase. Again this trend was not reversed in free bargaining

periods, but it was offset by the introduction of domestic pay bargaining which allowed the national scale to be extended according to each bank's discretion. As such the constraints placed upon national bargaining were by-passed by this mechanism.

In summary therefore, the banks policies appeared broadly to be reconcilable with the official controls in the short term at least. Whilst not unworried by the effects of these controls it was not so much in the area of national scales as other pay components that the banks were concerned, and in particular over the ability to adjust the London allowance, London representing the most competitive recruiting area.

Turning to the staff bodies, it is evident that their objectives with regard to the pay structure were broadly similar to those expressed by the banks. Particularly after the job evaluation exercise in 1970-71 conducted by a joint forum, there was no desire to disturb the structure. Indeed the only overt conflict over pay during incomes policy periods concerned the interpretation of a ruling under Phase 1 of the "Attack on Inflation," which permitted only pro-rata awards to juveniles. Here the BSC managed to obtain some improvement to the Federation's proposals after negotiations.

There were also substantial similarities between the staff bodies with regard to incomes policies. These centred around the defence of the differentials between bank workers and manual groups, and secondly on sustaining the existing internal wage structure against incomes policy distortions. Moreover, although NUBE did express support for the low paid, who fared better under the flat rate components of incomes policies in 1972-73 and the two phases of Labour's policy, it argued that,

"In an industry such as banking and finance flat rate pay policies while discriminating against certain employees, additionally distort career structures and diminish differentials ..."⁽¹²⁾

... and that there had to be due attention paid to existing structures which reflected the coincidence of increasing responsibility and experience with increasing age. This is particularly so in our field where salary differentials should be widened as the age structure changes and considerably more responsibility is borne by senior staff."⁽¹³⁾

As a result the union called for a pay policy which was sensitive to the problem of "blockage in wage structures", as well as action on taxes and price controls as the primary means of assisting those with low pay. Allied to this it was critical of free collective bargaining which had militated against responsible behaviour, and too often been flouted by those groups which had the most bargaining power.

"We also believe that the free collective bargaining system of itself operates unfairly and furthermore has clearly failed in one of its fundamental objectives, which is to secure a more equitable distribution of wealth in the country. Indeed one major criticism of the free collective bargaining system is that it has only been free for those who have the strength to practice freedom."⁽¹⁴⁾

In short, NUBE appeared to have very little sympathy for the sort of militant behaviour which they thought had led to differentials being narrowed in industry, and in effect proposed a permanent system of national comparability to replace it. Similarly the staff associations traditionally differentiated themselves from the methods and style of orthodox unionism. They too displayed more concern with a strategy which was defensively derived from the desired manual-white collar differentials, and to sustain the banks' wage structure against incomes policy distortions.⁽¹⁵⁾

Such conservative strategies were arguably a reflection of the nature of the competition between the staff bodies. As all-grade unions they could plausibly claim that they had to defend the interests of the whole range of their members against the effects of incomes policy. When construed in the negative the implications of this point become clearer. Competition for membership necessitated the avoidance of any discrimination against one group of bank staff, say the senior clerical or managerial, in favour of another group, such as the junior clerical, in case the net effect of this was antipathy by the discriminated group and a removal of membership to the rival body. Such was this rivalry that one body could be sure that the implications of any claim which demonstrated partiality would be denounced by the other.⁽¹⁶⁾ In addition the career orientation of banking meant that clerical staff were believed to hold longer term perceptions of their own interests and to be normatively committed to a pronounced differential structure.⁽¹⁷⁾ While this did not invalidate policies

which for instance proposed support for the lower paid or some compression of the pay structure, such partiality made them potentially high-risk steps in an environment where through high inflation and incomes controls all staff were apparently suffering strain on their standards of living.⁽¹⁸⁾

On this point, it is important to remember that the rival propaganda campaigns of the two sides were going on throughout the whole of the period of joint working, including the merger talks. In effect the competition for membership heightened what Ross⁽¹⁹⁾ described as the political dimension of the bargaining process whereby union leaders were acutely aware of the penalty of failing to satisfy the wishes of any group or coalition of members. But incomes controls also presented a further problem for the union as it sought to demonstrate its claim that it made all the running in pay negotiations only to see the staff associations take the credit,⁽²⁰⁾ because the staff were probably well aware that they were subject to statutory limits regardless of which representative body they belonged to. So those grades which did benefit more from incomes policies would have seen this as a result of the TUC and the Government's policies rather than the union's efforts.

The importance of this was further enforced by the uneven distribution of membership between the union and the associations. Typically NUBE had a much greater proportion of junior staff among its members than the associations whose strength lay in the more senior clerical and appointed grades. As the relative benefactors of the incomes controls in 1973 and 1976-77 were the lower paid junior staff NUBE might arguably have shown stronger support for the compression of differentials. However it actually construed this issue in the negative, realising that it could hardly neglect senior staff, who were not faring so well, for fear of losing their support, particularly as the associations were campaigning on their behalf. Indeed there was obviously a strong element of membership competition behind the CBSA's decision to try and go straight to Phase III of the Counter Inflation policy in 1977 as a means of improving the position of the senior grades. To this NUBE carefully responded by emphasising its commitment to adhering to the statutory policy and the illegality of the CBSA's policy as the reason why it did not support this move, although it reiterated that it favoured policies to re-establish the

differential structure. It certainly seems plausible to argue that this concern with differentials was at least partly motivated by a desire to register sympathy with groups which were preponderantly in the associations in order to try and recruit them.

So it seems plausible to argue that the competitiveness between the staff bodies was a major factor in their response to incomes policies, although until 1977 this did not lead to attempts to break out of official constraints by using the arbitration facility, despite the view that bank staff were faring relatively badly. Yet because of the compulsory nature of the arbitration facility and the fact that there was no stipulation for tribunals to be bound by statutory controls this did represent an apparently easy route for the staff side to try and by-pass official guidelines. Certainly from very early on in the lifetime of the machinery an arbitration tribunal indicated that it would ignore incomes policy considerations in its award, when the overtime ruling of 1969 was given,⁽²¹⁾ but it was subsequently accepted by both sides that in such cases implementation would take place when free bargaining resumed. In effect therefore the respect for the integrity of the JNC's procedure and the wish not to compromise constitutional authority by challenging external controls did appear to be a constraint upon inter-union rivalry.

This was a fragile consensus however because it could be broken by the pressures of competition relatively easily, even when those pressures were not critical. It is notable for example that the CBSA's action in 1977 did not take place in the context of a serious crisis for the associations, as they were leading NUBE comfortably in the poll-vote and faced no exceptional pressures either from statutory bodies or the employers. Yet apart from the genuine belief that they had a strong case to justify their claim, there was little to be gained by this action at the time except to embarrass NUBE in front of the TUC, and in the event, the banks indicated that on advice from the government and their lawyers they would have to abide by official guidelines whatever the outcome of the tribunal.⁽²²⁾

To conclude this section therefore, it has been argued that there were problems with incomes policies, but they related not so much to the clerical salary scale as the bargaining over other issues such as

London weighting, and the potential clash between the compulsory arbitration facility and the exercise of statutory controls. Pay policies were almost the norm during the lifetime of the JNC. Adherence to official guidelines was followed closely in the banks, the centralized nature and the single tier of bargaining being conducive to a systematic application. This structure did however prompt other sides of the JNC to argue that in comparison with other more decentralized arrangements, they were unfairly restricted, and exceptionally closely watched by Government departments.

The policies of both sides of the JNC were designed to defend the existing differentials, which were flattened by incomes policies, as were the intra-grade scales. Where official controls conflicted with recruitment objectives, the banks were particularly concerned to maximise their flexibility. But it was argued that, in the short term at least, they were able to cope with the way in which official policies were weighted in favour of lower paid workers, because the strength of their internal labour markets insulated them to some extent from problems of comparability with other employers. As for the staff side, it has been suggested that institutional competitiveness did not impinge upon the problem of incomes policies, both sides of the BSC pursuing broadly similar objectives, at least until 1977. Additionally, both staff bodies had some reservations about free bargaining which meant that they were to a certain extent committed to the objectives of incomes policies. As a result the problems seen in the banks prior to 1968 did not erupt again.

(ii) Pay Negotiation in "Free" Collective Bargaining

It will be argued that bargaining over national rates of pay in periods when incomes policy restrictions were not in evidence proved to be relatively unproblematic. The reasons for this stability will be considered bearing in mind the previous breakdown in consensus over both the determinants of pay levels, and the pay structure within the clearing banks. Certainly the resurrection of greater consensus between the JNC parties was not due to a return to the passivity of the 1950's on the part of the staff bodies, indeed the institutional competition between them was occasionally evident in the formulation of rival pay claims. But it will be suggested that the reasons for

this relative consensus in pay bargaining (as compared to other issues) were linked to:

- (a) a broad commitment by both sides of the JNC to the stability of the internal pay structure, which has been discussed to some extent in the previous section.
- (b) a context of rapid inflation and frequent periods of official pay control which necessitated an element of flexibility being built into pay formulation. This, it is argued, allowed the principal determinant of the staff sides' claims, the cost of living, to coincide roughly with the market considerations behind the employers' pay policies.
- (c) the division of the national salary scales from other components of pay where greater conflict emerged in bargaining.

Following a discussion which seeks to demonstrate the commitment of both sides of the JNC to an ordered and stable clerical grading structure, the process of pay formulation is examined, to illustrate the flexibility which developed in this area, particularly on the employers side. Thirdly, the criteria used by both sides in the bargaining on national salary scales are considered with a view to demonstrating that although these were clearly different, they were nonetheless both reconcilable, not the least because each side of the JNC excluded certain potentially problematic pay determinants from their policies and concentrated on a limited range of factors. It will be concluded that these elements of national wage negotiations were sufficient to ensure mutually satisfactory results.

PAY STRUCTURE

Firstly, an important area of consensus related to the agreement in the JNC over the need for a stable and ordered clerical pay structure. It must be remembered that a major area of contention in the post-war period, which had been instrumental in prompting the banks to introduce formal negotiating arrangements, was the attempt to compress

the differential structure. This flattening occurred both in terms of the drop in overscale and appointed staff relative to the onscale clerical pay, and also within the clerical scale. But after the 1950's this policy was relaxed, and existing arrangements were subject to more stability. Moreover the extra effort required from the overscale staff, the same group which had suffered the greatest differential disturbance was also eased as the banks introduced greater mechanisation and computerization. They also adopted methods to improve organisational efficiency through clerical work measurement programmes and supervisory training, as the NBPI recommended. The effort/wage relationship therefore remained free from the sort of strains that has been imposed in previous years, mainly because of more liberal pay policies on the part of the banks.

We have already indicated that the banks established a wide coverage for national bargaining, extending across the whole of the clerical age-pay scale because it was thought that this group was susceptible to the external market. It was also thought that to split the onscale clericals (which represented the majority of clerical staff) into separate bargaining units would also be more likely to create leapfrogging settlements or disturb the differential structure, the fear being that this might then affect staff retention, which in the late 1960's was a serious problem for the banks.⁽²³⁾ There was however a recognised need for a payment system which would also be conducive to career development while being suitable for the growing numbers of non-career staff in the banks. It was mutually accepted that these demands called for a national structure which was both sensitive to the outside market, yet rewarded career development and particularly the shouldering of responsibility and initiative. Because these principles were built into the restructuring exercise which established a grading differential for clerical staff through a joint agreed reform programme, both sides were committed to maintaining the new structure in a relatively stable state.

If we then consider the policies of the staff bodies as expressed at the time of the job evaluation exercise it becomes apparent that the principles they proposed to determine the pay structure were also consistent with those of the employers. Generally it was argued that reform would create a system which would more adequately reward

responsibility and initiative. Indeed it was explicitly suggested that a job grading exercise would be of benefit because it would enhance the quality of recruited staff and "prevent the serious wastage now prevalent in banking employment."⁽²⁴⁾ It was consistently argued that the core element of any pay system in banking should be ability, but that this was only of marginal importance in the age-based structure. NUBE therefore asserted the need for reform in which rewards and promotions would reflect "real ability" creating an "ordered" and "rational" structure, a "logical" and "beneficial" system,⁽²⁵⁾ and these arguments were reiterated (less explicitly) by the staff associations in explaining the proposals to their members.⁽²⁶⁾ In that they reflected not only the central objectives of the employer but also expressed similar normative assumptions about the determinants of reward systems it is arguable that they were likely to be conducive to a high degree of consensus over pay negotiations in the JNC.

To the extent therefore that the staff side concurred with the banks in seeing the need for an ordered and stable set of pay differentials for clerical staff, this was one foundation stone underpinning the stability of bargaining over national salary scales.

THE PROCESS OF PAY FORMULATION

A series of factors relating to the formulation of pay offers in the Federation and to the process of negotiation also tended to minimise the potential for conflict. After the initial period of inexperienced bargaining, it was intended that a more co-ordinated policy would follow with the appointment of a director of the Federation of Bank Employers.⁽²⁷⁾ Nevertheless his ability to generate a strict consensus was limited. Firstly, the chairmen and chief executives would be centrally involved in drawing up the sort of figures around which negotiations could take place, as pay constituted such a major cost decision. These officers would also be able to intervene if necessary during the process of negotiations, and in so doing alter the Federation's brief. Secondly, it was not always possible to establish a consensus on bargaining strategy because different members could have different priorities, their mandates being formulated domestically.

Because the banks each had an input into the formulation of the pay strategy and the decisions over the conduct of the bargaining process, rather than delegating all negotiations to a central authority, it was often unlikely that an absolute consensus figure would be reached. As a result of these factors not only would the Federation usually adopt a relatively flexible opening position, but it would be relatively difficult for it to establish and hold firm with absolute certainty to a final offer.

But the effects of accelerating inflation and the likelihood of incomes restraint also tended to necessitate some latitude for future trends. It also reflected uncertainty on the part of the employers as to the rates which would be adequate (in their view) to ensure projected staff requirements through the recruitment of school-leavers. These could be difficult to calculate precisely, particularly in times of high pay settlements as the employers' intended settlement figure would be based on estimates of the likely pay settlement of their competitors in the labour market. As a result it was not unusual for the banks to reverse or alter pay proposals if the "going rate" seemed to differ from their original projections, or if recruitment was below expected levels at any point during the summer season. Indeed, so as to inject more predictability into this process, the Federation of Bank Employers brought forward the traditional settlement date from January to 1 July to coincide with the school-leaving date more closely, with effect from the 1975 settlement.

Agreement on pay policy was therefore not always unanimous, predictions of likely changes in the cost of living being extremely difficult to formulate during the unstable periods particularly following or prior to a statutory incomes policy. In addition recruitment needs could vary between the banks, as for example in 1975 when the two banks with the greatest proportion of staff in London, Barclays and National Westminster, were experiencing different supply conditions to the others. Their pay policies accordingly differed as well, with these two pressing more strongly for substantial increases in the territorial allowances. It is also notable that the banks failed to reach a consensus in their pay strategies in the years 1974-75 and 1978-79 when incomes policies had collapsed to be followed by high wage demands, which were finally settled in full.

The employers were not only constrained by external circumstances from creating fixed pay principles, but also by the particular negotiating procedure of the JNC, and the option of recourse to arbitration. In particular, it was thought that to acknowledge pay determinants could establish precedents which would weigh strongly in the deliberations of an arbitrator. As a result the banks were usually prepared to settle voluntarily but with what they thought was a generous offer, rather than risk being constrained in future by the creation of fixed principles such as comparability with an external group, even if in the short term they might be no more disadvantageous than any result obtained under "free" bargaining.

Similarly the staff side wished to avoid recourse to arbitration and entered the informal bargaining methods developed to supplement the procedure. One reason for this was to avoid accusations between the representative bodies that another was failing to bargain in good faith; there was also the view that the distance between the parties in the JNC was normally too small to warrant taking the matter through to arbitration. There is also some evidence to suggest that the dominance of the CBSA produced slightly lower initial claims, and a determination to conclude a settlement rather than protract negotiations. In particular, the acrimony over the collapse of the ABFU talks at the end of 1974 led to disagreement over the claim, with NUBE publicising its preferred figure of 20%, and the CBSA insisting that their claim of 17.5% be the one put forward.

Conversely, in 1977 it was of course the CBSA which attempted to circumvent the official controls, and NUBE which preferred to adhere to them; however this was an exception.

It is evident then that the several factors noted above contributed substantially to the flexible approaches of both sides of the JNC to formulating the rates of change in pay levels.

BARGAINING CRITERIA

Thirdly, the criteria used by each side in the bargaining process have to be considered, the intention being to contrast the relative consensus which prevailed in the national forum with the situation prior to the introduction of national machinery.

Robinson argued that the sequence of domestic arbitrations which took place in the 1960's prior to the introduction of national machinery, were provoked among other things by the rigid adherence of the banks to the state of the labour market as the basis of pay determination.⁽²⁸⁾ In contrast the associations adopted multifactor determinants, including comparability and productivity, having moved away from purely cost of living based claims.

But after 1968 it is noticeable that the banks adopted a less rigid position, and were able to come to terms with the BSC's claims relatively easily. An important indicator of the satisfaction with the bargained outcomes was the fact that only one arbitration on salary scales occurred, and this was mainly to adjust for anomalies produced by the restructuring exercise. Moreover, in the joint staff council, both representative bodies opted to focus most strongly upon the cost of living once more, a policy which Daniels found to be typical of trade unions in his survey undertaken during the period of exceptional inflation in the mid-1970's.⁽²⁹⁾ Clearly the need to redress the effects of inflation upon the standards of living of their members was the primary concern of the staff bodies in the national JNC. Although their initial claims were usually supported by other factors such as profitability, and comparability with other settlements, after the first round these were generally relinquished, or referred to as supplementary arguments mainly to justify moving beyond a reliance upon the historical changes in the Retail Price Index.

There appeared to be a degree of sympathy shown by the employers for these claims: references in the Federation of Bank Employer's minutes to the wish to "do the right thing by their staff" were repeated.⁽³⁰⁾ But it is debatable whether this reflected an area of normative agreement on the legitimate determinants of pay, or whether it derived from a more instrumental concern to find justifications for what seemed like relatively high settlements even if they were only keeping pace with inflation.

Certainly the prime concern of the Federation Council remained the ability to recruit and retain staff, and cost of living arguments were of secondary importance.⁽³¹⁾ However, because of the effects of higher inflation upon the standards of living of all of their staff, by

1971 the principle of roughly matching pay awards to changes in the cost of living was broadly accepted independently of both ability to pay or to recruit. In the next pay round, it was accepted that the RPI increase over the previous twelve months was likely to represent the minimum acceptable pay rise, although because of the future implications of establishing a fixed relationship between the rate of inflation and pay, the Federation was opposed to any attempt at a formal index-linking exercise. At that time there was also a view that allowances for future inflation should not be made, and pay movements would effectively remain catching-up exercises.⁽³²⁾ This principle did however come under strain from the rapidly accelerating rate of inflation in 1974 and 1975, when it was acknowledged that the cost of living was a minimum settlement, and that some allowance for both the continuing rise in inflation, coupled with prospective statutory incomes controls should be made.

These principles denoted the limits of the employer's position, and as they stood were hardly more than an acknowledgement that gross pay should (in real terms) not fall too much. Moreover the Federation argued in correspondence with the Pay Board that it was in effect only following prices:

"The two 'across the board' settlements were agreed solely in recognition of upward movements in the cost of living over the previous respective twelve months ..."⁽³³⁾

and in the same letter the employers emphasised that their reasons for feeling obliged to match the cost of living were primarily derived from labour market conditions:

"It can be readily appreciated that while we are paying lower salaries than our competitors at entry, our recruiting problems will continue ... we are also experiencing a high wastage rate ..."⁽³⁴⁾

In fact a similar argument had been put to the NBPI in 1965 and was dismissed as inflationary and shortsighted; nonetheless the banks clearly felt it was crucially important for them to be able to match a "going rate" in order simply to fulfill their operational requirements. While they did not believe that it was they who were leading the inflationary spiral, they clearly felt there was little option for them but to follow it or become separated from the market.

Nevertheless, the emergence of the need for "going rate" settlements did provide the crucial link in the bargaining criteria of the two sides. Although the relationship between market rates and the cost of living was not invariably symmetrical, in practice there appeared to be little difference between calculations based on the upward movement of the market rate and the changes in the cost of living as used by the staff side. Moreover during the periods of high or accelerating inflation the need to build in a degree of latitude to the negotiations, to account for future changes, enhanced this commonality. The employers were thus able to come to terms with the staff side's claims even though they approached the table on the basis of differing objectives. Under these circumstances, pay bargaining could become an integrative rather than a distributive process, in which neither side felt that it was losing. ⁽³⁵⁾

A further important, and associated, reason why bargaining could become integrative related to the way in which other criteria proved to be relatively unimportant, or were excluded from the negotiations on national salary scales.

COMPARABILITY

Taking comparability for example it is arguable that several factors could have made this a very important determinant. Firstly, the existence in each of the banks of a floor of corporate-wide conditions of service was acknowledged by the Federation to be a potential bargaining lever. It was however offset by two factors: firstly, although the structures of the banks became more elaborate in the 1970's they evolved differing policies on what conditions were corporately denominated. For example in 1973 Midland and National Westminster confirmed that their pay scales in subsidiaries were autonomous; Barclays stated that (with the exception of BBI) their's conformed to the JNC figures, as did Williams and Glyn's; Lloyds indicated that their wholly owned companies paid the same but partly owned associates were autonomous. Secondly, it was apparent that subsidiaries and associated would in general follow the trends established in the clearing banks rather than initiating rises. As a result the impact of different bargaining units within the corporate structures did not causally affect negotiations but in fact worked in the other direction.

The exception to this was perhaps Barclays Bank. Because of the size of its international arm in this country, the domestic bank could be influenced by negotiated outcomes in BBI, and a close relationship between the pay levels in the two divisions was acknowledged to exist. Hence while negotiations were managed separately they were clearly linked, so that for instance Barclays Bank Ltd felt strongly committed to accept the principles of a correlation between movements in the RPI and pay levels once this was accepted by the international arm⁽³⁶⁾ and this principle was also subsequently acknowledged by the Federation.

Similarly, the Scottish clearing banks could have a degree of influence upon the pay principles of the London clearers. For example, in 1975, the use of the Scottish banks as a comparator by the BSC to justify their case for a re-opener clause to the cost of living award was accepted as being highly significant by the Federation of London Clearing Bank Employers, for a number of reasons. Firstly, there were strong corporate links between the Scottish and London clearers,⁽³⁷⁾ and although the two groups were operationally independent a degree of consultation and co-ordination inevitably occurred. Secondly, the banks were recruiting similar types of staff, and their markets crossed over to a limited extent, through the Scottish banks' presence in London and vice-versa. Thirdly, they had similar bargaining arrangements, with a national negotiating council, and a common bargaining agent in NUBE. The staff associations also had links with their Scottish counterparts. But in fact because both employer groups used similar "market rate"/cost of living criterion and because the area of overlap was relatively slim, the staff side were unable to establish any form of "leapfrogging".

Comparisons with external bodies were introduced into the bargaining process as well, but their importance again appeared to be mediated by the strategic objective of the staff side to maintain the established differential structure. In trying to ensure that their clerical rates did not drift too far from national averages, the banks referred to a variety of comparators including the Civil Service, the Post Office, Oil and Insurance companies, and other retail banks. In particular they were concerned to ensure that the rates for the junior grades did not drift too far from external market influences, so despite their internal labour market policies the pay scale was related broadly to

labour market factors. However, because their internal structures did insulate the banks to a certain extent, this offered them a degree of discretion to adjust differentials independently of market considerations, particularly with more senior clerical staff.

Furthermore, technically the use of comparisons was a highly complex, and therefore risky matter, because of the variety of non-money factors involved, and because it was difficult to compute the exact benefit of these. For example, the "perk" of housing loans at a discounted rate which was an important non-pay benefit for bank staff was not available to all clerical staff, nor necessarily on uniform rates throughout the banks. Comparisons which did not fully account for future career structure or job content could also prove spurious: such differences reduced the utility of any close comparison between, say, the task of a cashier in the banks, and a cashier in the Post Office, despite the common job title.

But it has also already been pointed out that the prime concern of the staff bodies was to maintain the existing differential structure in a stable state. Unless therefore they could use comparability which was usually based on one point on the pay structure, or one particular job, as a means to lever up the whole scale, introducing external comparisons raised the risk of disturbing the structure. As a result the staff council would usually augment its claim by references to comparability but not regard it as the prime pay factor.

More broadly however, comparability did not impinge upon the national pay scales because of the mutual agreement to treat the various elements of the terms and conditions of employment as entirely distinct matters. Hence London weighting, holidays and hours of work, all of which were linked much more closely to questions of comparability were dealt with separately from national salary bargaining. This resolved the potential difficulty facing the banks that in wishing to enforce national pay rates they faced the fact that conditions within the national labour market were not uniform. Most notably, the demand for staff in London was so high that the banks had to add a premium comparable to that paid by other employers to meet their requirements. If the staff side had been able to compound this into the basic salary of all staff, clearly comparability would have

become a much more important issue; but because they chose to observe the constitutional distinctions in the components of pay, a discrete set of determinants could be utilised for each case. Thus national rates represented a sort of basic salary throughout the industry, on top of which certain special conditions could be added.

PROFITABILITY OF THE BANKS

While reference was made to factors such as the ability to pay and the profitability of the banks by the staff bodies in their magazines, these were rarely the primary plank of their cases in the JNC. When such references were made they were strongly resisted by the Federation on several grounds.

Firstly, it was pointed out that profitability and pay had not been linked historically. Subsequently, the introduction of domestic profit sharing schemes also enable the banks to argue that this factor was taken into account elsewhere, and hence it had to be excluded from national bargaining.

Secondly, the Federation argued that profitability could not be accurately incorporated into national rates because of the significant variations in profit levels over time, and between the member banks. Thirdly, it was stated that in real terms the profitability of the banks was not high (a factor which was accepted with more equanimity by the staff side than their public rhetoric suggested) and that as rates of return were subject to external influences, and particularly government interest rate policies, it could hardly be prudent to base pay determination upon this. Conversely however, the banks did not ever refer to reduced profitability as a justification for inability to pay, even during periods of high wage rises.

It is evident then that bargaining criteria which might have produced rises in real pay levels were not strongly deployed by the staff side, and when used, were strongly resisted by the banks. It was mutually accepted that profitability was a difficult criterion to use at the national level of bargaining, but more significantly both sides appeared to value the stability and predictability of pay

determination which was centrally related to the cost of living rather than the ability to pay.

CONCLUSION

Compared to the period prior to national machinery, it has been argued that pay negotiation proved to be a relatively unproblematic exercise. The explanation for this has been based firstly upon the bargaining strategies generated within a context of high inflation and frequent pay controls in which the banks were operating, and secondly, the particular structure of union representation.

A convergence of views in the JNC on the need to relate salary rises closely to changes in the cost of living arguably derived from the first factor. Indeed the increasing rate of inflation enhanced this consensus as both sides agreed to build more latitude into agreements in order to take account of future inflation and to compensate for anomalies caused by past and prospective incomes controls. Other pay determinants such as comparability became less important not only because of the high inflation, but also because of the agreement to deal with other pay components, such as territorial allowances, on a separate basis.

As regards the second factor, the bargaining strategies of the staff bodies were seen to be conditioned by the representative structure in which they were operating (the joint staff council). So despite their differing membership profiles and ideological incompatibility both NUBE and the CBSA were similarly concerned to sustain existing differential structure, and it was argued that this common policy derived from their competition to maximise membership throughout all of the grades in order to obtain or retain control of the Banking Staff Council. As a result of the similarities in their policies however, the effects of inter-union rivalry were largely neutralized, contributing to the relative ease with which changes in pay were achieved, an indication of this being the infrequent use of arbitration, or even of formal "failures to agree" in the procedure.

FOOTNOTES

1. For example, "From time to time there have been emergencies when the doctrine of voluntarism has had to be set aside, or at least suffer considerable limitations upon its application."
Clegg op cit 1979 pg 306
also Flanders A (1975) pp 288-294
2. "Prices and Incomes Policy" Cmnd 2639 April 1965
3. "A Programme for Controlling Inflation: 1st stage Cmnd 5125 November 1972; 2nd stage Cmnd 5205 Jan 1973; Stage 3 October 1973 Cmnd 5446.
4. Cmnd 6151 July 1975; Cmnd 6507 1976; Cmnd 6882 July 1977.
5. The Social Contract was in force from August 1974 to July 1975.
6. NBPI Report No 106 (1969)
7. FLCBE minutes July/August 1976 and
letter to Pay Board from the FLCBE 26 June 1973.
8. "There is for example no doubt at all that a flat rate payment has completely distorted the career job evaluated pay structures that have been carefully built up in banking over a number of years ... in our industry differentials need not only to be maintained but in certain cases improved and flat rate policies work directly against this."
NUBE (1977) pg 22
9. FLCBE minute no 92 of 1973
10. Routh G (1980) op cit pp 200-201
11. JNC minutes of July 1974
Also staff association magazines emphasise this point as the main priority.
12. NUBE 1977 pg 12
13. NUBE 1975 pg 17
14. Ibid pg 3
15. eg, National Westminster Staff Magazine
"Counterpoint" January and June 1976
16. NUBE's 1973 pay proposals which initially suggested some differential compression and were in defiance of the official incomes constraint were thus criticised by the associations.
cf SA magazines
17. Interviews with officials of SA's and union stress this point.
See also NUBE (1978) and SA literature (1975-78)

18. Hence BIFU's recent (1983) pay strategy which gives priority to low paid workers was acknowledged to be an innovatory policy by the union.
19. Ross, Arthur M "Trade Union Wage Policy" (Berkeley, University of California) 1948.
20. This point was for example repeatedly made in a series of meetings held by NUBE in 1977, when the 1975 pay negotiations were referred to, NUBE pointed out that the settlement of 22½% was higher than the association claim of 20%, and that the union's claim of 26% had effectively been the claim on which bargaining had taken place.
21. See NBPI Report No 143 (1970)
22. Minutes of arbitration tribunal October 1977
23. See above chapters 3 and 4.
24. NUBE booklet "Job Evaluation in the English Clearing Banks" (1971)
25. NUBE 1978 (op cit) Chap 1
26. Newsletters of staff associations 1970-1971.
27. During early meetings of the FBE, members took advice from an outside personnel executive as to how to proceed in negotiations.
28. Op cit 1969
29. Daniels W W "Wage Determination in Industry" (PEP 1975)
30. Federation meetings 1973 and 1975
31. Interviews with management and union officials 1981/82.
32. FBE minutes May-June 1971.
33. Letter from FLCBE to Pay Board, June 1973.
34. Ibid
35. To use the Walton and McKersie terminology of Walton R and McKersie R (1965)
36. FLCBE minutes 1975
37. Midland owns the Clydesdale Bank, Barclays has a minority shareholding in the Bank of Scotland and Williams & Glyn's Bank made up with the Royal Bank of Scotland the National and Commercial Banking Group, of which Lloyds Bank owned 16.4% of the equity.

LONDON CLEARING BANKSSALARY SCALES

New Job Evaluation system introduced 1 April 1971 with salaries backdated to 1 January 1971.

	CG1 Minimum £	CG1 Age 21 £	CG2 Age 21 £	CG3 Minimum £	CG4 Minimum £	Minimum Managerial £
1 January 1971	485	750	-	1000	1250	2770
1 January 1972	522	804	-	1074	1341	2967
1 October 1972	522	804	1020	1228	1494	2967
1 January 1973 **	561	861	1092	1317	1599	3098
1 January 1974	693	993	1224	1449	1731	3408
1 August 1974 (including threshold consolidation)	876	1242	1554	1857	2220	4221
1 July 1975	1073	1521	1904	2275	2720	5171
1 July 1976	1338	1833	2216	2587	3032	5483
1 July 1977	1449	1963	2346	2717	3184	5691
1 July 1978	1683*	2122	2534	2962	3471	6374
1 July 1979	1978*	2494	2978	3510	4114	7617
1 April 1980	2335*	2943	3532	4185	4953	9348
1 April 1981	2569*	3238	3886	4604	5449	10283
1 April 1982	2788*	3514	4217	4996	5913	11158

* (age under 18 - previously under 17)

** Paid from 1 April 1973.

TABLE 8.1

LONDON CLEARING BANKS

GRADE MAXIMUM SALARY SCALES

New Job Evaluation system introduced 1 April 1971 with salaries backdated to 1 January 1971.

	CG1 £	Standard Maxima CG2 £	(also known as Min/Max) CG3 £	CG4 £
1 January 1971	750	1000	1250	1700
1 January 1972	804	1074	1341	1821
1 October 1972	804	1406	1650	1950
1 January 1973	864	1506	1767	2088
1 January 1974	996	1638	1914	2256
1 August 1974 (including threshold consolidation)	1242	1941	2382	2796
1 July 1975	1521	2378	2918	3425
1 July 1976	1833	2690	3230	3737
1 July 1977	1937	2825	3392	3924
1 July 1978	2122	3051	3698	4279
1 July 1979	2494	3585	4383	5071
1 April 1980	2943	4429	5460	6105
1 April 1981	3238	4872	6006	6936
1 April 1982	3514	5287	6517	7526

TABLE 8.2

LONDON CLEARING BANKS

SALARIES RELATIVE TO 1 JANUARY 1971

New Job Evaluation system introduced 1 April 1971 with salaries backdated to 1 January 1971.

	CG1 Minimum	CG1 Age 21	CG2 Age 21	CG3 Minimum	CG4 Minimum	Minimu Manager
1 January 1971	100	100	N/A	100	100	100
1 January 1972	108	107	N/A	107	107	107
1 October 1972	108	107	-	123	120	107
1 January 1973	116	115	-	132	128	112
1 January 1974	143	132	-	145	138	123
1 August 1974 (including threshold consolidation)	181	166	-	186	178	152
1 July 1975	221	203	-	228	218	187
1 July 1976	276	244	-	259	243	198
1 July 1977	299	262	-	272	255	205
1 July 1978	347	283	-	296	278	230
1 July 1979	408	332	-	351	329	275
1 April 1980	481	392	-	419	396	337
1 April 1981	530	432	-	461	436	371
1 April 1982	575	469	-	500	473	403

* (age under 18 - previously under 17)

N/A (salary scale not available for accurate comparison).

TABLE 8.3

LONDON CLEANING BANK

SALARIES RELATIVE TO 1 JANUARY 1971

New Job Evaluation system introduced 1 April 1971 with salaries backdated to 1 January 1971.

	CG1	Standard Maxima (also known as CG2	CG3	Min/Max) CG4
1 January 1971	100	100	100	100
1 January 1972	107	107	107	107
1 October 1972	107	140	132	115
1 January 1973	115	150	141	123
1 January 1974	133	164	153	133
1 August 1974 (including threshold consolidation)	166	194	191	164
1 July 1975	230	238	233	201
1 July 1976	244	269	258	220
1 July 1977	258	283	271	231
1 July 1978	283	305	296	252
1 July 1979	333	359	351	298
1 April 1980	392	443	437	359
1 April 1981	432	487	480	408
1 April 1982	469	529	521	443

TABLE 8.4

LONDON CLEARING BANKSSALARIES RELATIVE TO 1 OCTOBER 1972

An arbitration adjusted salaries in the London Clearing Banks from 1st October 1972.

	CG1 Minimum	CG1 Age 21	CG2 Age 21	CG3 Minimum	CG4 Minimum	Minimum Managerial
1 October 1972	100	100	100	100	100	100
1 January 1973	107	107	107	107	107	104
1 January 1974	133	124	120	118	116	115
1 August 1974 (Including threshold consolidation)	168	154	152	151	149	142
1 July 1975	206	189	187	185	182	174
1 July 1976	256	228	217	211	203	185
1 July 1977	278	244	230	221	213	192
1 July 1978	322	264	248	241	232	215
1 July 1979	379	310	292	286	275	257
1 April 1980	447	366	346	341	332	315
1 April 1981	492	403	381	375	365	347
1 April 1982	534	437	413	407	396	376

TABLE 8.5

LONDON CLEARING BANKS

SALARIES RELATIVE TO 1 OCTOBER 1972

An arbitration adjusted salaries in the London Clearing Banks from 1st October 1972.

	CG1	Standard Maxima (also known as CG2	CG3	Min/Max) CG4
1 October 1972	100	100	100	100
1 January 1973	107	107	107	107
1 January 1974	124	117	116	116
1 August 1974 (including threshold consolidation)	154	138	144	143
1 July 1975	189	169	177	176
1 July 1976	228	191	196	192
1 July 1977	241	201	206	201
1 July 1978	264	217	224	219
1 July 1979	310	255	266	260
1 April 1980	366	315	331	313
1 April 1981	403	347	364	356
1 April 1982	437	376	395	386

TABLE 8.6

CHAPTER 9

PRODUCTIVITY BARGAINING AND SALARY REFORM

1. Introduction
2. Incomes Policy and National Pay Negotiations
 - (i) Pay and Productivity: The Banks' View
 - (ii) The Response of the NBPI
 - (iii) Effects on National Machinery
3. Salary Restructuring
 - The Banks' Objectives and the NBPI Proposals
 - The Objectives of the Staff Bodies
 - The Process of Change
 - (i) The July Proposals
 - (ii) The September Proposal
 - (iii) The Shift in Strategic Objectives
 - (iv) The Influence of Inter-Union Competition
 - (v) Return to Full Negotiation
 - Domestic Application of Job Evaluation and Recognition of NUBE
4. Conclusions

PRODUCTIVITY BARGAINING AND SALARY REFORM

INTRODUCTION

While the outcome of pay bargaining was broadly satisfactory to the parties concerned, the structure of pay negotiation did prove problematic. It is the reform of this structure which is considered in this chapter, and specifically the relationship of this reform to the competition between the unions for power.

The reason for examining this restructuring exercise is that, as was argued in chapter 7, one of the reasons for establishing a single level of pay determination in the national JNC in 1968 was to minimise the effects of the competition between the staff associations and NUBE. By restricting pay bargaining to the national machinery, domestic management was insulated from the effects of this rivalry, and in fact NUBE did not obtain institutional (ie domestic) bargaining rights under the national constitutions. As such the structure of bargaining was one component of the employer response to the special form of inter-union rivalry which forms the central theme of this thesis.

But insofar as it contradicted with the aims of management domestically to use pay as an instrument of manpower development, it is argued that the original strategy of establishing a single tier of pay bargaining proved to be problematic. This was intensified by external pressure for productivity bargaining at the domestic level. This chapter considers these developments which led to the restructuring exercise, and, in examining the outcome - a two-tier bargaining process - it looks at how this change was reconciled with the original objectives of the banks, when establishing a single-tier bargaining model, of minimising wage competition and controlling the instability of divided representation.

Although specifically concerned with the way in which the problem of inter-union competition was managed, nonetheless it is emphasised that in reinforcing the salary structure the principal objective of the banks was to acquire greater domestic control over salaries. It is argued that by jointly negotiating and implementing the reform, the

banks did depart from their original strategy of limiting bargaining to the principal terms and conditions of employment. In particular the new federated negotiating structure represented an amplification of NUBE's recognition rights. Crucially however, it did not offer the union a means to obtaining control of the staff side, as NUBE hoped it would, and it is concluded that the underlying instability of the inter-union rivalry was only intensified by the extension of the joint working arrangements to the domestic level.

The chapter is set out in two parts. In the first, the influence of incomes policy constraint and particularly pressure to pursue productivity bargaining are considered. The difficulties this created for the single level of bargaining at the national level are explored, it being argued that a pay-productivity linkage was more appropriately applied at the company level.

In the second part of the chapter the restructuring exercise, stimulated by Government pay restraint, is considered. The objectives of the parties are examined, it being demonstrated that in particular there were difficulties arising from the differing intentions of the unions as regards the degree of centralisation of bargaining which threatened to destabilise negotiations and undermine the reform initiative. The process of reform is then considered to see how this difficulty was resolved. Finally, the outcome of the restructuring is examined and the impact of the changes on the inter-union competition are assessed.

INCOMES POLICY AND NATIONAL PAY NEGOTIATIONS

In this section the objective is to demonstrate how the linkage between pay and productivity established by the Government and applied by the National Board for Prices and incomes (NBPI) created problems for the banking industry and subsequently both complicated and stimulated the reform of the clerical salary structure.

It is argued that because the productivity criteria was properly applied at the domestic level it created fundamental problems for the banks. Firstly, it contradicted with the national pay coordination, seen as necessary to minimise wage competition. Secondly,

productivity proved to be a difficult concept to apply in the banking industry. As a result productivity based changes to pay were considered insufficient to match the market rates for staff. In a period of high demand this resulted in serious recruiting problems for the banks, but due to the close scrutiny of the industry by the Government the attempts to bypass the policy were unsuccessful. The industry was therefore relatively restricted in its pay settlements.

It was in this context that the new national machinery was quickly placed under strain by pressures for a return to domestic negotiations. But a loosening of pay controls and a compromise proposal from the NBPI offered the opportunity of reconciling the national institutional pay structure with the productivity criterion, thereby stimulating the decision to undertake a national salary restructuring exercise. This is then considered in the second part of the chapter.

We start by asking why the banks felt unable to accept the premise of the Government's pay policy, which increasingly sought to relate changes in pay to changes in the level of productivity.

i. Pay and Productivity: the Banks' View

The fundamental problem, in the banks' view, of the linkage of pay and productivity was that it coincided with a period of high demand for labour, which necessitated an adherence to what were seen to be market rates for clerical staff as the central determinant of pay change. This demand resulted from the corporate growth which each bank was pursuing through branch expansion and led to a 22% rise in the total numbers employed from 144,775 to 176,875 between 1965 and 1970.⁽¹⁾ Apart from the need to recruit new staff, this expansion required a high retention of experienced clerical staff, particularly from among the female staff who had provided much of the increase in the banks' labour force. As the NBPI acknowledged however, this group was not expected to pursue a career in management and its pay was therefore much more susceptible to 'market rates'.⁽²⁾ In the tight external market then prevailing for clerical staff it was therefore of prime importance to the banks to keep clerical salary levels adjusted to those of their competitors, and in this context, any sort of pay-

productivity linkage was of secondary importance; indeed we noted earlier that the banks had already strongly resisted the efforts of the staff associations to establish such a relationship from 1960 onwards. Yet as several writers have pointed out, through the Labour Government's Prices and Incomes Policy⁽³⁾ and the work of the National Board for Prices and Incomes (NBPI, and more commonly referred to as the Prices and Incomes Board)⁽⁴⁾ productivity became by 1970 the prime and almost exclusive determinant of pay. There was therefore the basis for a clear clash of policies between the banks, and the Government.

To counter the efforts of the NBPI to make them develop pay structures based on changes in their individual levels of productivity, instead of comparability with market rates, the banks developed several arguments. Firstly, it was pointed out that owing to the lack of a tangible product it was extremely difficult to measure output. Indeed the definition of productivity offered by the Midland Bank which was the subject of the NBPI's first investigation in 1965 related not strictly to output, but to,

"the development of appropriate services, coupled with the receipt of appropriate remuneration."⁽⁵⁾

which not only raised the question of how to measure changes in productivity with regard to newer services such as trustee and executor work, income tax advice and some of the foreign trade and travel facilities, but also the general question of whether the changed level of activity was evenly dispersed throughout the various grades.

Secondly, it was by no means certain that the banks accepted the need for productivity gains from their staff, through increased effort or by shouldering new responsibilities, because they argued that technological innovations, and in particular the automation of the clearing systems and computerisation of their accounting procedures would ensure increased efficiency. The sort of reforms proposed by the NBPI in its second Report (No 34) on the banks, which included better training for junior clerical staff and supervisors, and the introduction of more rigorous techniques for analysing work processes in the O&M Departments were therefore not seen to be of great importance. They were sceptical about the 12% savings in staff

which the NBPI suggested could be achieved from such changes, especially as no details on quite how this was to be done were given. (6)

Related to this, the banks argued that it would be impossible to disaggregate any calculation of the effects of technical change upon productivity from the effects of increased effort. Coupled with the changing nature of the services which they offered, this made longitudinal comparisons difficult. This point was accepted by the Prices and Incomes Board which, while still trying to quantify change by the use of numerous selected indicators, accepted that its calculations were not faultless. (7) Moreover, the banks argued that they did not suffer from the sort of labour problems experienced by other sectors of industry, such as resistance to technological change and restrictive working practices, which were usually seen as the cause of low productivity, (8) although in view of the inability to measure productivity accurately they could hardly be certain. So, both because of measurement difficulties and because productivity was thought by management to be rising sufficiently quickly, any calculation of pay changes based upon productivity alone was considered inappropriate, while the high turnover of staff and the inability to recruit and retain a sufficient number of high calibre staff to fulfil their future managerial needs were argued to justify pay rises above the national norm, which was fixed at around 3½% by the Prices and Incomes Policy in 1965.

ii. The Response of the NBPI

However, the Prices and Incomes Board persistently rejected these arguments and pressed for a move away from market rate determination. Without concomitant increases in productivity, it argued that pay rises were inflationary and, insofar as they led to other employers bidding-up for labour in response, ultimately self-defeating. It was made clear in 1965 that the banks could expect close scrutiny of their settlements "as bank staff form an important group of salaried workers" (9) and their agreements could affect the national interest (as determined by the objectives of the Prices and Incomes Policy). The banks were therefore bound to have to justify their agreements in terms of the official productivity criteria and, predictably, they were unsuccessful in persuading the NBPI that they should be exempted

from official policy. The banks were in fact subject to a statutory pay freeze for 20 months between 1965-67 as a result, and their pay rises were restricted to the national "norm" for nearly four years until the middle of 1969.

Not only was there disagreement over the question of pay determination, but the main proposal of the Board to raise efficiency in its first two Reports (Nos 6 and 34) was also rejected by the banks. This proposal, for a dual-level salary scale, was in keeping with the Board's main strategy for raising the efficiency of white collar workers through changing the pay structure, as McKersie and Hunter have shown.⁽¹⁰⁾ The intention was to establish two separate recruitment categories: career and non-career, which, it was thought, would enable the banks to meet the need for a growing number of clerical workers engaged in routine accounting work, while at the same time the management of the future could be trained separately. Indeed the Board argued that this arrangement would simply formalise the existing division the banks operated, based broadly upon sex, but it would save costs as well because the annual increment to pay need not be applied to all staff, and salary levels could be tied more closely to productivity.⁽¹¹⁾

Now while the management in some banks had acknowledged that the existing system was anachronistic, the NBPI's proposal was still thought unacceptable. Firstly because it offered no immediate means to circumvent the incomes policy norm and therefore did not resolve the pressing short term question of recruiting and retaining staff. More fundamentally the reform proposed, or implied, that change should be made domestically in order to break away from market or national rates, and to tailor the pay structure to each bank's individual needs. Yet this revealed the central difficulty of the proposal from the viewpoint of the banks: change would simply create a differentiation between them in pay levels and increase the competition for labour which, by national coordination, they were trying to minimise. Thirdly, they were not convinced that the generalist training given to all recruits should be abandoned through tiering at the point of entry.

iii. Effects on National Machinery

But insofar as such reform threatened to put in jeopardy the national machinery, it also increased the chances of disruption from NUBE. The banks were therefore caught between pressures to decentralize pay bargaining and pressures to sustain the new arrangements, which were intensified after the NBPI disallowed the JNC's first agreement in 1968 and a 3½% rise was imposed for the second time in three years. A proposal to return to domestic bargaining began to circulate among some staff associations which recognised, in the restrictiveness of national negotiations, an opportunity to vindicate their domestic preferences. With the prospect of another two years of statutory control upon their pay levels this also began to appear more attractive to some managers, despite the threat to national coordination that was implied. Although not all parties supported this move, it was generally acknowledged that while the pay-productivity linkage continued, the single tier model of pay negotiation fixing actual (as opposed to minimum) rates for clerical staff incorporated several disadvantages. Firstly, this offered no opportunity for "wage drift" through local negotiations, while where multi-level bargaining occurred the chances of 'exceptional' increases were raised.⁽¹²⁾ The arrangements in the national JNC were said to offer only 'one bite at the cherry' which was highly visible and easily "policed".⁽¹³⁾

Secondly, the bank staff appeared to be penalised for their moderation. Because no known restrictive practices were maintained by the staff, the accelerating trend of automation and computerisation took place with the cooperation (and indeed without extended consultation) with the staff bodies. In their Report No 106 it was noted that both sides of the JNC had referred to this factor, but the Board failed to see this as a justification for the general case for exceptional treatment. So in effect, the absence of a need for productivity bargaining linking "increases in pay" to "specific changes in working methods"⁽¹⁴⁾ was detrimental to the banks' case because the Board implicitly argued that such cooperation should be the norm (whether it was or not) and hence it could not accept the principle of rewarding it.

Thirdly, although it was possible to negotiate pay based on measures of productivity nationally, this did restrict the banks to an industry average, and as the staff associations pointed out, this would penalise staff in the more efficient and profitable banks.⁽¹⁵⁾ Thus company level negotiations were, in their view, clearly superior.

Pressure for reform in order to resolve the problem of continuing pay restraint therefore quickly threatened the viability of the newly constituted national machinery and might well have led to its demise before it was properly established given its apparent disadvantages. It was relieved however firstly by the loosening of pay restrictions in the latter part of 1969, with the result that, against the wishes of the NBPI and the Government, the banks were able to pay the full amount of their pay agreement and backdate it to July 1968. Secondly, they were able to reconcile the objective of national coordination with demands for improved productivity because the NBPI shifted from its previous dual level salary structure proposal to the suggestion of an industry-wide salary restructuring as the means to enhance performance.⁽¹⁶⁾ No specific linkage of future pay rises to changes in domestic productivity were mentioned nor were criteria to measure the outcome of reform in terms of output or efficiency, it being assumed that this would inevitably bring about the desired change. Moreover, unlike the earlier proposals this one indicated that "exceptional" pay rises would be permitted when it was implemented, which offered the impetus to undertake reform via the national machinery, heading off criticism from those members of the JNC which were keener to undertake domestic reform.

It was, then, a shift in the mode of reform proposed by the NBPI to a more flexible plan located at the national level which reconciled the pay-productivity linkage with the need for national coordination. Prior to that, this had threatened to undermine the national machinery almost as soon as it had started to operate. The outcome of reform was however a significant change in the structure of pay bargaining and the scope of joint regulation, as the next section will demonstrate.

SALARY RESTRUCTURING

To recapitulate: the argument in this chapter is that the original model of pay bargaining, located exclusively at the national level and designed to insulate domestic management from the effects of the inter-union rivalry subsequently proved over-restrictive for the banks, in part because of the Government's emphasis upon pay and productivity focussed upon the company as the appropriate level of negotiation.

The resultant shift to a two-tier bargaining process extending joint regulation on pay into the domestic banks was therefore a significant modification to the original model. How, in undertaking this reform, the banks managed to resolve the differences between the unions over the appropriate federal split between national and domestic negotiations is one objective of this part of the chapter. Secondly, it demonstrates how the banks, while extending the scope of joint regulation into "managerial" issues were nonetheless able to sustain the insulation of the bargaining process from instability due to competitive unionism. It is concluded therefore that the restructuring exercise represented an extension of union power, particularly for NUBE whose rights had been restricted to the national forum. It did not however offer a means to achieving control of the staff side, as the union hoped, and therefore did not dissolve the fundamental rivalry between the two staff bodies.

The section is split into three parts. The first deals with the objectives of the parties in the reform, which took place through an industry-wide job evaluation programme. It is suggested that there were two fundamental and related problems.

Firstly, the constitutional difficulty for the banks associated with instituting change with the consent of the staff side while protecting their managerial prerogative and the dangers of being taken to arbitration. Secondly, this was exacerbated by the difference in the objectives of the staff bodies as regards the desired scope of the national bargaining unit which seriously threatened to disrupt reform.

In studying the process of reform in the second section the intention is to demonstrate how these problems were overcome by an unprecedented suspension of the established procedure.

The third section then considers the outcome of change in terms of the rivalry between the staff side. It demonstrates how the function of the unions was significantly extended beyond that designated in the 1968 constitutions into areas previously controlled unilaterally by management. Yet this did not offer a means of dissolving fundamental differences between the unions, and the tensions underlying the superficial stability of joint working therefore persisted.

THE BANKS' OBJECTIVES AND THE NBPI PROPOSALS

Looking first at the employers' objectives in fixing clerical pay, it can be argued that while they were consistently concerned to recruit and retain adequate numbers of clerical workers for current manning needs and future management development there was also a discernible development in their views on the appropriate process of pay formulation, and structure of salaries. During the 1960's it had become apparent that the age-based progression was inappropriate, being too rigid to cope with the high demand for labour in the tight market conditions, and unsuitable in view of the organisational changes stemming from computerisation. It was also expensive because shifts in one part of the scale to accommodate the external market necessitated concomitant movements in the rest of the scale. By introducing merit schemes and a degree of streaming the banks modified the system marginally, but remained committed to the existing structure principally because it was a means of sustaining coordination. The decision to do no more than tinker with this system was also influenced by the disinclination to be drawn into the reforms proposed initially by the NBPI, and because the banks were consistently trying to fight the strictures of incomes policy and staying aligned with market rates, rather than develop domestically based two-tier structures.

A further point which influenced the decision to sustain the national coordination of pay was the competitiveness of the staff bodies. As was argued above, a major reason for introducing national machinery

had been to minimise the effects of this rivalry, which had already engendered more aggressive bargaining strategies among the associations from 1960 onwards. Domestic negotiations could only encourage greater competitiveness; hence the single tier of pay negotiation established by the 1968 constitutions governing national machinery.

However this quickly proved too restrictive for the banks, which by 1969 were looking more favourably at a two-tier bargaining process. Not only was this to avoid the productivity bargaining difficulties considered above, but also to allow a clearer streaming of staff.⁽¹⁶⁾ The intention was to develop a pay structure which was more sensitive to the market rate by relating pay to the task performed rather than age, whilst allowing career staff who showed responsibility and initiative to be rewarded through promotion to higher grades with more pay. The structure would therefore permit a more systematic development of management potential than the existing merit awards, but still sustain national coordination at least on recruitment rates through the use of an industry-wide job evaluation programme. While not abandoning the common basis to their pay structure, the banks were nonetheless intent upon establishing greater domestic discretion (and thus, potentially, variety) to use pay as a component of manpower development policies.

An industry-wide programme of reform also squared with the proposals of the NBPI in its third report on the banks (No 106) published in 1969. This was an unusual step for the Board to take, not usually being in favour of centrally developed reforms, and preferring to limit national agreements to a "framework" making role of encouraging and establishing the guidelines for change, while the main thrust of change was based at company or establishment level, as Liddle and McCarthy noted.⁽¹⁷⁾ However the special conditions in banking - its high degree of concentration and homogeneity in organisation - were seen to merit the exception.⁽¹⁸⁾ Furthermore, the Board was keen to overcome the previous resistance to any reform by encouraging change through the new national institutions, and by offering the incentive of an above-norm pay increase.

Given the four years of pay restriction in which the banks had reluctantly acquiesced this proposal was highly attractive. And in wishing to create a clearer distinction between career and non-career staff, and to reward responsibility more systematically there were clearly affinities with the NBPI's earlier proposals. However the revised ideas of the Board contained crucial changes: firstly, they allowed the banks to retain a core industry-wide pay structure to minimise the competition for labour. Secondly, the generalist training system could be retained, and no formal distinction between career and non-career staff had to be developed at the point of entry. Hence thirdly, the banks did not have to establish a formal division of labour based upon sex which was implied in the NBPI's earlier proposals.

While offering the advantage of an "above ceiling" pay increase and being sufficiently close to the banks own objectives, the Board's proposals for a national negotiated reform did present certain constitutional problems. Most importantly from the perspective of managing the reform, it was pointed out in the Federation that job evaluation was not a nationally negotiable issue but a matter for domestic prerogative.⁽¹⁹⁾ Were it to be considered by the national JNC, there was the risk that the matter would be deemed arbitral and therefore possibly removed from the control of the banks to an external body. On the other hand, as an issue of concern to all staff it was seen to be inappropriate to impose reform unilaterally at either level. So, having decided under the influence of the Board to undertake reform nationally, the banks then had to place certain provisos over the extent of the negotiability of restructuring, and in effect to have the procedure suspended. Arguing that as a matter of operational management it would be inappropriate to determine the design of the evaluation programme jointly, and that in return for agreement from the staff side that discussions would be free from procedural constraints, the banks agreed to continue to negotiate on pay separately and to make an interim award.⁽²⁰⁾ Fortuitously, by this point the incomes policy had effectively collapsed.

To sum up the objectives of the banks, they were concerned to establish greater domestic discretion over the pay structure, while retaining a core of national coordination. The question of inter-union competition, while significant in terms of the negotiation of change was incidental to this main objective. However there was a risk of

disruption due to the differences in the objectives of the staff bodies, and this was highlighted by the timing of the proposed restructuring.

THE OBJECTIVES OF THE STAFF BODIES

Secondly, therefore the differences in the objectives of the staff bodies had to be resolved. These were highlighted by the fact that the formal revision of the national constitutions was due in 1970 and the new salary system was seen as an opportunity to change the scope of the national bargaining unit by the CBSA. Having been (in the view of the associations) coerced into the existing arrangements by NUBE's strike action the associations saw their continuing membership superiority as evidence that a majority of staff supported greater domestic bargaining, and while the motion from the BSC proposing salary reform was made "in view of the NBPI's recommendations"⁽²¹⁾ it was a considerable dilution of the Board's ideas. Framed from the standpoint of the staff associations which dominated the national joint staff council, it proposed that the main locus of any decision making on this matter should be the individual banks. Hence the JNC resolution simply called for a shortening of the existing age scale to 25 years (from 31) and all other salaries becoming domestically negotiable. The dominance of the CBSA was further illustrated by resistance to a Federation proposal that the whole issue of reform be thrown open to discussion on the grounds that restructuring was without the national constitution, being distinct from the matter of pay levels.

NUBE however made it clear that it would oppose a domestic based reform or changes to the existing scope of national bargaining. Having long argued that pay was determined collectively by the banks, it saw domestic pay bargaining as spurious and simply an excuse for "internalism" to re-emerge as a block to real representation. It had also not achieved full domestic recognition in all of the banks and therefore stood to lose a degree of control over the determination of pay which would also redound detrimentally on its appeal to potential members. In contrast the associations still retained their pre-1968 domestic rights. This inter-union conflict threatened to disrupt the negotiation of change and to collapse the procedural framework if it was not resolved by July 1970.

Again however, by the offer of pay awards independent of the restructuring exercise, the banks managed to persuade the staff side that the constitutional question be dealt with separately from the job evaluation programme. Significantly, it was also agreed that the design of the job evaluation would be developed by the Federation and then put to the BSC for ratification, so that the whole argument about the scope of bargaining was initially at least to be dealt with by the banks alone, and prior to the revision of the constitution. As will be demonstrated however, in practice the two issues were intertwined.

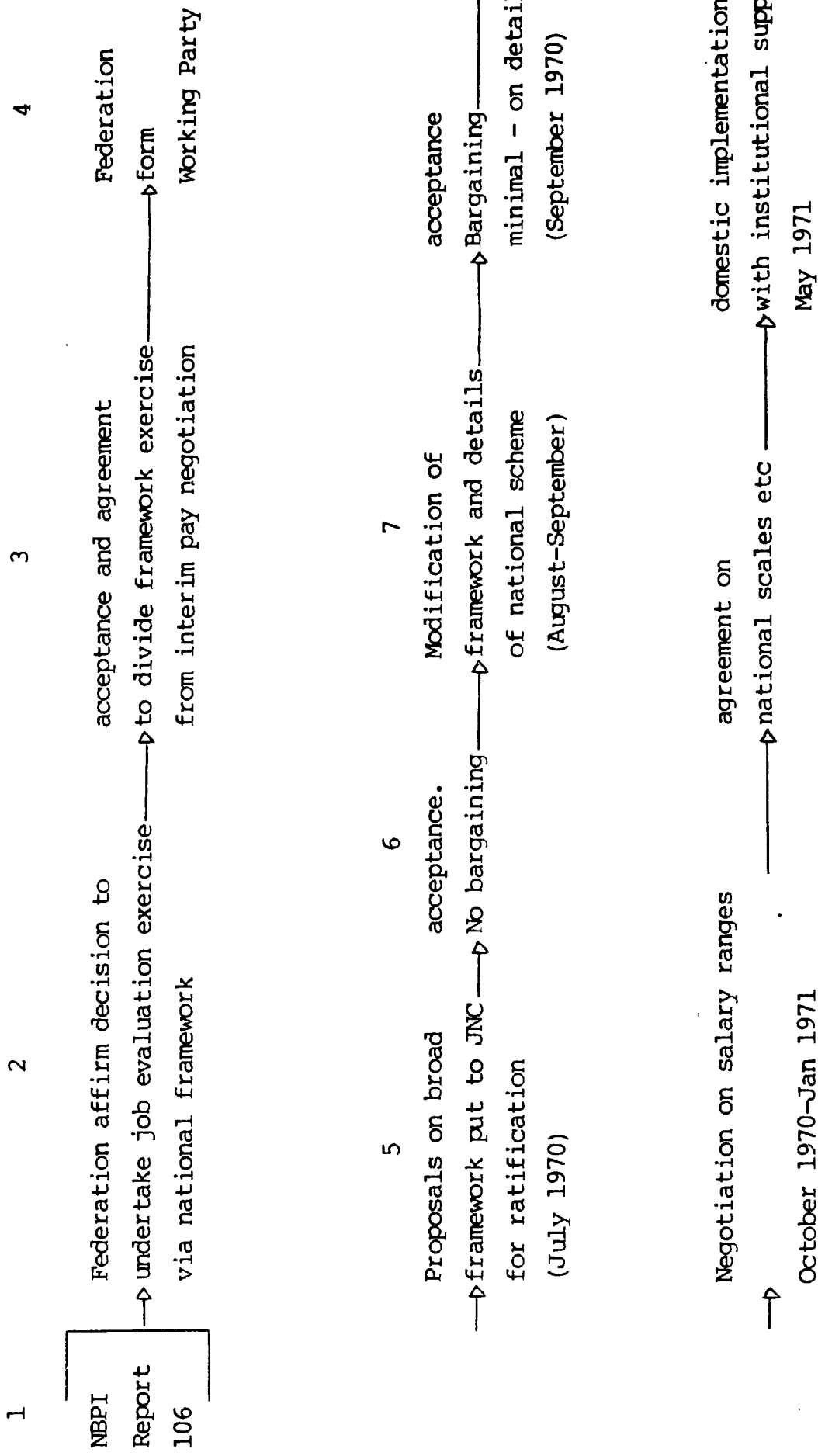
To summarize: the objectives of the parties vis-a-vis restructuring have been considered. It was shown that the impetus of the NBPI strongly influenced the timing of the banks' decision to introduce a restructuring exercise, and to undertake it through "negotiations" in the JNC. To protect managerial prerogative and remove the possibility of an arbitration, the procedure was suspended under the initiative of the banks. Secondly, to overcome the inter-union differences which threatened to disrupt the reform, the banks managed to obtain agreement that they could determine the design of the job evaluation exercise, limiting the role of the staff side in the process of reform.

THE PROCESS OF CHANGE

Having agreed to an unprecedented suspension of the formal procedure to negotiate restructuring, this section examines how the parties came to terms with negotiation without arbitration. It illustrates the limitations on the degree of joint determination arguing that, despite their competitiveness, both staff bodies mutually agreed to adopt a full negotiating role only over the questions of new salary figures in the final stages of the reform. It also examines the banks' reasons for shifting from a decentralized to a more centralized job evaluation scheme, explaining this in terms of a desire to ensure the continuation of stability in the bargaining process.

In the Federation's Working Party formed to develop the design of the national job evaluation scheme (see diagram 9.1, stage 4) there were considerable disagreements between the banks as to the intended scope of national bargaining, reflecting the differences in domestic orientation between them. National Westminster was the most strongly

MODUS OPERANDI: DECISION MAKING IN JOB EVALUATION NEGOTIATIONS



in favour of decentralizing the bargaining structure, and proposed that the junior grades, one and two, be negotiated nationally, and the more senior grades domestically. It also envisaged only the minimum points of each grade being fixed nationally, grade progression and maxima being domestic items.⁽²²⁾ Barclays in contrast was the most committed to a centralized structure with the other two large banks somewhere between them. The other small banks, which were in the process of amalgamating into Williams and Glyn's were not so influential, but preferred a centralized scheme in order to restrict the possibilities of domestic competition. There was a broad agreement to keep the appointed and managerial staff out of national machinery however, because of the greater variety of responsibilities they carried. Moreover specialist staff in areas such as computer and data processing were thought to have such market power that they necessitated domestic pay negotiation to provide sufficient flexibility for managements.

i. The July Proposals

Technically, the central question confronting the banks in the proposed national framework for reform was whether despite the high degree of organisational similarity between them, the centrifugal tendencies inherent in differing operational priorities could be rendered compatible with the centripetal demands of a national job evaluation programme. The solution involved other factors besides these technical ones however.

In fact several options were technically possible, as the contrast between the July and September 1970 proposals showed. In July 1970 the first proposals of the Federation were put to the JNC (Stage 5). These included the principle of a restructuring programme through job evaluation; adoption of a Points Rating system as the method, the use of four or five grades with an age scale incorporated into the most junior grade (1); the determination of minimum and the maximum salary for a satisfactory performer in each grade; and the proposal to establish two or three "bench-mark" jobs to each grade. All of these ideas were generated unilaterally. Joint decision making was to confirm the factors to be used in the four nationally determined

grades, the allocation of points to each of these factors and the grading of the "bench-mark" jobs, but again on the basis of proposals and information put forward by the Federation Working Party. Negotiation would however fix the minimum and minimum/maximum salary⁽²³⁾ of each grade.

Considerable discretion was to be left to domestic decisions however. Each bank would evaluate and agree the grading of all jobs beside the "bench-marks" domestically; no bank was bound by the Points Rating scheme, although any domestic disagreements would be settled by reference to the national scheme; more than four or five grades could be established domestically; and both the progression through the grades as well as a domestic maximum which was in excess of the national figure could be established for each grade, and in order to reward above-satisfactory performance. It was therefore a relatively decentralized scheme which was envisaged by the banks at this time.

ii. The September Proposal

Following an initiative by Barclays Bank however, subsequent discussion in the Federation Council led to a more centralized scheme being put to the JNC in September 1970 (Stages 7 and 8). The crucial difference was that the points-rating scheme established at national level was to be used in the domestic schemes as well, thus ensuring a close coordination of pay structures from the centre. As a trade-off to those banks which were concerned to preserve domestic autonomy, only four grades were to be fixed nationally, and additional domestic grades could be established if any bank so desired. Also there was to be only one bench-mark job per grade: to create more than that number had proved difficult due to the lack of jobs with identical or closely similar task contents between the banks. Indeed it proved difficult to establish a single bench-mark job for grade four at this stage.

It was largely the Barclays model of reform which was finally put forward. Although there were several important lines of continuity between the two proposals, and considerable effort was made to ensure substantially domestic autonomy, there was a fundamental change between July and September. As NUBE argued, the July proposals had laid down only very loose guidelines for institutional

arrangements,⁽²⁴⁾ and it is significant that whilst the associations had supported those strongly, they had been distinctly less happy about the September arrangements which were more centralized.⁽²⁵⁾

iii. The Shift in Strategic Objectives

This change of plan during the summer of 1970 was apparently based not so much on technical considerations but evolved from a debate upon the most desirable scope for national bargaining in terms of the strategic objectives of the employers. Design questions were ultimately determined by the preferred distribution of power in the federal relationship, and the locus of pay decisions, which in turn was conditioned by the question of inter-union competition.

Those banks which preferred a high degree domestic prerogative in wage fixing favoured the maximum autonomy in the selection and implementation of the job evaluation programme at the institutional level. The primary objective here was to retain the greatest discretion with regard to the development of a cadre of career staff, by separating the determination of senior clerical rates from those of the junior ranks, and attaching them instead to the managerial/appointed staff bargaining unit. Associated with this objective was the need to allow domestic management to reward responsibility or initiative by not having a national grade maximum point and by permitting overlaps between the grades.

The strategic alternative to this was based upon the priority of minimising the threat of leapfrogging by reducing the area of domestic pay bargaining. More indirectly this derived from a greater concern to counter the possibility of industrial action or disruption to business activity than the other mode incorporated, because the logic of this strategy involved avoiding a single bank being "picked-off" in isolation. As such it represented a continuation of the thinking which had predominated among management since the inception of national machinery and in consequence of NUBE's successful strike action. Adoption of this mode required the maximum national control over pay and the widest degree of conformity on grades and pay parameters (ie the minima and minima/maxima) within each of these grades.

iv. The Influence of Inter-Union Competition

To an extent the proposal actually agreed in the JNC was a compromise between the strategic alternatives, but the banks' final decision to shift to a more centralized model of negotiation was influenced very strongly by the threat of a crisis deriving from the differences between the staff bodies over the constitutional revision. Were the most pro-domestic associations, the Midland and the National Westminster, to secede in protest at the way in which their initial proposals for a domestic job evaluation exercise and a shift to institutional bargaining were ignored, it was assumed that NUBE would obtain control of the national BSC. From this the Federation concluded that a more centralized national restructuring exercise than the July model first put to the JNC would be valuable, both to avoid any risk of the associations causing a fragmentation of the national machinery, and to reinforce the mutual protection which employer cooperation offered in the event of the more aggressive NUBE (as it was assumed) taking control.⁽²⁶⁾ So the actual outcome of the question of balance between domestic discretion and national coordination was strongly conditioned by the coincidence of constitutional reform with restructuring, and what the banks predicted the outcome of the inter-union rivalry would be.

Yet while the objectives of the staff side were clearly differentiated over the future scope of national bargaining, the staff bodies were effectively excluded from determining the outcome of this point, because both sides were prepared to accept a limited role in the decision making over the design of the job evaluation exercise. In looking at the process of formulating the restructuring programme at the national level we emphasised that the BSC voluntarily adopted a ratifying role, akin to a consultative function, because it was accepted that the operational requirements of the banks, which were not amenable to negotiation, were meant to be the criteria on which design decisions were based. But it was from the decisions on the design of the evaluation programme, which we have suggested were influenced by the question of inter-union rivalry as well as operational matters, that the scope of the national bargaining was defined.

v. The Return to Full Negotiation

Until the September proposals were agreed, joint decision making had effectively involved the ratification of the proposals emanating from the employers' Working Party. The procedure was voluntarily suspended. However a discrete negotiating phase then commenced on the salary figures to be attached to each grade. The BSC immediately made it clear that the recourse to arbitration was now possible and the procedure was again operating. Indeed, it rejected a proposal from the Federation for dual level bargaining on maxima figures for fear of fudging the arbitrariness of the issue. Agreement was actually reached voluntarily in January 1971 after several rounds of negotiation and informal suspensions of the procedure. Nevertheless, it was made clear that the formal period of suspension was finished.

To conclude this section, two points must be noted. Firstly, the institutional competitiveness of the unions had threatened to disrupt the process of restructuring over the specific issue of the scope of the national bargaining unit. Additionally, it had critically influenced the banks' thinking on the actual design of a job evaluation scheme and prompted the more centralized model being instituted in order to secure the priority of peace and employer solidarity, at the expense of domestic discretion over pay. Secondly however, the agreement of both staff bodies to limit their bargaining role voluntarily had been crucial. It had enabled the procedure to be suspended, and the employers to establish the parameters of the restructuring programme and to formulate the actual planning and design stages unilaterally. Despite their institutional competitiveness, both unions had respected the prerogative of management with respect to operational decisions and both had accepted a ratifying, quasi-consultative role over non-pay issues. On the pay questions of the restructuring they had immediately reasserted their negotiating role. In effect the mutual acceptance that negotiation was properly limited to terms and conditions of employment, as was implied in the 1968 constitutions, mediated the competition for dominance between them.

Because of this factor, the banks were able to determine the constitutional reform question unilaterally as well. The job

evaluation proposals fixed the national bargaining unit as covering all clerical grades and continued to include the minimum managerial point.

Although the CBSA was distinctly unhappy with the outcome (and no formal redrawing of the constitutions took place) they were typically flexible in opting to cooperate in the new arrangements, and to retain control of the BSC. Yet NUBE faced the paradox that while the more centralized structure which it favoured was finally instituted, this did not bring it closer to control of the national staff council. Indeed, if a narrower national scope had been established at this juncture it is arguable that it would have forsaken joint negotiations before 1977, given that the continuing minority position was causing dissatisfaction even by 1971. But an important reason behind the decision to continue with the existing arrangements must have been the extension of its rights at the domestic level, to which the discussion now turns, because through this breakthrough NUBE saw the means of coming to terms with the associations in an area where the latter had always claimed their superiority lay as representative bodies.

DOMESTIC APPLICATION OF JOB EVALUATION AND RECOGNITION OF NUBE

Although NUBE had not gained domestic recognition from the national constitutions, it had initially regarded this as of minor importance, given their exclusive preference for industry wide regulation. And under the national arrangements there was no necessity to create a linkage between the two levels in order to facilitate the usual supplementation of national rates, these being standard not minima.

However, domestic recognition followed in 1969 and 1970 in the four major clearing banks. Joint staff sides were formed to mirror the national arrangements, except in the Midland Bank where staff association hostility necessitated separate but identical bargaining arrangements. Arguably this was a significant development for the union having confronted fifty years of domestic resistance to recognition, because constitutionally at least the union was for the first time on equal terms with the staff associations. It had broken through the barrier of the CLCB doctrine (as propounded by Sir Oliver Franks) which had confirmed the banks' desire to avoid

multiple recognition arrangements and their insistence that the union should be restricted to what were termed representational rights given the established domestic relationships enjoyed between the staff associations and domestic managements. The change of policy therefore conferred an unprecedented legitimacy upon NUBE which the union believed was a crucial development in terms of achieving the membership growth necessary to obtain control of the staff side. Henceforth it was believed that the competition for members would be on equal grounds given that it offered an equivalent range of services to that of its rivals, and was no longer tarred with a reputation of employer hostility.

For the banks these domestic arrangements also represented a significant departure from their previous strategy, when constructing national machinery. Then they had attempted to keep a clear line between the joint determination of pay and conditions of employment and the retention of unilateral control over non-pay areas such as manpower development and work allocation.

When dealing with the job evaluation exercise at domestic level this distinction was sustained inasmuch as the individual variations in domestic grading systems were a product of unilateral management planning. However in opting to administer the grading systems in cooperation with the staff bodies the traditional boundary of joint regulation was broken down, as this exercise required decisions about the placing of staff into a new organisational hierarchy and allocating a value to each clerical job from which grading and salary levels could be derived. Furthermore, the application of the scheme was typically conducted through several phases, all of which were managed by jointly convened institutions. Joint Grading Committees applied the factors and points of the national agreement to jobs in the banks. Re-evaluation and Review Panels examined immediate problems and longer term changes arise from modifications to job content or the development of new jobs, and Joint Appeals Committees dealt with grievances and other problems.

So, in endorsing the scheme and becoming involved in jointly administering the objectives, the union was drawn into what Flanders saw as the managerial function of unions,⁽²⁷⁾ the hall-mark of a mature

bargaining relationship. This was more than a temporary development as well, because grievances and appeals were constantly being thrown up. Subsequent technological and product developments have brought about new tasks and alterations in the division of labour necessitating reviews of the grading structure by joint committees, and the decision of the banks to start job evaluation programmes at domestic level for managers and appointed grades soon after the completion of the clerical scheme, have also necessitated joint administration. Additionally at the direction of the 1972 arbitration tribunal, the national JNC established a Joint Working Party to review the working of the whole scheme. This required an extension of the staff side role from that intended by the constitution and a novel institutional development designed formally to widen the scope of joint decision making.

The "penetration into management"⁽²⁸⁾ involved in this joint administration of decision making marked a substantial change from the position of the union only two years earlier when domestic recognition had been denied. Nevertheless, it is crucial to note that the same sort of controls upon the union were applied domestically as existed in the national arena, it being constrained by compulsory arbitration and the joint staff side which the associations dominated. Except in the Midland where the weak association soon collapsed, institutional negotiations presented to NUBE the same problem of being unable to break out of the joint staff side and demonstrate its purportedly greater effectiveness as it was experiencing nationally.

Organisationally as well, its response to domestic recognition was somewhat equivocal, it being reluctant to discard its old national level emphasis. For instance, as the CIR pointed out in its survey of Williams & Glyn's,⁽²⁹⁾ the union was ill-equipped to deal with its representative role at the local level. Its policy of relying upon fulltime officials (lay officials being traditionally associated with internalism) meant that it was unable to cope with individual grievances as well as the associations, whose local organisation was generally superior. This problem only began to be resolved in the late 1970's in the Big Four banks with the introduction of seconded officials and office representatives. Secondly, the geographical branch structure of the union also contradicted with the development

of a strong institutional organisation structure. While NUBE did begin to develop institutional branches, it was loathe to extend these within the clerical branches of the individual banks.⁽³⁰⁾ It did not therefore commit itself wholeheartedly to a sophisticated domestic structure, in part at least for fear of moving too close to the position of its rivals, and this probably limited its ability to take full advantage of domestic recognition in terms of membership gains. So whilst domestic recognition was a compromise for the banks insofar as it represented an extension of joint regulation into managerial prerogative, crucially, the instability of divided representation was neutralized as effectively as at the national level. This did not therefore mark a new route to dominance for the union.

CONCLUSIONS

In this discussion we have considered the impact of the process and consequences of the salary restructuring exercise upon pay bargaining arrangements constructed in 1968 and in terms of the division of representation.

The analysis first demonstrated the influence of the NBPI upon the process of salary reform, showing how the pay productivity linkage emphasised by that body created difficulties for the industry-wide pay structure. Additionally, the problems of quantifying intangible productivity appeared to work against the banking industry. By the time the national JNC began to operate, the industry had been subject to several years of pay restraint, and this placed a strain on the viability of national bargaining because it offered no opportunity for wage drift.

The NBPI's proposals for pay reform were examined, and it was argued that it was only with a shift to a more flexible approach, based on a national job evaluation programme and with the opportunity for an above "norm" increase that the banks were able to reconcile this with their own objectives. These were to retain a degree of national coordination over pay in order to minimise the competition to recruit and retain staff by paying market rates (which were not necessarily related to productivity measures) while developing greater domestic discretion than was possible under the simple tier model in order to

reward and encourage future managerial staff. Responsibility and initiative were therefore to be allocated a premium, although specific measures of productivity were not directly related to pay. This required the shift to a two-tier pay structure.

The important point here demonstrated is that the banks' objectives were not solely or even principally concerned with the structure of representation. But this was a factor which impinged upon the mode of reform, particularly because the restructuring coincided with a revision of the constitutions over which there was a definite split between the staff bodies which threatened to disrupt the JNC. Because of the willingness of the staff bodies voluntarily to limit their role in the process of reform to a consultative one, the banks effectively determined the outcome of this disagreement by opting for a centralized restructuring programme. While unhappy with this, the associations did not leave the national machinery and were prepared to work with the new model, in keeping with their strongly pragmatic approach. NUBE was therefore unable to take advantage of the associations' objections.

In the process of applying the restructuring programme it was argued that there was a notable extension of the area of joint regulation into governmental and managerial functions, what Flanders called a "penetration into management". This was not simply a temporary change either, but had permanent institutional repercussions. In effect this represented a substantial compromise by the banks to their original plan to restrict bilateral authority to the major terms and conditions of employment. It was in particular a notable advance for the union in its depth of recognition, although its response to a domestic role was initially somewhat ambivalent. Nevertheless through the erection of similar constitutional safeguards domestically as well as nationally, the banks again managed to neutralize the effects of competition between the staff bodies, and in that sense this extension of recognition did not represent the means by which NUBE obtained control of the staff side, but rather a further frustration of its goal.

FOOTNOTES

1. Source: CLCB Stats Unit
2. NBPI Report No 6 (1965) Cmnd 2839
NBPI Report No 34 (1967) Cmnd 3292
3. Fels A "The British Prices and Incomes Board" CUP 1972
McKersie R and Hunter L "Pay Productivity and Collective Bargaining" (MacMillan London 1973)
Hyman R op cit 1975 pp 138-139
Liddle R and McCarthy W BJIR November 1972 "The Impact of the Prices and Incomes Board on the Reform of Collective Bargaining" pp 412-439 (especially pg 427)
Clegg H A "How to Run an Incomes Policy ..."
London Heinemann 1971
4. White Paper "Machinery of Prices and Incomes Policy" Cmnd 2577
11 February 1965 and Cmnd 2639 (op cit) 1965
5. Para 29 (1965)
6. Comments referred to in The Banker (1967)
7. Ibid Chap 7
8. CLCB Evidence to Donovan Commission (1965)
Evidence to NBPI (1968-1969)
9. NBPI Report No 6 Cmnd 2839 (November 1965) Para 3
10. Op cit (1973)
11. Report No 6
12. McKersie and Hunter (1973) note this tendency pp 247-252
13. FBE minutes 1968 (September)
14. "Pay in the London Clearing Banks" Report No 106
Cmnd 3943 February 1969 para 50
15. Ibid
16. The Federation representatives stated that they "visualised a much broader grading of staff where responsibility and personal achievement could be more directly rewarded." JNC minutes December 1969.
17. "We feel there is little evidence that the Board often had a great deal of faith in the view that central machinery itself could effectively negotiate a productivity deal" op cit pg 430-431.
18. NBPI Report No 83 "Job Evaluation" Cmnd 3772 (London 1968)

19. FBE minutes August-November 1969
 20. JNC minutes January 1970
 21. JNC minutes December 1969
 22. FBE minutes June 1970
 23. The minimum/maximum represented the maximum point on the national pay scale for each grade, and was the point to which all satisfactory performers could progress. Exceptional performers could go beyond this point to the domestic or ultimate maximum. JNC minutes July 1970.
 24. NUBE later interpreted the July proposals as falling far short of their intentions because
"... national machinery would do no more than construct some sort of framework which would lay down loose guidelines for institutional discussions."
"Clerical Job Evaluation in the English Clearing Banks" NUBE booklet 1971 (chapter 2)
 25. JNC minutes September-November 1970
 26. FBE minutes April-September 1970
FBE Working Party minutes
 27. Op cit (1975) particularly pp 230-238
 28. Flanders' phrase *ibid.*
 29. CIR No 35 (1973)
 30. General Secretary's Supplementary Report on union organisation to ADM (1975).
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CHAPTER 10

THE EFFECTS OF THE ARBITRATION FACILITY UPON THE
OPERATION OF NATIONAL BARGAINING

1. Introduction
2. Reasons for Introducing Arbitration
3. The National Procedure
4. Recourse to Arbitration 1968-1977
5. The Procedural Modifications
6. The Process of Arbitration
7. Arbitration and the "trapping" of negotiability
8. The Impact of Arbitration on the Inter-Union Competition
9. Conclusions

THE EFFECTS OF THE ARBITRATION FACILITY UPON THE
OPERATION OF NATIONAL BARGAINING

INTRODUCTION

A central element of the employers' response to the instability of institutional competition between NUBE and the staff associations, the key concern of this work, was the incorporation of the unilateral and compulsory arbitration facility into the national procedure. This chapter examines how this facility influenced the process and outcome of negotiations; it considers how it affected the rivalry for control of the staff side; and it considers what the achievements and costs of this were to the banks.

To do this, the chapter is broadly divided into three sections. In the first section the background to the establishment of the national procedure is reconsidered, to explain why arbitration was first introduced into domestic negotiations. It is argued that it was not the intention of the parties to develop a substitute for collective bargaining as arbitration is usually construed, but given the special character of the associations and their cooperative relationship with the banks, arbitration was designed to ensure meaningful negotiation could take place without conflict resulting in the event of disagreement. This sort of reasoning also became the framework of the national machinery, NUBE preferring arbitration in the belief that its moderate membership would only countenance the use of industrial action very exceptionally.

Yet in examining the procedure which was adopted in 1968 it is concluded that negotiation was likely to be restricted, and that the competition between the unions made it likely they would attempt to exploit arbitration to demonstrate their effectiveness. So while operating as a guarantee of peaceful outcome to negotiation, as the banks principally intended arbitration to do, it created the risk that bargaining might simply be manipulated and would not develop properly. In looking at the pattern of arbitration over the lifetime of the national machinery this appears to have been the case initially. For several reasons which are considered below this did not continue however and arbitration became essentially a "last resort" mechanism.

The second section of the chapter then focusses upon the process of arbitration. In demonstrating how this was linked to the process of bargaining in the JNC which preceded it, the intention is to demonstrate why third party rule-making was not considered inherently problematic by the bargaining bodies. It also explains the tendency for arbitrated decisions to try and generate a compromise outcome which "split the difference" between the two sides wherever possible, as a means of satisfactory conflict resolution.

The implications of this sort of outcome are then considered. In particular it is argued that arbitrated decisions could set precedents which extended beyond the specific issue in question. This restrictive effect on future negotiations began to be increasingly burdensome to the banks, and it is this as well as the growing concern with the cost implications of delegating control to third parties which prompted them subsequently to move away from unilateral arbitration.

It is concluded that this facility did have a significant impact upon the outcome of the inter-union competition, principally by equalising the bargaining power of the associations and the union. Thus, NUBE's strategy of achieving control through demonstrating its claimed superior effectiveness was thereby neutralized.

REASONS FOR INTRODUCING ARBITRATION

It was shown in chapter two that arbitration, when originally introduced domestically in the 1950's, was designed to ensure that bargaining between the banks and their associations could be conducted in a meaningful manner. The domestic agreements were intended to avoid the threat of external direction by the Industrial Disputes Tribunals (IDT) set up by the Government's Order 1376, and mirrored the official reliance upon arbitration to settle disputes in the event of a failure through negotiations. At the same time this move sealed off NUBE's hopes of using statutory machinery to obtain recognition and secondly it created a means of reconciling the disinclination of the associations to use sanctions with the appearance of meaningful negotiation. In the event of a failure to agree, either side could appeal to a third party for adjudication. Such a scheme thus

underpinned the continuing notion of an identity of interests between staff and employers while ostensibly guaranteeing that negotiations took place in a "fair" and orderly manner. Arbitration was therefore intended to enhance rather than present an alternative to collective bargaining.

In establishing national machinery the banks were prepared to continue this system despite the fact that "leapfrogging" had occurred in the early 1960's via a sequence of arbitrations in which the arguments over pay determination put forward by the employers had been rejected and higher settlements had resulted. Because arbitration continued to guarantee their effectiveness and to obviate the need to employ orthodox union sanctions, the associations were also in favour. This meant that they could retain their claim to be distinctive from trade unions and "negotiate" (as opposed to bargain)⁽¹⁾ in a manner consistent with their internalist principles by emphasising the need for compromise rather than the threat of conflict. But despite the fact that unilateral arbitration therefore underpinned the continuing viability of the associations, NUBE was also keen to establish it nationally. This was in one sense a residue of the long period of employer hostility: it saw arbitration as the guarantee that its recognition would be equal to that of its rivals. It also resolved the union's perceived problem that it could not consistently rely upon its membership to respond to a call for industrial action to back its claims, given the moderate disposition of the majority, and their apparent preference for arbitration.⁽²⁾

The banks were willing to extend arbitration rights to the national level principally because they saw this as a means of guaranteeing stability in the bargaining process. It would also be a means of ensuring that the inter-union competition did not result in NUBE demonstrating its effectiveness through an escalation of demands backed by action, and would therefore act as a peace-keeping mechanism, even if this meant that third party adjudication reduced the employers' discretion over bargaining outcomes.

So in intention at least, the system was not designed to preclude bargaining but to ensure that it did operate, albeit within certain constraints. This was still a contrast to the usual interpretation of

arbitration as an alternative to bargaining which was posited by the Webbs and others.⁽³⁾ Indeed, to the Webbs compulsory arbitration was tantamount to legal enactment and thus not only a different method of regulation to collective bargaining, but also incompatible with the conflicts of interest between workers and employer inherent in existing modes of production.⁽⁴⁾ McCarthy and Ellis⁽⁵⁾ also pointed out that in the voluntarist tradition there is an assumption that the opportunity to recourse to arbitration will undermine the quality of bargaining, there being no obligation to reach a negotiated settlement. But this directly contradicted the views of the associations and NUBE. They saw it as a factor which ensured "realistic" negotiations given their perceived handicap of a moderate membership, rather than impeding them.

In theory however NUBE did retain certain advantages compared to the associations and for example to the union in another moderate industry - footwear manufacture - where arbitration also operated. In footwear manufacture the union was seen by Goodman et al⁽⁶⁾ to be reliant upon arbitration as a means of guaranteeing a national minimum wage for its members, and therefore as the means of ensuring a degree of bargaining power. But that industry was characterised by intense product market competition, which could generate pressure to cut wages locally in order to obtain a sectional advantage. That sort of pressure did not confront the banking unions however, the product market competition being limited and the employers operating effectively as a cartel. Furthermore, as nationally spread organisations they were opposed to local variations in basic pay and in much of the post-war period their expansion ensured a high demand for clerical labour. These variations in the product and labour market conditions established a crucial difference in the position of the unions. Whereas the quid pro quo for national recognition in the footwear industry was a no-strike agreement by the union, NUBE did not have to accept such a limitation to enforce a national rate. Indeed having been able to achieve recognition by a display of strength NUBE insisted on sustaining its right to strike as a means of demonstrating its distinctiveness from internalism. Moreover because of their reliance upon the industry as its sole organising base and because of its dependence upon arbitration for the minimal bargaining power, the boot and shoe union was effectively in a similar position to the associations. NUBE in

contrast was not wholly tied to the London clearers. Nevertheless in practice it opted to forego the non-reliance upon arbitration and thus effectively redeemed its ability to apply sanctions. Seeing itself, like the footwear union, as dependent upon arbitration for power in all but the most exceptional circumstances, it elected to operate like the staff associations, and as will be argued below this was to have a significant impact upon the outcome of the inter-union competition.

THE NATIONAL PROCEDURE

Having argued that in intention at least, the unilateral and compulsory arbitration facility was not meant to preclude negotiation, we now consider whether this was possible in practice. Or did the recourse to arbitration impede bargaining, and if so was this due in any way to the inter-union rivalry? To answer this the procedural arrangements are examined, and then the actual use of arbitration in the national machinery is considered.

It may be argued that in several ways the procedural arrangements were not designed to encourage the full development of negotiations, there being certain important constraints. Firstly for instance, the procedure was tightly defined; it permitted two failures to agree to be registered on any resolution prior to the matter being referred to arbitration upon request from either side, but because these stages were intended to coincide with consecutive meetings of the JNC,⁽⁷⁾ it made the procedure very rigid. So, while ensuring a relatively rapid processing of items, it offered little opportunity for negotiation to develop fully and for the issues, particularly in a complex matter such as salary restructuring, to be examined fully. Arbitration was designed not as a final resort to be used when bargaining had clearly failed, but as a means of resolving issues before they reached that stage, and discussion had been exhausted in the view of all of the parties.

Secondly, the absence of a category of consultative items also tended to restrict the range of discussions very tightly. The removal of this category, after NUBE's strike action, meant that in practice any issue introduced for discussion was de facto arbitral and that this status, once affirmed, was permanent as the hours of work/hours of business

arbitration confirmed in 1969 (see table 10.1 at end of the chapter). Unless the banks restricted discussions to constitutional boundaries this represented a relatively easy way for the staff side to extend the area of joint regulation. But it presented problems in handling the discussion of items such as Bank Holidays and salary restructuring which, while in the narrowest sense management issues, could plausibly be seen as bordering upon negotiability. Like the hours issue, they were items upon which the banks wished to consult, while retaining their prerogative, but this proved extremely difficult.

Thirdly, recourse to arbitration potentially offered a relatively easy method of demonstrating achievement for the staff side, and hence effectiveness. If gains could be made simply by putting a strong case to a tribunal, the lack of bargaining power was unimportant, and because of the inter-union rivalry, the need to demonstrate effectiveness was in this instance crucial. Hypothetically at least, this heightened the probability that there would be an inclination to exploit the procedures and avoid compromise which McCarthy noted as a central problem of any system of legally binding arbitration.⁽⁸⁾ In other words, any modification of a bargaining position would be resisted because it would be seen as a sign of weakness by the arbitrator, and in this instance be likely to be criticised by the rival union as well with the risk of adverse effects upon membership. So there seemed to be every likelihood that bargaining would be inhibited significantly by the tight procedure and by the inter-union competition, with arbitration used as a substitute.

RECOURSE TO ARBITRATION 1968-1977

It was however, used relatively infrequently by the JNC. During its operation, recourse to a tribunal was made only nine times (see table 10.1) while in that period the JNC usually met on a monthly basis to discuss resolutions. Neither was the use of arbitration evenly spread over the lifetime of the JNC. Three issues were resolved in this way in the first eighteen months of its operation, while from 1973 to 1977 only four tribunals took place; moreover of the latter group, two were concerned with holidays, and the second effectively cleared up unresolved problems left over from the first.

This infrequent use of arbitration would suggest therefore that arbitration did not become a substitute for bargaining. Certainly Johnston saw it as an indicator of the viability of national machinery,⁽⁹⁾ implying that there was a mutual desire not simply to delegate decision making to tribunals, but to try and achieve voluntary settlements wherever possible.

As a factor explaining the distribution of the arbitrations, the competitiveness of the staff bodies was apparently of some relevance. Certainly the Federation saw inter-union rivalry as a significant factor, the argument being that if one side could claim success at a tribunal the other would have to respond.⁽¹⁰⁾ Moreover at that stage (1968-1970) the membership battle was very evenly divided, NUBE having capitalised upon its 1967 success and come relatively close to overhauling the CBSA. The need for both sides to demonstrate their effectiveness was therefore relatively acute at that time. This may for example explain the recourse to arbitration over territorial allowances in 1969, this claim being principally conducted by the CBSA after NUBE had publicised its own success in conducting the previous case regarding overtime pay.⁽¹¹⁾ But the outcome of the territorial allowances tribunal may have instilled much greater caution in the use of arbitration as a political tactic, because the total failure of the staff side to carry its case with the arbitrators resulted in an unusually clear winner-loser outcome, with the award being identical to the employers' final offer. This demonstrated that arbitration could reveal weaknesses as well as enhancing effectiveness, and predictably NUBE condemned the failure as a reflection of the CBSA's lack of research facilities and expertise.⁽¹²⁾ This sort of risk did offset the temptation to use arbitration as a relatively easy means of scoring a negotiating success, and thus as an instrument of inter-union competition.

Indeed the competitive pressures could militate against using arbitration, as both sides were keen to demonstrate that they did not rely upon it. This related to the Webbs' argument that recourse to third parties was an indication of immaturity or an inability to bargain properly, it being implied by the staff bodies that an immature (or inexperienced) union would not be able to recognise when the best deal possible had been offered, and thus to judge when to compromise.

The desire to avoid any such charges of immaturity, to which NUBE was particularly exposed given its previous non-recognition, perhaps led the staff bodies to resist pursuing every issue as far as they could. Additionally, the recourse to arbitration could expose a party to the charge that it was simply exploiting the constitution for sectarian ends rather than the best interests of bank staff as a whole.⁽¹³⁾ As with pay bargaining where strategies were conditioned negatively by the desire to avoid accusations of partiality because this could have a net detrimental effect on membership, so here as well the pressure of competition for members meant that both sides wanted to avoid charges of partiality. Responsibility and the general interest of their constituents therefore dictated that the bargaining procedure was not consistently exploited, nor arbitration used as an instrument of competition. Justifications for pursuing claims to arbitration usually emphasised the justice of the cause, moderation of the claim and willingness to compromise.⁽¹⁴⁾

Quite apart from inter-union competition however, there were other exceptional "starting-up" problems which contribute to an explanation for the initial frequency of arbitrations. Within the context of the rigid negotiating procedures these added to the difficulty of achieving a negotiated settlement at first. For instance, the build-up of pressure on the issue of Saturday closure prior to the introduction of national machinery meant that although in the view of the CLCB this was a matter for management unilaterally to determine, the strength of feeling of staff, and the wishes of the Minister of Labour⁽¹⁵⁾ ensured that it would be discussed in the JNC. Predictably as well the BSC adopted a hardline position, NUBE having already struck successfully over this issue to gain recognition. There was therefore a complete impasse in the JNC, in which the Federation ended up trying to mediate between the CLCB and the staff side, without success. It seems that the staff side were also keen to see the matter go to arbitration (although it was referred by the Federation) in order to establish that as a question of hours of work, bank opening times would be confirmed as negotiable henceforth. This was not so much evidence of immaturity however as an indicator of the complexity and longstanding importance of this matter to both sides.

Secondly, the JNC faced the problem of standardising management custom and practice on those issues which had previously been non-negotiable. Much of the bargaining over territorial allowances in 1969 for example was spent trying to define the boundaries of London and which towns were to be included in the Large Town Allowance, there being no pre-existing consensus between the employers.

Here the strict procedural format meant that negotiations were exhausted before irrevocable disagreement had crystallised. The initial run of arbitrations appeared to relate to the inability of each side to develop its case properly when such issues were being discussed for the first time. It is notable for instance that difficulties also emerged during the first round of bargaining on the Channel Islands allowances, this issue having emerged for the first time in 1974, principally because of the effects of incomes policy and high inflation levels upon the exceptional cost of living factors in that area. Again, negotiation was complicated by the absence of established criteria upon which to calculate an appropriate supplement, and despite extended negotiation, these factors proved to be irreconcilable within the constraints of the procedure. Hence the 1975 arbitration.

The foreshortened negotiation on these issues also demonstrated the point that arbitration was not necessarily required when it was invoked. Its function under the constitution was not however as a facility to be used in the last resort, but as an insurance that issues would be rapidly processed to a resolution, by negotiation or otherwise. This was presumably to avoid any risk of an issue escalating through non-settlement. It appears, however, that neither side of the JNC found this arrangement satisfactory. Thus by introducing certain procedural modifications they both tried to escape from its constraints to use arbitration, only when in the view of one of the parties bargaining had failed to produce a satisfactory solution.

THE PROCEDURAL MODIFICATIONS

Yet although a variety of modifications were developed, these were all on an ad hoc basis, principally it would appear because the staff

bodies recognised the ability to have recourse to arbitration was the ultimate guarantee of their effectiveness. The limitations on reform therefore related to the character and the competitiveness of the unions; but within this proviso, they were prepared to adopt the following alterations:

- (i) an extended phase of discussions prior to the commencement of a formal negotiating phase, particularly over pay issues. ⁽¹⁶⁾
- (ii) the suspension of the negotiating phase and an interjection of a discussion phase without prejudice to the existing negotiations, ie if a failure to agree had been registered this would not be disallowed by the recourse to discussions. Discussions would be minuted and could be outside the framework of the original claim. ⁽¹⁷⁾
- (iii) the development of side meetings between the leading negotiators on both sides, normally non-minuted and without prejudice to procedure at which proposals could be fronted without fear of having to register formal disagreement. These could take place at meetings of the JNC or outside them. ⁽¹⁸⁾
- (iv) a joint working party. This was established for job evaluation alone. It was not minuted in the JNC and reported with recommendations to the JNC, but operated without the limitations of national procedure.

Each of these procedural changes amplified the flexibility of negotiation and was therefore designed to avoid the strict logic of the procedure which ended in arbitration. However, the staff side insisted in preserving the ultimate arbitrariness of any item. It resisted calls for a conciliation stage for instance, seeing this as a possible substitute. ⁽¹⁹⁾ Additionally, it resisted the switching of issues between levels of negotiation (domestic and national) even if this meant foregoing the flexibility this appeared to offer. The hours of work issue, health and safety matters, and salary restructuring were all examples of matters that were restricted thus in order not to confuse their arbitral status.

So because both staff saw arbitration as the ultimate guarantee of their effectiveness this limited the degree of reform (intended to free bargaining from the constraints of the procedural logic) which they were prepared to countenance.

THE PROCESS OF ARBITRATION

If the process of arbitration is examined it is also evident that it was closely related, and to an extent dependent upon, the bargaining which preceded it. This again suggested that the two forms of rule-making were not wholly distinct, despite the formal difference in the authorship of the rules, and that the successful prosecution of a tribunal depended upon a previous phase of bargaining in good faith. Furthermore, because of the key role played by the wingmen or sidesmen in the tribunal, the arbitration depended like collective bargaining upon what may be called an adversarial style of development. It was this conjunction between arbitration and the bargaining process which plausibly explains why the third party nature of rule-making was not considered inherently problematic, despite the formal absence of control over the outcome.

This may be illustrated by dividing the arbitration process into several phases. The first involved a relatively formalised exposition by each side of their case; this was followed by critiques of the other side's submissions. Thirdly, the sidemen nominated by the respective parties would cross-examine both sides before winding-up with their final submissions, as if in a court of law.

The role of the chief arbitrator would therefore be roughly analogous to that of a judge in terms of his mainly passive participation in the process of developing the cases and hearing the evidence. The final part of this would typically be an evaluation involving all the members of the tribunal in an attempt to reach a unanimous award, but given the representative role that these sidemen had played in putting forward their side's cases this was not always possible.

Insofar as the adversarial mode, typical of collective bargaining, whereby each side submits its own case, criticises the other's and then moves toward a compromising phase, was continued in an arbitration it

could be described as an extension of, or an extrapolation of the previous negotiations. Central to this continuity was the role of the sidemen, working closely with their respective parties and taking up an advocate's function on their behalf. Indeed a form of bargaining would continue into the final evaluation by the tribunal with each sidemen being given a negotiating brief which established priorities and minimal acceptance points as well as possible areas of trade-off. This involved refining and exploring the detail of the cases but within the parameters already defined by the briefs used in the bargaining process.

So, in contrast with the model which has been put forward by Kahn-Freund,⁽²⁰⁾ Flanders⁽²¹⁾ and the Webbs, in our analysis arbitration and bargaining were not dichotomised. But their distinction derives from a focus upon the formal authorship of the outcome: in bargaining the authors are the parties to the agreement; in arbitration it is the arbitrator who makes the decision. In contrast, the focus here was upon the process of rule-making in the analysis above, and this had the effect of mediating the ostensible dichotomy, the parties having considerable opportunity to influence decision-making despite not being responsible for the outcome.

Indeed, the tribunal depended to a degree upon a proper prior negotiating phase, as the first and second phases of arbitration were a recapitulation of the arguments used in bargaining. This was of value in establishing the extent of the differences between the parties and any common ground, and awareness of this tended to offset any inclination to rush through the procedure. The argument that the availability of arbitration devalued the bargaining process, put forward by McCarthy and others did not therefore, appear to occur, although the Federation did make this accusation to the staff council. On the basis of the minutes of negotiation no overt abuse of the procedures was generally evident however.

Indeed, the minutes of the Negotiation Council would normally be submitted to the tribunal in order to clarify or support arguments, and were intended to be taken into account, rather than simply be seen as a preliminary. It was likely as well that the arbitrators would be notified of any short-circuiting of the procedure and asked to weigh

that against the guilty party, as for example in 1977 with the pay claim which split the BSC. Here a central argument of the Federation was that the BSC had rushed through procedure without "good faith bargaining", and the tribunal was asked to bear this in mind when making its award. (22)

Additionally arbitration tribunals would often encourage bargaining, or alternative means of conflict resolution in the terms of their awards. For example the first award, on the "hours" issue stipulated that a survey of staff attitudes be taken on the question of evening opening with a view to the position being reviewed by the JNC in a year's time. Similarly, the 1972 arbitration on the salary structure explicitly recommended that a joint committee be set up to review the working of job evaluation as a means to resolving further disputes without the necessity of recourse to third parties.

This went further than the first recommendation by placing the onus for investigation and decision making on a jointly convened body, extending the staff side's role into what Flanders saw as the managerial dimension of joint regulation. (23) Another example of extended bargaining came out of the award on holidays in 1975. The tribunal, in making its award, stipulated that progress be made towards introducing a four weeks minimum holiday in the next round of negotiations in effect offering the JNC another chance to come to a decision in free bargaining.

But despite being closely inter-related with bargaining, arbitration was not a pure replication of it. It was more formalised and legalistically stylised; it also lacked the flexibility of bargaining to introduce other issues or to establish an agenda "trade-off" on a quid pro quo basis, a point noted by Hawkins (24) when referring to the "autonomy" that bargaining offers to trade unionists and employers as being its principal advantage over arbitration. Furthermore, it cannot be suggested that the parties were impervious to the possibility of an arbitrated outcome when in negotiations in the JNC. Like Duffy's case study in Australia, in the clearing banks JNC it was evident that:

"... the availability of compulsory arbitration as a last resort does seem to have a significant influence. The actions of

both parties in the negotiating process were affected by their assumption of what would happen should the issue go to compulsory arbitration."⁽²⁵⁾

Quite how much this affected the bargaining process is impossible to estimate however, and like Dufty we would conclude that this did not,

"prevent meaningful bargaining taking place with results seen as broadly satisfactory by both parties."⁽²⁶⁾

It might be also argued that the satisfactory outcome of bargaining was at least in part related to the very predictability of the alternative, ie arbitration. In other words knowing what could otherwise be achieved gave each side a yardstick by which to measure voluntarily bargained results. And we would argue that the manner in which tribunals were conducted meant that the results were predictable, the whole process being designed to establish a consensus of satisfaction by roughly splitting the difference between final claim and offer or by sharing out gains and losses if there were several points to settle.⁽²⁷⁾ Until 1977, only one arbitration (the 1969 territorial allowances) was a clear victory for one side, although because disputes could sometimes incorporate a clash of principles which were not easily reconciled, as for example the proper determinants of the length of annual leave, compromise was not always possible. Nevertheless, despite the compulsory status of the awards, it may be argued that the process of arbitrating contributed towards the sort of outcome in which the satisfaction of both sides was an important factor. The implication of this is considered in the next section.

To summarise, this far it has been argued that the availability of compulsory arbitration was not intended to stifle bargaining. Nevertheless the tightly defined procedural arrangements and the opportunity that arbitration offered to demonstrate bargaining effectiveness in the context of the strong inter-union competition might have pre-empted the development of bargaining. That this did not occur so much, after initial difficulties, was because of certain ad hoc procedural modifications, and because the processes of bargaining and arbitration were by no means discrete, but closely intertwined. Indeed arbitration depended to a certain extent on a prior stage of bargaining to develop the arguments. The risk involved in the conjunction of compulsory arbitration and bargaining, namely that they

would prove incompatible, was offset by the intention of all parties to operate with arbitration only as a last resort.

Given this, it remains to be examined to what extent the Federation and the unions found their bargaining objectives either facilitated or obstructed by the compulsory arbitration facility. This is the issue which will be addressed in the remainder of this chapter.

ARBITRATION AND THE "TRAPPING" OF NEGOTIABILITY

To do this, the analysis has to be moved from the process of arbitrating to the outcome of the tribunals because it was the impact which these could have upon the future negotiability of an item which affected both the outcome of the competition between the unions, and the attitude of the banks to national negotiations as constituted.

The tendency for decisions to impinge upon future negotiations is a characteristic which may be termed "trapping". It arose because the nature of arbitral decisions involved not simply the interpretation of existing agreements, that is conflicts of right, but also conflicts of interest, that is decisions about conditions to be agreed for the future.⁽²⁸⁾ As a result the question arose as to how long into the future an arbitration fixed a decision for. At its most emphatic it could be assumed that an award was applicable until specifically altered by voluntary agreement or by a further arbitration. Some decisions, like the hours issue and the overtime ruling were evidently of this nature because they were so precise, and this would forestall all future bargaining upon them if the staff side resisted by reference to the protection of the existing precedent. This might have broken down bargaining seriously if arbitration had consistently denied further discussion. However the Federation were of the opinion that not all precedents were so permanent, as the minutes reveal of one council members' view.

"He doubted whether an Arbitration Award was immutable for all time and felt its ruling must, de facto, lapse by changed circumstances ...⁽²⁹⁾

Another member felt that no decision was immutable simply because it was always constitutionally subject to negotiation in the future.⁽³⁰⁾

In practice however their views were over-optimistic. No decision simply lapsed to be superceded without some reference to precedent, and no arbitration placed any specific guidelines to clarify the conditions under which it became irrelevant. Nor was any time limit placed upon the operability of an award by the tribunal.

In fact the converse of the Federation's arguments could occur in as much as rulings fixed principles until the case for change was proven. To defend an existing award was therefore much easier than to procure a change, the onus being on the agent favouring change to justify it in the light of new conditions, both to the other party in negotiations and to the tribunal.

Apart for this inherently conservative dimension there were other ways in which arbitration could effectively "trap" an issue so that the negotiation of change was restricted. First, we have seen from the hours of work issue how this confirmed its arbitrality because it had been referred to a tribunal. Hereafter attempts by the Federation to modify the 1969 award were resisted by the staff side and it was accepted that this issue could not be subsequently withdrawn from arbitrality or dealt with differently. It remained therefore under the "protection" of the arbitrator.

Second, by confirming an item's arbitral status the level at which it was to be negotiated was fixed. Hence domestic initiatives to alter the late opening programme, or to commence negotiations at that level were persistently quashed by the BSC in reiterating the principle that it was only negotiable nationally. Arbitration therefore necessitated a clear dividing line between the two levels of negotiation and minimised the interchangeability between them. This could have made items such as health and safety extremely difficult to deal with if any matter on this subject had gone to arbitration, because although it was within the auspices of the national JNC, different domestic systems as well as statutory responsibilities of individual employers⁽³¹⁾ meant in practice that discussion was limited to consultation nationally. Fortunately no issue under this heading was subject to disagreement in negotiations.

Third, an award could establish the principles which were to govern future negotiation, and although this would not necessarily prohibit change, it could have the effect of determining the parameters of bargaining. When this resulted from the practice of tribunals of recapitulating the main arguments and offering a brief explanation for the award, the principles so created were not highly explicit. For instance, the 1969 Territorial Allowances award went no further than acknowledging that London and Large Town Supplements could be taken as a single category of pay, but established no correlation between them. As a result the parameters of future bargaining were hardly constrained, and the employers were prepared to risk arbitration in order to secure the abolition of the Large Town Allowance in 1972. But the danger with this strategy was the possibility of creating a stronger or more explicit principle about which it would then be more difficult to negotiate. Thus in this instance the tribunal not only retained the allowance, but correlated its size with the London Allowance, thereby creating a more restrictive formula which limited the parameters of future negotiation. So, the more explicit an arbitrated principle was, the more fixed and non-negotiable an item became. Adjustments to the Large Town Allowance were thereafter a mathematical exercise and attempts to abolish it acknowledged to be impossible.

While this did not prevent the parties from trying to use arbitration as a means of change, or to rescind previous discussions, it made such a strategy highly risky. On the one hand, the very lack of detailed reasoning behind arbitrated decisions meant that there was uncertainty as to whether a case for change would fulfill the necessary criteria to satisfy the tribunal, and we have seen that the price of losing a second time could lead to the creation of a permanent rule. On the other hand, if reasoning was advanced in any detail this too could establish a precedent for bargaining. For example the job evaluation tribunal confirmed in 1972 that comparability was to be a central factor for the whole of the grading structure, while at the same time deliberately making no allowance for the changing level of the cost of living. This crystallised the separation of cost of living pay resolutions from other resolutions about national pay levels, and secondly specified that external comparability was to be a central component of all future negotiations about the internal differential structure, neither of which had been formally confirmed before.

More broadly, bargaining could be influenced by normative guidelines on what determinants should, in the view of an arbitration panel, be germane to a particular issue. Without defining a specific formula for future negotiations these tended to emerge from the comments which accompanied an award, and were often aimed at facilitating future bargaining by pointing out the sort of factors which the parties might focus upon in their deliberations. Perhaps the best example of this was the two holiday tribunals of 1975 and 1976 in which the arbitrator made reference to comparability and European practices as factors which should be of great importance in future negotiations. Alternatively, determinants could be defined by those that were omitted, or stated not to be relevant to the issue.

So, the effect of the "trapping" of negotiations was to reduce the ability of the parties to institute change. In that sense it affirmed Kahn-Freund's⁽³²⁾ point that arbitration undermines the dynamic openness of voluntary negotiations in which change may be initiated by the simple act of forwarding a resolution to the JNC. It was this reduction in their autonomy which was the banks' major objection to the procedure. In their view it acted as a brake on reform of several substantial issues such as hours of work, territorial allowances and overtime, which in free collective bargaining would not have remained "trapped".

Secondly, but associated with the previous point, the employers believed there was a cost penalty associated with arbitration which derived from the basis of decision-making in the tribunal. Despite being compulsory, the whole emphasis in the mode of conducting the tribunals was directed to achieving an award which was acceptable to both sides; hence the tendency to "split the difference" rather than award firmly for one side was predictable. One argument put forward occasionally by the banks was that the staff side tried to exploit this by submitting "unrealistically" high claims, so that even with some subsequent shift in negotiations the arbitrator was still left with a high final claim as one of his points of reference. The response of the Federation was to withdraw all formal offers so that the tribunal had no way of splitting the difference, as in the holiday arbitration in 1976.

Another objection which is more typical of employer arguments against arbitration was also raised. In the mid-1970's it became more apparent that the banks found the prospect of delegating decision-making to third parties with no specialised knowledge or sympathy with their operational problems a liability.⁽³³⁾ This reflected their view that the cost penalty of arbitration was significant, for instance, they argued that the holiday claim which went to arbitration in 1976 would add over 2% to labour costs if met. Inability to pay was the central plank of their absolute refusal to meet any claim in this instance.

On the other hand, the priority of peace which had been a central objective of the employers (and unions) in the design of the constitutions had been achieved and arbitration could be assumed to have contributed to this, as was intended. Neither at national or domestic level did this failure to agree result in the use of sanctions, although NUBE was not restricted by a no-strike clause. Specifically, the employers felt that arbitration had helped to contain the enormous bargaining power of the computer personnel and clearing system staff as the national machinery was operating. Whilst there were costs associated with this constraint, they had to be offset against the potential costs of conflict which would have been associated with free bargaining, so the general assumption as expressed by Hawkins for instance, of a normative commitment to "voluntarism" on the basis that

"Alternative systems of rule-making such as compulsory arbitration have been consistently rejected by trade unionists and employers primarily because collective bargaining permits both sides to retain the maximum degree of autonomy."⁽³⁵⁾

has to be qualified by the point that sometimes either or both parties may have priorities which conflict with the maintenance of maximum autonomy. The preferred system of rule-making is to that extent dependent upon the objectives of the parties in negotiation. In this instance, neither staff body had wished to rely upon its own bargaining power, and the banks had been concerned to avoid industrial action, or the instability deriving from inter-union rivalry from impinging upon the bargaining process. Additionally they had wished to restrict free bargaining to avoid any escalation of claims because of union competition; arbitration was therefore designed to stabilise outcomes and to bring an issue to a definite finish whatever the associated costs.

The perceived disadvantages of compulsory arbitration expressed latterly by the banks must therefore be explained by a shift in their bargaining objectives. Awards given prior to national bargaining in the early 1960's had already demonstrated the disadvantages of third party adjudication but the advantages of a guarantee of conflict avoidance in the context of growing union militancy in the 1960's and the emergence of strategically powerful bargaining groups in the 1970's seemed to offset such disadvantages. However, growing concern with costs and their competitive position in the product market were behind the emergent view that, despite the risks free bargaining was necessary to reassert control.

This shift was not completed until after the collapse of the joint staff side. Indeed the instability created by this provoked a resurgence of commitment to stability in the bargaining process. None of the banks opposed the proposal to retain compulsory arbitration made in the Johnston Report in 1978 when procedures had collapsed and the prospect of overt competition between the unions had arisen. Discussion documents circulated in late 1979 still argued that compulsory arbitration was necessary nationally as a means of conflict avoidance either if the merger then proposed was effected or if it failed.⁽³⁶⁾ However, a minority of the banks had begun to express a preference for voluntary arbitration, and particularly the Midland, which in December 1979 signed a domestic agreement with BIFU and ASTMS incorporating such an arrangement. Obviously that bank faced exceptional difficulties in dealing with a strong trade union, ASTMS, which was not recognised nationally, and in the view of its managers, the prospect of being tied to a compulsory facility nationally only served to limit the options available. In questioning the desirability of compulsory arbitration the Midland was not alone however, and the outcome of this debate is considered in detail in the next chapter, in relation to the whole question of reconstructing national negotiations in the light of the failure to achieve a union merger.

THE IMPACT OF ARBITRATION ON THE INTER-UNION COMPETITION

Before that, the implications of the availability of unilateral arbitration on the outcome of the competition between NUBE and the CBSA

have to be considered, because arguably this did have significant bearing on the matter. To recapitulate: the central objective of each staff body was to obtain or maintain control of the staff council in order to impose their policies upon it, rather than being subject to the dominance of their rival. Arbitration was potentially a valuable instrument for this, but it was shown that the very competitiveness of the unions offset inclinations to exploit the facility after initial attempts to do so, because it could expose a union to the charge of irresponsibility and sectarianism in bargaining.

Insofar as arbitration awards were not apparently based on assessments of the parties' power in bargaining they did assist the union side. Lockwood⁽³⁸⁾ called this sort of arbitrated decision a political one and contrasted it with judicial decisions in which the case was judged on its own merits regardless of what might have been the bargained outcome. In the banks it appeared that no tribunal dissociated bargaining and arbitration to judge a case in an isolated, dispassionate manner, the two processes being inter-related. Neither however were decisions based solely upon bargaining power: rather there was every effort to reach an equitable compromise, often by "splitting the difference", a result which was neither necessarily political nor judicial.

Given the weakness of the unions, stemming from their inability to deploy great bargaining power (or the disinclination to try) this sort of outcome favoured them. Furthermore, this did not relate simply to the outcome of those issues which went to arbitration, but more generally to all bargaining because of the possibility that it might be so resolved. The threat of arbitration intruded into negotiations: if it was adjudged that an outcome more favourable than that on offer could be reached, recourse to arbitration by activating the procedure could be used tactically as a sanction. And this was successful insofar as the banks declared themselves prepared to settle "generously" (in their view) but voluntarily rather than risk an arbitration on several occasions.⁽³⁹⁾

But it was to be predicted that compulsory arbitration would supplement the power of the staff side in this way. This had been one of its functions when originally introduced into domestic

negotiations. As then, in national machinery it was designed to ensure meaningful negotiation despite the non-coercive methods of the associations, and secondly to ensure NUBE had no reason to invoke sanctions. Its function was therefore to equalize the effectiveness of the staff bodies by ruling out the usual indices of power from the bargaining process.

Yet insofar as the relative bargaining powers of each union were rendered irrelevant, this crucially affected the central issue of competition for control of the staff side. It meant that the choice to bank staff of which representative body to join did not have to hinge upon measures of effectiveness. But, given the equal recognition rights, and the relative cost disadvantages of membership, NUBE's main platform for recruitment resided on the very issue of bargaining effectiveness. So precisely by agreeing to use compulsory arbitration instead of voluntary negotiation, NUBE apparently undermined what it saw as the key to its strategy to attract more members. It would appear then that there was a contradiction in the union's position: its fear of alienating its "moderate" and "respectable" membership who had only once shown a willingness to countenance the use of sanctions against their employer led it to try and demonstrate that its moderation was equal to that of the associations, while at the same time it was claiming to be a superior bargaining agent precisely because it was not like an association and did not rely on arbitration alone. The contradiction remained unresolved, exposing the union to the criticism that it was neither one thing or another particularly, for example, in the context of its registration under the Industrial Relations Act in 1971. Indeed we would conclude that NUBE's policy on compulsory arbitration demonstrated the central difficulty which consistently faced it of distinguishing its character from that of its internalist rivals in order to be seen as a real alternative, whilst at the same time remaining sufficiently moderate to avoid alienating its membership, both actual and potential.

CONCLUSIONS

This chapter has examined the effects of the incorporation of an arbitration facility into the national procedure upon the division of representation. Recognising that it was an element of the employers'

strategy to neutralize any instability ensuring from this division, we explored whether this objective was achieved, and what the grounds for the banks' subsequent dissatisfaction with this arrangement were.

It was argued that arbitration was originally not designed to preclude bargaining but to guarantee that it took place fairly, given the cooperative ethos of the internalists. NUBE accepted this premise as well when agreeing to its inclusion into the national procedure. But the temptation to use arbitration as an instrument of the inter-union rivalry initially threatened to stifle negotiations. Paradoxically however, the very competitiveness of the unions also offset this effect subsequently by emphasising the need for bargaining maturity rather than a reliance upon arbitration. Ad hoc procedural modifications were therefore agreed by the unions, although as the ultimate guarantee of their power, they would not consider formal restrictions upon arbitration.

Considerable evidence of continuity between the process of arbitration and the forerunning negotiation was noted, and the notion that they could be construed as separate modes of rule-making was called into doubt. This suggested that the satisfaction of the parties with arbitration as a form of decision making was related to the input that they could have. Secondly, despite its compulsory status, the thrust of the tribunals was towards effecting a consensus outcome, acceptable to both sides by splitting the difference in most cases. The outcome to that extent was reasonably predictable.

Although bargaining was not reduced to a meaningless exercise, and continued to function alongside the existence of arbitration, there were ways in which it was impeded. We looked at the various ways and the various degrees to which an issue could become "trapped", suggesting that because of this tendency, arbitration did lead to outcomes which differed from those which would have resulted from free negotiation. In general, the tendency of tribunals to refer to existing arrangements and established precedents in decision making appeared to be more conducive to the staff side, and in the view of the Federation arbitration presented an extra obstacle to the negotiation of change. The employers also believed that the inclination to split the difference could result in awards less favourable than they would have achieved in free bargaining.

These effects became increasingly problematic to the banks throughout the operation of the national machinery. While arbitration did ensure the peaceful resolution of negotiations and, with modifications did not inhibit meaningful negotiations, the price of this stability in the bargaining process became excessive for the banks. This change in attitude reflected a more fundamental shift in managerial priorities towards cost controls and greater competitiveness, and it was this which explained the removal of compulsory arbitration facilities subsequently.

During the operation of the joint staff side however, this procedural format was argued to have had a significant effect on the outcome of the inter-union competition. By equalizing the power of the staff bodies in the process of negotiation and obviating the need to deploy bargaining sanctions it neutralized NUBE's strategy to obtain supremacy by the demonstration of its purportedly greater effectiveness.

FOOTNOTES

1. MBSA evidence to Donovan Commission (1965)
2. Interviews with staff union officials 1982/83
Interviews with union officials 1982/83
3. Webb S & B (1902); pp 222-247 and 818; Kahn-Freund, O, (1977)
pp 115-121.
Dickens L (1979); McCarthy W (1968); Donovan Commission
Research Paper No 8.
4. Webb S & B (1902) pp 244/245 and 814.
5. McCarthy W and N Ellis (1973) pp 119-120.
6. Goodman J F B et al (1977) pp 84-86, & Chapter 7.
7. JNC Const & Rules 8 (1) & (2) (1968)
8. Op cit (1968) section F
9. Report Mark 1 pp7-8 (1978)
10. FBE mins Sept 1969
11. The Bank Officer 1969
12. NUBE News Jan-Feb 1973; also, remarks and discussion by General
Secretary at 1972 NUBE ADM.
13. Eg, LBSA & NWSA magazines; the associations, in refusing to go to
arbitration over the pay claim, imputed such motives to NUBE who
had wanted to.
14. NUBE News 1970-75; esp for example Nov 1974 to Feb 1975 over the
holidays arbitration, and similar comments in the staff
association journals.
15. See Chapter 4.
16. 1970/71 Decimalization claim
17. Pay Claim 1972
18. Pay Claims 1971-77
19. 1969 and 1972
20. (1977) Chapter 5
21. Flanders A BJIR Nov 1974
22. 1977 tribunal minutes
23. Flanders A (1975) op cit

24. Hawkins K 1981 pp 173-174
 25. Dufty BJIR March 1978 pg 67
 26. Ibid
 27. See Minford P and D Peel on this point (Three Banks Review No 137 1983 pp 3-16)
 28. Kahn-Freund O (1977) discusses this distinction pp 52-56
 29. FLCBE mins July 1972
 30. Ibid
 31. Employment Protection Act 1975 ss 22-28
 32. Ibid
 33. Interviews with management 1982
 34. Arbitration minutes and FLCBE minutes 1976
 35. (1981) pg 73
 36. Federation discussion document Oct 1979
 37. Interviews with management 1982
 38. Lockwood D (1955) British Journal of Sociology VI
(see also, Hyman R (1975) pg 118 on this point and
Guillebaud C (1970)
 39. FLCBE mins July 1972; August 1974 for example.
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TABLE 10.1

ARBITRATIONS IN THE NATIONAL CLERICAL JNC 1968-1977

1. Banking Hours - 1 May 1969
2. Overtime Claim related to changes in Banking Hours - 19 September 1969.
3. Territorial Allowances - 19 November 1969.
4. Large Town Allowance - 23 June 1972.
5. Job Evaluation Restructuring/Pay Claim -5 September 1972.
6. Holiday Entitlement - 17 January 1975.
7. Channel Islands Allowance - 30 June 1975.
8. Holiday Entitlement - 15 July 1976.
9. Pay Claim - October 1977.

CHAPTER 11
CORPORATE DEVELOPMENTS AND
THE RECONSTRUCTION OF NATIONAL MACHINERY

Introduction

Chapter Outline

The Development of Profit Consciousness in the 1970's

Recent Trends Towards Greater Competitiveness

The Resumption of National Bargaining

- (i) Pay Negotiations
- (ii) Protection of Management Prerogative
- (iii) Procedure: The Debate Over Arbitration

Conclusions

CORPORATE DEVELOPMENTS AND THE
RECONSTRUCTION OF NATIONAL MACHINERY

INTRODUCTION

Having considered the operation of national machinery under joint working we now try to draw some conclusions from the changes since its demise in 1978, instituted by management in the light of their experience with the joint staff side and with the prospect of working with separate bargaining arrangements. We also consider the debate among the banks over the utility of national and domestic wage negotiations in the light of the problems prior to 1978 and particularly the difficulties associated with compulsory arbitration.

A further objective of the chapter is to broaden the basis of the main argument regarding the response of the banks to inter-union competition. It attempts to locate the policies of the banks within the context of their corporate objectives, by considering more fully how these developed throughout the 1970's to the present. This is seen as necessary if a proper perspective is to be offered on the question of divided representation and the way that it has been managed by the banks. After all, the management of this issue should not be construed as an end in itself: rather, controlling the instability of inter-union competition was essentially a facilitative⁽¹⁾ exercise, being part of a strategy to achieve certain objectives of labour management which were in turn more broadly determined by the business aims of the banks, or their market strategies. In other words, the management of industrial relations cannot be assumed to be an autonomous function, but is, as other writers have emphasised, subject to corporate objectives.⁽²⁾ And while there may be differences between each bank in policy or priorities, national institutions obviously presuppose an area of common policy and interests, based upon similar corporate objectives.

Within this framework the chapter tries to explain why, given the apparent changes in corporate strategies and the greater diversification between the banks, the only change to national bargaining that has been instituted concerned the procedure, with the

ending of unilateral compulsory arbitration. This is done by arguing that despite the new business strategies, these have not altered the basic oligopolistic structure of banking, and secondly that the debate on the utility of national bargaining must be seen within the context of the collapse of joint working, in which it took place. In doing this it is argued that the decisions regarding the scope and procedure of national machinery were importantly affected by the outcome of concrete issues negotiated both at that time and since the resumption of national bargaining. We conclude that the decisions were made on the basis of practical experience rather than doctrinaire principles, and that experience appeared to favour continuity rather than change.

CHAPTER OUTLINE

The chapter is set out as follows. First the reasons for and the timing of the emergence of a more profit conscious management in the 1970's are examined. In terms of industrial relations policies however, it is argued that the effects of this development were limited significantly. The analysis then considers the much more positive attempts to deal with the stagnation in market share developed by the clearers recently and the trends to greater diversification, assisted by the current wave of automation. It examines the industrial relations impact of these corporate developments, asking why it was that the banks chose to resume national machinery with the same scope as in 1968. This is answered by reference to the domestic experience of wage bargaining and other issues affecting managerial prerogative. It finally considers the key question of arbitration asking why, given the dissatisfaction of the 1970's, the banks deliberated extensively before opting to abandon a compulsory facility only in 1981. Again it is suggested that this was due to practical experience rather than doctrinaire reasons. It is concluded that only in the last two or three years have the banks determined that compulsory third party intervention is intolerable.

THE DEVELOPMENT OF PROFIT-CONSCIOUSNESS IN THE 1970's

In this first part of the chapter we take up the argument noted when looking at the banks' objections to compulsory and unilateral arbitration, that it conflicted with the growing concern with cost

controls among management in the 1970's. This is related to the wider development of what is called a "profit-conscious" management strategy, and the conditions for the emergence of this strategy are noted. Nevertheless it is argued that the degree of competition between the banks remained limited, and, continuing to function as an oligopoly with high labour costs, the value of national wage bargaining to minimise the competition for labour was still relevant.

Commercially the banks confronted the problem which had been with them throughout the post-war period of a declining or stagnant market position. That this did not generate more than a partial attack on the problem of labour costs was ostensibly due to the continuing prosperity of the industry, despite the lack of growth, and to the view taken by the banks that the barriers to competition were at the heart of this trend.

Management policies were thus informed by the paradox of low growth or stagnation accompanied by profitability. The evidence of this stagnation is shown in table 11.1, where in particular the clearing banks were unable to match the performance of the building societies which, between 1965 and 1980, doubled their market share of deposits of the personal sector, while the banks' position remained virtually unchanged. The national savings institutions suffered a halving of their market share in the same period. And between 1968 and 1979 the clearers' share of the total interest bearing deposits market was reduced from 22% to 18% while their principal rival in the sterling market, the building societies, maintained their market share at 40%.⁽³⁾

In lending the environment was also highly competitive both in corporate finance, and the private sector, although the banks were much more active in the 1970's than twenty years previously. By 1972 the ratio of advances to net sterling deposits was in excess of 70%, compared to the trough of the 1950's when the ratio was less than 40%. However throughout the 1970's the banks' share of private sector sterling advances still remained static at around 30%, well below that of the building societies, whose share remained around 50%.⁽⁴⁾

Nevertheless this market stagnation was apparently offset by the continuing profitability of the banks. It has been shown for example that in terms of pay determination, the banks were prepared to adopt a flexible response to fluctuations in their total profitability, as well as variations between the individual clearers, only arguing inability to pay very rarely. Significantly it was not until the end of the last decade that concern about the stagnation in real profit levels became an important negotiating factor, probably because of the continuing "endowment" effect of high interest rate policies, and the growing contribution made by the international divisions. On interest rates for example, Frazer and Vittas note that,

"The arithmetic average of bank base rates in 1971-78 was almost 50% higher than the corresponding average for 1963-70"⁽⁵⁾

and between 1969 and 1977, the consolidated pre-tax profits of the Big Four clearers more than quadrupled. (See table 11.2)

In addition because of the corporate diversification policies which each bank pursued, the domestic division became in the 1970's just one (albeit a major one) of the several operating divisions which each made substantial contributions to total profits. So whilst there is no evidence of cross-subsidisation of divisions, it seems plausible that the existence of multiple profit centres did insulate management from being too concerned about spiralling costs.⁽⁶⁾ Furthermore the simple point that in absolute terms each bank's profit figure seemed very large, (for example, in 1978 National Westminster pre-tax profit amounted to £189.5 million) made it very difficult to argue inability to pay at the bargaining table, a factor which was further enhanced by their typically counter-cyclical trend (profits rising during a recession) as Morse has pointed out.⁽⁷⁾

Morse⁽⁸⁾ has argued however that a more profit-conscious style of management, concerned to maximise returns by new market strategies and cost controls did develop among managers in the 1970's for several reasons. The impact of high inflation during the 1970's was probably the single most important factor which induced greater profit and cost consciousness. Whilst remaining consistently profitable, like the rest of the private sector the banks were concerned by the way that high inflation rates eroded the real value of their profit levels.

Furthermore as labour intensive organisations (labour constituted approximately 67% of total operating costs) this was particularly problematic because the inevitable response of their staff to inflation was to demand cost of living rises. At the same time much of the banks typical asset portfolios were not insulated from inflation, and were thus losing value.⁽⁹⁾

Secondly, Morse⁽¹⁰⁾ has argued that pressures from Government agencies such as the NPBI, the Treasury and Bank of England for greater competition between the clearing banks was an important influence upon corporate objectives. But while a greater variety in the range of accounts and facilities offered by the banks did emerge, they remained in many ways, a cartelised sector with clear limitations upon the areas of competition.

For instance, the wider range of services which developed were broadly duplicated by each of the clearers. The banks all continued to organise their domestic diversions on a similar basis, making each branch a microcosm of the whole bank, as the CLCB pointed out. That is to say each full branch offered a complete range of services regardless of market demand, and thus every branch in each bank was a replication of the others.

Indeed it was consistently assumed that wide variations in pricing policies were not possible, given the close relationship of lending and deposit rates to the Bank Rate (latest Minimum Lending Rate). The efforts of the NBPI and the Bank of England to stimulate greater variation were therefore restricted. Furthermore as the banks' services were mutually inter-dependent upon the clearing system for the most part, there was little opportunity to compete by product innovation. Where a new market could be developed, as for example in credit cards, this was quickly covered by the other banks either individually or collectively, as in the case of the Joint Credit Company started by Midland, Lloyds and National Westminster Banks in response to Barclays' Barclaycard.

The banks therefore remained a cartel competing only in restricted ways, as for instance by branch coverage. And after the mergers of the late 1960's the limits to growth through this form of competition were considered to have been reached, the branch systems being complete.

What then were the implications for national bargaining of these commercial conditions? First, the oligopolistic structure of the industry and organisational homogeneity of the banks was conducive to a broad national bargaining unit. Hence we noted that the banks were able to conduct a national job evaluation exercise imposing a common structure throughout. Secondly, branch coverage remained a central form of competition, and this meant that the banks remained labour intensive organisations. Table 11.3 shows that despite the branch rationalisation programmes there was a consistent rise in total numbers employed in their domestic divisions, and an annual recruitment target of up to 10,000 new staff faced the clearers in most years of the 1970's.⁽¹¹⁾ In addition there was an exceptional demand for staff in certain key areas, notably Central London which underlined the need for a bullish response to changes in labour market rates, despite the ending of full employment in the economy as a whole.

Given this expansion throughout the industry, each bank's labour market policy remained similar and conditioned by the labour intensive methods of operating. With relatively stable market shares, and similar interest rate margins, profitability could be strongly influenced by wage costs which constituted around 50%⁽¹²⁾ of net operating income. So, even with the official encouragement to compete more distinctly between themselves in the product market the desirability of minimising wage competition continued, it being assumed that differences in the wage bill of any one bank could not be compensated for by product market growth.

Thirdly, on several issues it appears that in the 1970's the banks did shift from an initially unrestrictive approach to show a greater concern with the cost implications of negotiated changes. Such items included the overtime payments, Large Town Allowances and holidays for instance.

Taking the Large Town Allowance as an example, it is notable that the Federation offered no financial justification for payment of this supplement in evidence to the 1969 arbitration tribunal, its case for continuing to pay the allowance resting on customary practice in several banks which it wished to standardise. But by the mid-1970's the opposition to the allowance had hardened, particularly after the

1972 arbitration award linked the calculation of the amount of this allowance to the London Supplement, which the banks were keen to retain. By 1974 a bargaining priority of the Federation was to try and disengage the two supplements, the Large Town Allowance being, in its view, a cost element of considerable size which was paid to 15% of their staff for no justifiable reason.⁽¹³⁾ In the same period the employers also stepped up their attempts to revise the overtime agreement, established by the 1969 arbitration tribunal, on the grounds that it was too costly.

During the holidays arbitration in 1975, the reasons for the employers' rising concern with the cost implications of settlements were made explicit. While accepting the legitimacy of the staff side's case for preserving a differential structure, their objections were based upon the inappropriateness of the traditional structure in the context of high inflation.⁽¹⁴⁾ Instead, the new conditions necessitated a break with traditional assumptions and much closer reference to comparability with other organisations and the market position. In effect, high inflation placed considerable strain upon the reward system which was based upon a differential structure for non-pay as well as pay items. This meant that it was not only the strict wage elements of remuneration which were rising rapidly, but the aggregate costs of labour.

But, fourthly, it can be concluded that the attack on costs remained partial, insofar as it was only the more minor items which the banks tried to control, such as the Large Town Allowance. In contrast it was assumed that they were obliged to follow what were seen as the market rates for national salary scales (at least for the junior grades) and on the London supplement. The more major items therefore remained beyond control.

There appeared then to be limits to the degree of concern which was attached to cost controls, despite the trend to greater profit consciousness. Several managers argued that in hindsight relatively "unrigorous" (as one put it)⁽¹⁵⁾ attitudes prevailed, mainly because of the prosperity of the industry. Indeed it was suggested by a number of senior managers that the most fundamental change now occurring was attitudinal: managers throughout the banks were all becoming profit

oriented in their decisions whereas previously this had not been so, a point which is returned to below. But in terms of labour costs, the point was made that this relatively unrigorous approach had also prevailed.

More broadly it appeared that labour questions were not considered central to the fundamental problem confronting the banks, which was lack of growth. Instead this was seen to be a function primarily of imperfect competition particularly in relation to the building societies. So, a market free from lending restrictions was seen as a key to growth, and this could only be properly secured by Government policies.⁽¹⁶⁾ Taking the hours of work/opening issue for example, on one level the restrictions on hours of opening were persistently argued by the management as a restraint to market growth. A paper from the Chief Executive Officers' Committee arguing the need to compete through more flexible opening times was circulated in the JNC in 1972.⁽¹⁷⁾ But the absolute rejection by the Staff Council of any proposals for changes led managers to conclude that the matter was therefore closed, and no further attempts to re-negotiate the issue were made. Pressure from the staff side on reductions in late-night opening in branches was also effective, and the numbers offering this service did come down. Thus although there appears to be no overriding operational reason to dictate this, common opening times have prevailed in the clearers, and it was not until the 1980's that the possibility of moving out of step on hours of work was taken up. It would appear that the failure to pursue greater variation in hours (as was first recommended back in the 1960's by the Bank of England and the NBPI to make the banks more competitive) relates to the view that interest rate competition is the prime obstacle to growth.

To sum up: commercially the banks faced the paradoxical situation of stagnation and decline in their market position, while remaining relatively profitable. Although there was an emergent profit consciousness, the degree of competition between the banks remained limited. In terms of industrial relations, these conditions continued to dictate the value of national bargaining to minimise wage competition and meant that although there was an attempt to gain greater control over labour costs, this was limited to more minor issues.

RECENT TRENDS TOWARDS GREATER COMPETITIVENESS

But as the resumption of Saturday opening by Barclays in 1982 indicated, a more forceful approach has recently developed. This has been shown in a greater determination to compete actively with other financial institutions, and also in a determination to control the increase in operating costs, and particularly those attributable to labour.

This trend may have been inspired in part by the efforts of other institutions to enter market territories traditionally occupied by the clearers, in offering current account facilities and automated cash points for instance. For their part, the greater competitiveness of the clearers may be seen in the more positive attempts to resolve their stagnant market share through such strategies as the moves into lending for house purchases, by which they have attempted to gain customers in an area traditionally dominated by the building societies. Secondly, the banks have extended their credit card operations, and transactions by this method increased by an average of 32% per annum between 1971 and 1981. Thirdly, to try and move in to the "unbanked" sector, banks have started to consider current accounts paying interest. In this country there are still about 40% of adults without a bank current⁽¹⁸⁾ account, so considerable room for growth still exists, although here the clearers face tough competition not only from the building societies but from the other retail banks, such as the Cooperative, and some of the American banks which have linked with building societies to offset their lack of a branch system. Fourth, attempts to meet the needs of small businesses have been developed by the clearers, partly in response to some sharp criticism. Associated with these changes has been the emergence of a segmented market strategy replacing the traditional generalist approach. Now, in distinguishing between the needs of large corporate customers, small businesses, and the majority of private individual accounts the banks have shifted towards a specialization more in the style of the merchant and foreign banks.

The competitiveness in the retail market has been increased by the innovations in automated techniques of payment and cashing facilities. To the extent that the clearers have responded to the growth of

electronic banking in diverse ways, this has reduced the importance of the clearing system between them, and the degree of homogeneity in their organisational structures located round the branch system.

As one banker succinctly put it recently:

"The full-service branch is past its prime."⁽¹⁹⁾

and forecasts that 90% of all routine personal cash withdrawals will be through automatic teller machines within the medium term are now being made. Experiments with "satellite" branch systems have been made by all of the major clearers. But despite this growing heterogeneity the banks remain relatively similar. They still retail their services through extensive branch structures and offer a broadly similar package of facilities. The ability to compete on price is still technically restricted, and essentially they remain an oligopoly, which is functionally inter-dependent because of the clearing system.

However, a more utilitarian style of management, committed to profit maximisation through growth and strict cost controls is argued now to be more prevalent.⁽²⁰⁾ And a key component of this profit maximising strategy is the need to contain all elements of the labour cost structure, in a manner which was previously not nearly so pronounced or thorough. Evidence of this shift towards a more "purposive rationality" was expressed by one senior executive who, when criticising the former complacency towards costs arising management, stated that;

"Management must steel itself to get the fat of the palmier days out of its organisation. The whole industry has been too relaxed about costs and it will not be easy to change - but change we must."⁽²¹⁾

For instance, it is now also argued that the clearers have to compare their cost structures internationally. In particular on this assumption the British banks' productivity levels fall well below those of their foreign counterparts and must be raised to compete effectively, principally through further automation. Associated with this is the view that in real terms the profitability of the banks is too low, a problem which in managements' minds has been compounded by the precedent set in 1981 of the Government levy of "windfall" profits tax. The banks greatly fear further levies of this nature, not least

because profitability is unpredictable, being largely determined by interest rate policies over which the banks claim little or no influence. In addition the previous rates of profit gained from current account balances (which were non-interest bearing) and the money transmission services where most of the clerical staff are employed have fallen "substantially"⁽²²⁾ after a peak in the mid-1960's when the NBPI was investigating the efficiency of the clearers. It is for this reason that the strictest control over labour costs is deemed necessary both because this continues to be the principle item on the cost accounts and because the other cost factors are largely fixed.

THE RESUMPTION OF NATIONAL BARGAINING

What then have been the effects of these developments in corporate strategy on the management of bargaining in the national machinery? Constitutionally at least, there is considerable similarity with the pre-1978 arrangements, the scope of bargaining remaining the same. In the procedure, the compulsory arbitration facility was removed and replaced by the opportunity for voluntary third party reconciliation and arbitration with the agreement of all parties, when the new constitution was finally agreed in December 1982. But this apparent continuity disguises the debate which was conducted by the banks on the utility of national arrangements, and the alternatives including domestic bargaining, as well as the very real shift in the bargaining strategies of the clearers.

We argue in the following sections that the actual outcome of the debate were determined largely by experience, there being no clear-cut or overriding principle to determine bargaining arrangements predominant amongst the clearers. Hence the return to national bargaining was decided principally by the outcome of pay negotiations in the period of domestic bargaining, and the merits of national machinery were also seen in terms of the protection it offered to managerial prerogative in the face of pressure from the competing unions.

Furthermore, it is argued that despite the avowed profit consciousness of the clearers, only in 1981 did new imperatives to control labour costs become explicit. One crucial result of this new policy, which was directly related to a range of commercial considerations as we

shall see, was the decision to revoke all compulsory arbitration facilities. But prior to 1981 there was considerable debate over the value of this, despite the apparent disadvantages noted in the 1970's. It is concluded that only in the last three years have corporate objectives so tightly determined managements' bargaining policies at the national level.

(i) Pay Negotiations

Considering the wage bargaining arrangements first, there appeared to be several pertinent reasons for moving to domestic arrangements. In particular the non-existence of the staff associations in the Midland and Williams & Glyn's meant that any national agreement struck with them would have to be imposed over the heads of BIFU (and ASTMS in the Midland) members. Not surprisingly Midland management found this prospect worrying, and still do. On the other hand, there were managers in those banks with staff associations who were inclined to think that if they could reach agreement with their associations without the threat of industrial action, then the minority membership position of BIFU would make it difficult for the union to reject this.⁽²³⁾ Why then should they be tied up with problems in other banks where BIFU was stronger?

These arguments were rendered somewhat hypothetical in the light of events between 1978 and 1980 however, when separate negotiations worked against the banks. Fearing industrial action, no bank would settle at a lower rate than the others in the wage round. Furthermore, it was evident that no bank wanted to move away from the national rate and try to establish its own pay scale: hence in 1978 when a productivity element was deemed payable under the incomes policy then operating it is notable that the banks contrived to apply this uniformly in order not to establish different rates, even though the national negotiations had collapsed. The commitment to a national rate in order to take wages out of competition was still considered important, especially as the banks were all still expanding their employment as well as replacing wastage.

The 1980 pay round was something of a watershed however. In the wake of this a much firmer employer line emerged, apparently after BIFU's

strike action in its Technical and Services Section in the National Westminster threatened to reopen the leapfrogging on the clerical pay deal which had been concluded. Having concluded two settlements which were higher than the annual RPI, the banks determined to try and reach a settlement below this in the next pay round. This was influenced by several commercial factors,⁽²⁴⁾ such as increasing competition from overseas banks; the increasing provisions for bad debts as company liquidations rose; the fall in interest rates which reduced the "endowment effect" on profits; and the rising levels of expenditure on new technology. The period 1980-81 also coincided with a rapid rise in unemployment, a reduction in the size of pay settlements, and some criticism of the banks for their high settlements by industry and the Government. Crucially as well greater variation in the profitability of the clearers was evident.

Indeed to a minority of managers, these conditions suggested that domestic bargaining with great firmness might prove more advantageous than national negotiations. Firstly, because the industry-wide rate could be dispensed with in the light of the new labour market conditions of over-supply, and secondly, because profitability, or the inability to pay argument could be more forcefully applied in domestic negotiations. The national rate might therefore not be the minimum settlement.

In practice, four reasons appear to have vitiated what in theory are sound arguments for domestic bargaining. First domestic bargaining will always have to deal with union demands for comparability with other banks. Given the longstanding parity in the industry this suggests that no bank will be able to move far from the others, and will always expose itself to a greater risk of action by unions in pursuance of this standard rate. Second, any sub-average domestic settlement may have hidden costs; most managers argued that the importance of what were perceived to be fair settlements, even if marginally above the hypothetical minimum paid off in terms of longer-term loyalty and commitment.⁽²⁵⁾ This was emphasised still highly as important in the career based banking employment, particularly in view of the cooperation needed for future organisational changes. Third, (and related to that point) the size of national agreements has since 1981 been significantly lower than previous years, so that the premium

of national bargaining is accepted to be only one or two percentage points at most.⁽²⁶⁾ Over the longer term such a variation was in the view of most managers seen to be insignificant. Fourth, there is an element of domestic bargaining in the two tier bargaining process which gives each bank considerable discretion, particularly in view of the lower national settlements. While in the period of settlements around, say, 15%, the domestic element of say 4 or 5% was insignificant, this has now altered: for instance, in 1983 in some clearers the domestic component of pay increases were in percentage terms as big as the national rise, 5%. So, as management wanted the proportion of pay related to individual performance this increased significantly. As a result the arguments against continuing to operate an employers' Federation for wage bargaining have receded.

ii. Protection of Management Prerogative

The second argument for retaining national bargaining and employer cooperation related to the protection this offered against attempts to extend joint negotiations to include certain issues deemed to be within managements' prerogative. Again, following the collapse of the joint staff side, the value of acting in combination was reaffirmed to the banks when rather than being able to argue that certain issues were only negotiable nationally, or were non-negotiable, the banks found themselves isolated by division just as separate arrangements made bargaining increasingly unstable. This may be illustrated by reference to the question of Christmas leave.

During the period of joint national negotiations this issue was pursued with increasing vigour by the staff side, although as a matter of hours of opening rather than of holidays it was regarded by the banks as non-negotiable, and this viewpoint was defended very effectively in the national forum. For example, the BSC submitted a claim for a five day closure over Christmas in 1974, which was rejected as unconstitutional by the Federation, but similar resolutions were subsequently submitted annually between 1975 and 1977. Furthermore, in 1977 the BSC escalated its claims by requesting closure on the last working day before Christmas, Friday 23 December, even though not being Christmas Eve this was unprecedented.

Significantly, in the context of the break-up of the joint staff side, the CLCB acceded to this request, and while achieving a retrenchment the following year (1978), the banks again conceded the last working day in 1979, in a package which gave all staff an extra one and a half days leave. This decision was taken in the aftermath of the extended "leapfrogging" over pay that summer and demonstrated the weakness of the banks in the absence of a national forum. The return to formal national negotiations in 1980 led to the resumption of a much firmer employer line and a return to the pre-1977 position, in an agreement with the CBU (the three staff associations constituting the CBSA) which was applied over the heads of the BIFU officials who had rejected it. This was the first agreement for two years to expose the weakness of the divided unions, and it reaffirmed the utility to the employers of national machinery.

On other issues as well the value of joint action by the employers has been demonstrated. In the 1981 pay negotiations for example, BIFU took action in the computer and clearing centres in the various banks to try and reopen negotiations after a deal had been reached between the Federation and the CBU. Because of its extra strength in the Midland, and with the support of ASTMS members, that bank was particularly affected, but it received support from the other clearers which at the time enabled it to stand firm against the union pressure.⁽²⁷⁾ Secondly, the broader question of new technology has been considered at the Federation level. The banks have coordinated their response to BIFU's requests for negotiations on this and have also considered undertaking discussions nationally on this matter in order to relieve domestic pressure. This offers the advantage of dealing only in general principles, while specific operational questions which are not common throughout the banks are deemed beyond the remit of the forum.

iii. Procedure: The Debate over Arbitration

A third question concerned the procedure to be used given the separate bargaining arrangements. As we showed above, there had been criticism of the "trapping" effects which unilateral arbitration had had in the period of joint working. It might therefore have been expected that in the climate of greater competitiveness the banks would have been determined to avoid any recourse to third parties. This was not

initially the case however, the change in the policy of the banks only coming in 1981 and coinciding with the decision to adopt a much firmer wage bargaining line.

Why then, given the disquiet over the effects of unilateral arbitration were the banks prepared to consider this? Again the answer was related to the experiences of 1978-1980. In this period the costs of free domestic bargaining, had suggested that arbitration might at least resolve the overt competitiveness of separate negotiations, as discussions in the Federation Council repeatedly concluded.⁽²⁸⁾ Even though the Federation Director made the point that the expense of arbitration related to the ability of the unions to negotiate without having to consider deploying sanctions, it had at least secured peace which, in the context of separate negotiations, was of great value.⁽²⁹⁾ Allied to this point it was argued that under arbitration the banks had very rarely lost a case completely, so that the system did have some advantages.⁽³⁰⁾

Thirdly, the banks were broadly agreed on the need to be in line on national and domestic agreements, and domestically there were good reasons for re-establishing arbitration rights. Specifically, technical change and capital intensification have increased the potential for disruption at the centre of the clearing banks' systems. The ability of key groups of staff in computer centres and cash centres such as engineers and data-processing staff to take action in one bank which affected the others suggested to some managers that arbitration was more necessary than ever as a guarantee of peace.⁽³¹⁾ The strike by messengers in National Westminster in 1980 demonstrated this point, as did the action by computer staff the following year. It also raised the question of whether the national bargaining unit was appropriate; should it, for example, be narrowed to include only junior clericals, or should the clericals be grouped with the Technical staff as a means of trying to moderate their power? There was no guarantee however, that by simply redrawing the bargaining units these strategic groups could be better contained.⁽³²⁾

Fourth, it was argued that the longstanding use of unilateral arbitration was popular with staff. Were management now to argue that it was no longer desirable it was thought that this would be seen as

tantamount to an invitation to the unions (and particularly the CBU which had always relied upon this) to become more militant, and would therefore contribute to a deterioration in staff relations.⁽³³⁾ In fact it was recognised that without a unilateral facility the staff unions would be "rendered impotent".⁽³⁴⁾ There were therefore substantial arguments in favour of a return to unilateral arbitration.

Indeed, as the Director of the Federation argued, the reasons for not doing so in 1980 were purely technical. No means of reconciling BIFU's refusal to cooperate in any way with the need for arbitration binding on all parties could be found.⁽³⁵⁾ In the meanwhile, Federation policy began to move away from unilateral arbitration as the competition between the unions led BIFU and the CBU both to try and influence national pay negotiations through domestic pay references, and with some success. In 1980 the Lloyds managers' arbitration re-establishing differentials with clerical staff at the 1975 (pre-incomes policy level) in the middle of the national negotiations affected them significantly.⁽³⁶⁾ The following year BIFU, having had the national agreement imposed upon it, attempted to reopen matters by a Williams & Glyn's arbitration, and by references in BACS and the Joint Credit Card Company.⁽³⁷⁾ It was in response to this action that the Chief Executive Officers determined in August 1981 to end all domestic unilateral arbitration.⁽³⁸⁾ This cleared the way for the national agreement to incorporate voluntary arbitration, plus conciliation, but with no unilateral facilities.

It must be reiterated however, that this decision was not simply taken on account of the perceived "abuse" of the procedure by the unions as a result of their competitiveness. It coincided with the development at that time of the systematic attempts to reduce the costs of labour and generate productivity which have already been noted. The increased risks of purely voluntary settlements were thought to be worth bearing if only to regain the ability to bargain over every issue again, thus freeing those matters that, as things had stood, were "trapped" by arbitration. Furthermore, as one manager put it,

"a will to try and win every question, which had been lacking for several years previously"⁽³⁹⁾

became evident.

Now this reassertion of control was in a sense fortuitously timed. It was arguably assisted by the changes in the economy as a whole with pay settlements decreasing in size, and unemployment rising rapidly in 1980-81. It also paralleled the decision of the Government to reconsider the whole basis of civil service pay and subsequently to move away from arbitration in order to place a stronger influence on the market rates, following the Megaw Report.⁽⁴⁰⁾ Nevertheless the decision to reassert control was not simply a function of changes in macro-economic policy, and was related to the stronger competitive priorities then emerging, and which have closely determined the Federation policies since 1981.

In the banks the control over the bargaining process permitted several new policies; first, it led to the freeing of those items previously "trapped" by arbitration such as the Large Town Allowance. As a result, this was no longer strictly limited to the London Allowance, and proposals to buy it out completely were introduced in 1983 by the Federation. Second, it led to a reassertion of control over those items which although negotiable always impinged upon the employers' prerogative, such as hours of opening/work, and Christmas Holidays. Third, it has, in the view of management, also permitted them to come to grip with major items such as national salaries, and the London supplement by changing the basis of determination without fear of a reference to arbitration. For these reasons the procedural changes represented a significant shift from which the employers were able to apply their new strategies, although by itself the ending of arbitration did not ensure that these would occur. At the same time this change was likely to affect the outcome of the inter-union competition, having been, as we saw, a significant factor in this issue during the operation of the joint staff side. To what extent this has influenced the fortunes of the unions is considered in the concluding chapter.

CONCLUSIONS

This chapter has attempted to broaden the analysis by looking at the industrial relations policies of the banks, including the issue of union representation, in terms of their business strategies it has aimed to explain why, despite the considerable changes in corporate

policies, the national bargaining arrangements have remained relatively similar to the 1968 agreement.

An increasing concern with profitability and costs, including those of labour, was noted. But it was pointed out that the extent of competition between the banks was limited and that they remain fundamentally oligopolistic. Banking also remains labour intensive and the banks relatively similar in organisation, and these factors have determined the ability and the desire to continue to fix wages collectively. As these are actual rates this represents a considerable delegation of power away from the domestic level which has been questioned by some managers. However, the period of domestic bargaining (1978-80) coincided with considerable negotiating difficulties for the banks, and a return to national bargaining coincided with a resumption of control.

Constitutionally, the key change for the banks in this resumption of control over bargaining appeared to be the change in the procedure bringing about the removal of compulsory arbitration facilities. It was argued that this was in fact an enabling move, the real changes being in managerial policies with regard to all negotiable items. In turn these were seen to stem from the shift in corporate objectives, which although coinciding with changes in the economy and the labour market which facilitated a firmer line, were nevertheless concluded to be independent of them. A return to the sort of priorities prevalent in the 1960's, and relating to the maintenance of peace therefore seems unlikely. With this in mind, we turn in the concluding chapter to survey the position of the unions since 1978, and the prospects for the future.

FOOTNOTES

1. As Poole characterised this point about control; Poole M in Poole & Mansfield (1980) Chap 9.
2. Discussions on the nature of corporate strategy include Anshoff (1969); Mintzberg (1978). In Anshoff's view business strategy was concerned with the choice of the product-market portfolio of a firm, which in turn relates to its professed corporate objectives. See also: Flanders A, BJIR (1974); Thurley K & Wood S (1983); Timperley S (1980) IR Journal Vol II No 5.
3. Morse J (1981).
4. Ibid.
5. Vittas D and Frazer P The Banker Feb 1980 pg 50.
6. Interviews with domestic management and discussions with FLCBE staff. See also Morse (1981).
7. Ibid.
8. Op cit (1981)
9. (Vittas and Frazer)
10. Op cit.
11. This is a rough figure derived from Fanning's figures and estimates given by the FLCBE, although current recruitment levels are lower. (cf Fanning D 1982).
12. Fanning D (1982/83)
13. In December 1976 the number of staff employed in the London area was 73,550 (36% of total staff). 15% (30,236) were employed in the large town areas.
Source: CLCB Statistical Unit.
14. Arbitration Minutes 1976.
15. Management Interviews 1982
16. CLCB Evidence to Wilson (1978)
17. JNC minutes
18. IBRO Report that 61% of adults have a bank current account. In the last five years there has been a 40% growth in the number of adults with an account, and now 73% have an account of some kind with a bank (56% with a clearing bank).
IBRO Research Brief Oct 1982.
19. Quoted in the Banker August 1982.

20. This is implied in Morse (1981) although the effects upon pay negotiations are not considered.
 21. Barclays Deputy Chairman quoted in the Financial Times 2 Nov 1981.
 22. Vittas and Frazer 1980.
 23. Interviews with management 1983.
 24. FLCBE minutes Dec 1980.
 25. Interviews with Assistant General Managers 1982/83.
 26. Ibid and discussions with FLCBE directorate 1983.
 27. FLCBE minutes April/May 1981.
 28. FLCBE minutes Sept/Oct 1979.
 29. FLCBE minutes October 1980.
 30. Ibid. This argument was reiterated in discussions with the Federation Director in 1984.
 31. Working Party on the future of the Federation 1979.
 32. Ibid.
 33. Ibid. Report October 1979.
 34. Discussions on proposed national procedure, Federation Council October 1980.
 35. Interviews 1983/84.
 36. Ibid. FLCBE minutes April/June 1981 emphasise this as well.
 37. FLCBE minutes June 1981.
 38. Procedures Working party Report to FLCBE August 1981.
 39. Interviews 1983.
 40. Inquiry into Civil Service Pay. Report July 1982.
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FINANCIAL MARKET TRENDS**DEPOSITS OF PERSONAL SECTOR**
Market shares at end of period

	Banking sector %	Building Societies %	National Savings* %	Other %	Total %
1963	34.2	21.6	42.5	1.7	100
1972	34.5	37.8	26.2	1.5	100
1974	30.0	38.0	21.1	0.9	100
1977	31.5	47.5	20.4	0.6	100
1979†	31.9	47.1	20.4	0.6	100

Changes in market share (percentage points)

	%	%	%	%
1963-72	-0.3	+16.2	-16.3	-0.2
1972-74	-5.5	+0.2	-5.1	-0.6
1974-77	-8.5	+9.5	-0.7	-0.3
1977-79†	-0.4	-0.4	—	—
1963-79	-2.3	+25.5	-22.1	-1.1

* Includes total deposits of the National Savings Bank and the trustee savings banks and the instruments administered by the Department of National Savings.

† Second quarter.

Source: Financial Statistics.

Percentage shares of interest-bearing deposits of UK main financial institutions

	London Clearing Banks	Other Banks	Building Societies	National Savings	Trustee Savings Banks
1921	50	N/A	7	42	1
1930	42	N/A	17	38	2
1938	34	N/A	25	37	3
1948	25	N/A	13	62	1
1958	24	N/A	26	47	3
1968	22	N/A	40	31	7
1970	16	22	36	21	5
1971	17	23	36	19	5
1977	17	25	42	13	3
1978	16	25	42	13	3
1979	18	26	40	12	3

Percentage shares of sterling advances to private and overseas sectors by UK banks and building societies 1971-79

	London Clearing Banks	Scottish and Northern Ireland Banks	Other Banks	Total for all Banks	Building Societies
1971	30	4	13	47	53
1977	30	4	19	53	47
1978	30	4	18	52	48
1979	30	5	18	53	47

TABLE 11.2

Big Four London Clearing Bank Groups
Consolidated Profits Before Taxation

<u>Year</u>	<u>Profit before taxation</u>
	<u>£m</u>
1969	210
1970	214
1971	278
1972	380
1973	580
1974	449
1975	424
1976	700
1977	896
1978	1084
1979	1563
1980	1455
1981	1678
1982	1501

Sources: 1969-1976 CLCB Evidence to the Wilson Committee
1973-1980 Hansard: C.9 April 1981
1981-1982 CLCB

TABLE 11.3 LONDON CLEARING BANKS' EMPLOYMENT FIGURES FROM 1970
(Group Figures excluding foreign workforces and Channel Islands).

<u>DATE</u>	<u>MEN</u>	<u>WOMEN</u>	<u>PART TIME WOMEN</u> *	<u>TOTAL</u>	<u>AVERAGE</u> *
1970 March	81,200	88,700		169,900	
June	80,900	88,000		168,900	173,275
Sept.	82,400	95,000		177,400	
Dec.	83,100	93,800		176,900	
1971 March	82,700	92,700		175,400	
June	82,200	91,000		173,200	176,600
Sept.	83,400	95,900		179,300	
Dec.	83,600	94,600		178,200	
1972 March	83,100	93,100		176,200	
June	82,200	91,700		173,900	177,760
Sept.	83,200	97,700		180,900	
Dec.	83,400	96,200		179,600	
1973 March	83,000	95,300		178,300	
June	82,400	94,800		177,200	182,280
Sept.	85,700	102,700		188,400	
Dec.	86,100	101,800		187,900	
1974 March	86,200	102,500		188,700	
June	85,400	106,200	13,500	191,600	196,120
Sept.	89,400	116,800	13,800	206,200	
Dec.	90,500	115,700	14,000	206,200	
1975 March	89,600	112,600	13,700	202,200	
June	88,700	109,500	13,400	198,200	202,020
Sept.	90,200	112,400	13,200	202,600	
Dec.	90,400	110,500	12,600	200,900	
1976 March	90,200	109,500	12,400	199,700	
June	89,600	108,300	12,400	197,900	201,260
Sept.	91,600	112,500	12,200	204,100	
Dec.	91,600	112,100	12,000	203,700	
1977 March	91,400	111,600	12,000	203,000	
June	90,700	109,900	12,100	200,600	205,460
Sept.	93,600	116,800	12,000	210,400	
Dec.	93,500	116,100	12,100	209,600	
1978 March	92,900	115,100	12,100	208,000	
June	92,600	115,700	12,500	208,300	211,320
Sept.	94,500	121,200	12,500	215,700	
Dec.	94,300	120,700	12,600	215,000	
1979 March	93,500	119,700	12,900	213,200	
June	92,600	119,000	13,500	211,600	218,660
Sept.	96,600	129,900	13,600	226,500	
Dec.	96,800	130,200	14,000	227,000	
1980 March	96,300	129,300	14,300	225,600	
June	96,000	129,800	15,200	225,800	230,940
Sept.	99,200	139,500	15,200	238,700	
Dec.	99,000	138,600	15,300	237,600	

<u>DATE</u>	<u>MEN</u>	<u>WOMEN</u>	<u>PART TIME WOMEN</u>	<u>TOTAL</u>	<u>AVERAGE</u> **	
1981	March	98,400	136,600	15,300	235,000	233,580
	June	97,600	134,500	15,000	232,100	
	Sept.	95,000	134,200	15,000	232,200	
	Dec.	97,700	133,300	15,500	231,000	
1982	March	97,300	132,900	15,600	230,200	232,480
	June	96,800	133,000	16,000	229,800	
	Sept.	99,100	136,600	16,300	235,700	
	Dec.	98,000	137,700	18,400	235,700	
1983	March	97,000	138,000	18,800	235,700	235,500
	June	97,200	138,300	19,400	235,500	

Part time women not available until June 1974.
 Current March, June September and December.
 Figures rounded to nearest hundred.

** Average of previous December and

CHAPTER 12
CONCLUSIONS

Trends since the Demise of Joint Working

1. Membership
2. Negotiating Rights
3. Subscription Costs
4. The Results of Separate Negotiations

CONCLUSIONS

Having been concerned with the interaction of two major issues, namely the nature of the rivalry between the staff bodies, and its impact upon the operation of national machinery, the concluding remarks are intended to draw together the strands of the foregoing analysis and to place them into perspective by looking at certain key trends and issues since the demise of joint working. The chapter first surveys the impact of separate negotiations upon membership trends in the Banking Insurance and Finance Union (BIFU) and the Clearing Bank Union (CBU) which was set up by the three staff associations on the demise of the Johnston talks in 1980. It examines the effectiveness of this development in terms of the objectives and achievements of the unions, and then looks at current plans and thinking among the leaders of each union, before considering the prospects for a merger particularly in the light of the most recent exploratory talks. Finally, the changes in the strategies of the banks are explored, it being argued that separate negotiations presently favour their harder-line on pay and conditions as well as the fundamental issue of technological change. In speculating about future developments, it is concluded that the impetus for further national level initiatives by the employers to resolve the division of representation presently appears remote.

TRENDS SINCE THE DEMISE OF JOINT WORKING

1. Membership

Clearly, the relative memberships of the staff bodies have always been of central importance to the outcome of their rivalry. Here the trends since 1977 will be surveyed to examine whether separate arrangements have made any difference to the position, and thus to test out the argument of BIFU's officials that joint working was, in terms of achieving a majority position, not only an unworkable strategy, but the worst option they could pursue.⁽¹⁾ Hence during the period from 1968 to 1977 NUBE's overall membership grew at a rate that was so much lower than that of the associations that even with the dissolution of the MBSA and the merger in Williams & Glyn's Bank it could not overhaul the CBSA. (See diagram 12.1, showing poll-vote figures at the end of this chapter).

(i) BIFU

In 1982 BIFU had one of the highest rates of growth of all the unions,⁽²⁾ and since 1977 it has shown consistent expansion from 116,759 members to 151,985 by the end of 1982.⁽³⁾ But the majority of this growth has occurred outside the clearing banks where it has assimilated the staff associations and small company unions. Its rate of turnover is still high however (1982: 13,551 joined; 10,799 lost) and its recruits are still mainly new entrants to jobs. In the clearing banks at least, it has failed as yet to achieve any significant membership boost among existing staff, and its membership is still weighted towards the junior grades much more than the staff unions/associations.

In the same period (1977-82) the number of BIFU's clearing bank members has risen from 67,044 to 73,130 (an increase of 9%) although this represents a drop from 57.7% to 44% of total members. Membership actually fell by 1,805 in 1981, and rose by only 300 in 1982, while during the last year of joint working (1977) there was a net growth of 3,000 (Appendix 1).

TABLE 12.2

BIFU MEMBERSHIP

	<u>1977</u>	<u>1982</u>	
W&G	4757	5215	+ 9.6%
Midland	<u>13774</u>	<u>29825</u>	+51%
	<u>18531</u>	<u>26040</u>	+40.5%
Barclays	19693	14176	-28%
Lloyds	14448	16057	+11.1%
Nat West	<u>14372</u>	<u>16857</u>	+17.3%
	<u>48513</u>	<u>47090</u>	- 3%
Total	67044	73130	+ 9%

(Source: BIFU)

TOTAL MEMBERSHIP BIFU-CBSA/CBU 1977-1982
 (After Joint Staff Council Collapsed)

<u>Year</u>	<u>Barclays</u>		<u>Lloyds</u>		<u>Midland</u>		<u>NatWest</u>		<u>Williams & Glyn's</u>	
	BIFU	SA	BIFU	SA	BIFU	SA	BIFU	SA	BIFU	SA
Dec. 1977	19693	35154	14448	22616	13774	*	14372	30900	4757	
Dec. 1978	18556	35517	15257	21247	16520	*	13887	33556	4962	
Dec. 1979	16061	35788	15558	20913	17079	*	14421	33296	4485	
Dec. 1980	15381	38846	16088	21004	19828	*	16080	32969	4650	
Dec. 1981	14874	39228	15985	20227	20546	*	16332	33718	4874	
Dec. 1982	14176	39400	16057	20436	20825	*	16857	32552	5215	

* ASTMS figures not available

TABLE 12.3

Source: Trade Unions' own figures

Looking at the position in the individual banks (from table 12.3 and Appendix 3) a very mixed set of trends is evident overall. BIFU has done well where it does not face a CBU rival, growing by 9.6% in Williams & Glyn's, to sustain a density of around 70%. In the Midland its growth has accelerated rapidly, membership rising by over 51%. Indeed in this bank staff numbers have fallen by nearly 2,000 since 1979, so its density is actually rising even more rapidly, while that of its rival, ASTMS, is not. ASTMS's membership in the Midland is now around 4,000, and has fallen by several thousand since the mid-1970's. A shift in membership from one union to the other does not explain BIFU's growth completely, and clearly it has managed to broaden its appeal among former non-members.

In the three banks where BIFU competes with the CBU there are also differing trends. In Lloyds and National Westminster it has made gains and while in the former bank this is largely attributable to a growth in the T&S Section where BIFU has sole rights, in National Westminster the rise of over 2,000 members is due to improvements in both clerical and T&S membership. Indeed in this bank the rate of growth in the last three years is comparable to the non-CBU banks, being 16.9%, while in the Midland it was 19.1% and in Williams & Glyn's 16.3%.

In Barclays however, the decline of BIFU's membership since the early 1970's has continued, with a loss of 3,000 in the last three years and a fall of 28% in members since 1977. This aggregate also disguises the growth in non-clerical membership which compensates for the drop to 13,110 members in the clerical category, the lowest absolute figure in any of the "Big Four" clearers. In the last three years this was the only bank where BIFU failed to raise its membership, suffering a decline of 11.7%. When it is noted that ten years previously (1972) its clerical membership was 24,826 and that there has been a consistent decline since that date at a time when the number employed by the bank has risen almost consistently, this haemorrhage is clearly the most serious problem facing the union's membership committee.

(ii) CBU

In the period of separate bargaining the overall superiority of the staff associations/unions has been sustained, but again the overall picture disguises several trends. Total membership rose from 87,301 at the end of 1977 to 92,388 in December 1982⁽⁴⁾ an increase of 5.8%, compared to BIFU's growth of 9%. But apart from an initial jump in the NWSA the rise in membership of the CBU has been wholly attributable to the 12% rise in the BGSU's position. In contrast the other two divisions of the CBU have experienced falling memberships. Overall the density of the CBU has declined marginally from its 1977 position but remains around 40% of total clearing bank staff. Combining the two unions together, total density still averages around 70%, the figure noted by Blackburn⁽⁵⁾ in the period prior to NUBE's recognition which means with over 60,000 staff unorganised there is still room for growth in both unions. The exception to this average density figure in the "Big Four" remains the Midland, with a density of 46.8%, although this is higher than the 1977 figure of 44%.⁽⁶⁾ Here, of course ASTMS has never been able to recoup the decline experienced by the Midland staff association in the years before its transfer of engagements, and in that sense remains something of an anomaly, as Johnston argued in 1978.

It appears then that although BIFU has lost out to the staff union in Barclays its fortunes have turned in the other two CBU banks. In particular, in National Westminster the union has outperformed the staff association since the CBU was set up, and in Lloyds as well it appears now to be doing better than its rival. Inasmuch as the CBU divisions have not done as well as they expected to from separate arrangements, and certainly not as well as they projected in 1980 when a target of 100,000 members was their short-term aim,⁽⁷⁾ BIFU might argue that separate negotiations have been justified in the relative sense that its rate of growth has been higher than that of the CBU. This is expressed in table 12.4 which includes estimates of 1983 figures given by CBU and BIFU representatives.

TABLE 12.4

RELATIVE UNION

MEMBERSHIP

	<u>1977</u>
BIFU	67044
CBU	87301

RELATIVE ADVANTAGE TO CBU 30.4%

	<u>1983 (ESTIMATE)</u>
BIFU	78600
CBU	96000

RELATIVE ADVANTAGE 22.1%

But in terms of membership, it could be argued that the real nadir of the union's fortunes occurred in 1972, and that it had started to rebuild from 1975 onwards, that is prior to the demise of joint working. In fact its rate of growth in the years from 1975 to December 1978 inclusive was better than subsequent years which reinforces the point that the advantage to the union of separate negotiations appears to be relative rather than absolute.

Moreover, whilst BIFU's position has improved, the change cannot yet be said to be significant; it remains the minority body overall and by a long way, in the three CBU banks. The pay-off in terms of membership growth of separate negotiations is clearly not a short-term matter.

That the strategy of separate negotiating rights has not generated a radical improvement to the union's position at the expense of the staff associations is plausibly explained by reference to several other factors.

2. Negotiating Rights

First the associations (or staff unions) have achieved equal, though separate negotiating rights to the union. Indeed in Lloyds, the staff

union still has exclusive negotiating rights for managerial staff. Both nationally and domestically there were interim periods before formal procedures were introduced, and in Barclays for example the union had signed a separate agreement some time before the staff union, but in no case was there any possibility of the associations losing recognition. As such these delays presented no fundamental threat to the CBU members.

3. Subscription Costs

Second, the cost differential for equal representation facilities still exists and plausibly remains as much of a disadvantage to the union as it was during the period of joint regulations.⁽⁸⁾

Subscription charges in January 1984 were for example.

BIFU January 1984

Members 25 yrs and over	£36 pa
Members under 25	£24 pa
Part-time employees	£12 pa
Pensioners	£2.40 pa

BGSU January 1984

Board Appt Holders:	£30.88 pa
Gen Man Appt Holders:	£21.20 pa
Unappointed Staff over 21:	£16.60 pa
Staff under 21 and Auxiliaries	£11.56 pa
Staff under 18 & Part-time:	£8.40 pa

Indeed on the narrowest instrumental grounds of union membership, the associations provide a superior range of discount offers, such as property insurance which further improves their cost-benefit position to prospective members.

4. The Results of Separate Negotiations

Moreover the union appears to have won no significant concessions by acting separately. For instance during pay negotiations in 1982 and

1983 BIFU's chief point of differentiation with the CBU concerned its "low pay" claim, whereby it pressed for

- (i) a national minimum wage of £80 per week (in 1982) and
- (ii) a rise of 9% or £10 per week whichever was the greater (in 1983).

Both of these claims went to a ballot whereupon the majority accepted the Federation's offer. As the settlements were standard percentage increases throughout the national grades (8.5% in 1982; 5% in 1983) the union's attempt to compress the clerical differential structure has quite clearly been unsuccessful.

Neither staff body appears to have sufficient power individually to demonstrate a clear pre-eminence over the other in the bargaining process. Certainly however, if the employers were to reach agreement on an issue with one side which appeared more favourable than that which was achieved by the other, then a differential in bargaining power might be demonstrated. But in practice the logic is not that simple, because each union guards itself against demonstrating relative weakness in bargaining as well. For instance the 1983 pay settlement was agreed between BIFU and the Federation, but not the CBU. It was then imposed upon CBU members, but rather than allowing BIFU to take the initiative in the propaganda exercise by suggesting that this imposition demonstrated the CBU's weakness, the CBU made great play of what it saw as BIFU's failure to stand firm in its claim suggesting that this was the reason why a better deal was not achieved.⁽⁹⁾ Conversely, BIFU was overruled in the Christmas Holiday claim in 1980, but like the CBU immediately criticised its rival for not standing firm.

The national union has always claimed that its superiority derives from its ability to rely upon the use of sanctions in the final resort. If therefore it could use industrial action successfully it might redound to its advantage in terms of membership as in 1967/68, but in the present economic climate it seems unlikely that a large national issue could develop to the stage where widespread action would be supported. The union has clearly tried to use this tactic however, as for example when it called for strike action to respond to the banks'

insistence on staying open all day on the last working day before Christmas in 1983. Local skirmishes on other issues have also taken place,⁽¹⁰⁾ sometimes with apparent success, as in the Midland Bank Heathrow branch dispute of 1983, but the Christmas stoppage demonstrated the risks involved in this strategy. In the event of a failure to cause widespread disruption, as in this dispute, BIFU risked revealing a lack of power, and thus deflating its claims to greater effectiveness.⁽¹¹⁾ Moreover it exposes itself to the propaganda of its rivals, as well as the banks in taking such action. In view of their apparently continuing moderate outlook, accusations that BIFU's methods are too extreme may plausibly carry weight with a great number of bank staff even if they support the cause for which BIFU is fighting.⁽¹²⁾

The increased likelihood of industrial action has been brought about by the abolition of compulsory and unilateral arbitration both domestically and nationally, although the agreements do provide a conciliation clause. Both the staff unions and BIFU protested at the ending of this facility, which assisted them in achieving favourable settlements cheaply and without having to rely upon the deployment of sanctions when working as a joint side. But arguably this change has affected the staff unions/associations more than BIFU, because it reveals their essential lack of power in the bargaining process. While this move ostensibly offers the banks the means to re-establish control over those issues which the staff side defended so successfully in the joint machinery, at the same time the longer term implications may be less advantageous. Already the associations have considered strike action, and incorporated strike clauses into their constitutions. Under the pressure of competition from BIFU they may well be forced to adopt more orthodox methods and downplay their cooperative ethos even more, in order to demonstrate their continuing effectiveness as bargaining agents without third party adjudication.

So while separate negotiations do present difficulties for the employers they are at present mitigated by the weaknesses of the staff bodies and the moderation of their staff. For the Federation, the complications presented by separate negotiations relate more to the difficulties in coordinating negotiations than to making a settlement stick, despite the fact that it may be having to negotiate on different

claims and yet try to reach a single and simultaneous settlement. It may therefore be in differing stages of the bargaining process, or have reached a settlement with one side which then effectively has to be imposed on the other. In the national machinery the instability is further raised by the non-representativeness of the CBU in two of the five Federation banks. If therefore it is with the CBU that agreement is reached, this has to be imposed on staff in Midland and Williams & Glyn's Banks without representation.

These represent potentially serious sources of instability for the banks, and the fact that thus far they have not inconvenienced them seriously reflects not only the current economic environment, but the way that division has weakened the power of the unions which now compete overtly with each other. Bargaining has thus become a three-way fight. Nonetheless the banks have also tried to minimise the potential for disruption by several procedural safeguards. Both nationally and domestically there is provision for conciliation via ACAS. In some banks there is provision for voluntary arbitration, although this is not unilaterally institutable, and in the national agreement the possibility of independent arbitration, on the agreement of all parties, is not precluded. There is also a restriction in most agreements on the use of industrial action until after the procedure has been exhausted. The national procedure also includes a clause stipulating prior consultations with management before action is taken, thus curtailing the use of lightning or surprise campaigns. So while there is no longer an absolute priority of conflict avoidance, there are still several significant procedural mechanisms designed to minimise the possibility, and the impact of conflict.

Our analysis has suggested that separate bargaining currently weakens the position of the staff bodies vis-a-vis the banks. At present the divided bodies display all the weaknesses of multi-unionism in the duplication of resources and energy, and the lack of coordination over long term objectives and strategies which Turner noted in his study of the motor industry.⁽¹³⁾ While this prospect is disturbing to officials of both sides, particularly in an era of unprecedented business change which will have profound effects on the nature of work career opportunities and job security, each side continues to express the view that its particular policies are correct and that the other's are deficient, as a reason for justifying the existing division.

For example, a more hawkishly optimistic view which endorses the necessity for separate representation is evident among BIFU officials.⁽¹⁴⁾ This derives firstly from the view that the dangers the union faced immediately the post-Johnston time of de-recognition are no longer as great. Secondly, the membership decline is now past its nadir (even in Barclays) and the CBU has not been the challenge it threatened to be when it first formed. Thirdly, BIFU takes the view that technological change will reduce total employment in banking, deskill work, and deteriorate career prospects, unless it can negotiate the pace and direction at which change occurs. Believing that this will become increasingly self-evident to bank staff, it expects them to support the strong stand it is taking on the matter although until now it has failed to achieve any significant membership boost this way.

The union has pressed for the banks to sign New Technology Agreements nationally and domestically, but has only achieved partial success in Midland where a tripartite Security of Employment Agreement has been signed.⁽¹⁵⁾ While this commits the bank to regular consultations through a Staffing Review Committee with a view to minimising any job losses which might arise from new technologies and changing business practices, it does not ensure complete security of employment. This move has not so far been imitated in the other banks. The union has had no success with its model New Technology Agreement which although not seeking to restrict or ban technological change, does propose that the introduction of all new systems and equipment shall be subject to joint agreement between the individual bank and the union. It also proposes a reduction in the working week to 28 hours to avoid any reduction in overall employment. The banks have rejected this mode as an unacceptable challenge to managerial prerogative, and stated that the implications of technological change are at present so indeterminate that they could not commit themselves to such a binding arrangement. They may nonetheless reach more diluted and limited agreements in due course nationally and/or domestically.

But whether it can establish the consent of the banks to negotiate change or has to adopt a more combative approach, new technology is a key issue for the union. Firstly, because its policy is differentiated

from the staff unions it is believed that this is exactly the sort of broad-based issue affecting all staff around which it may demonstrate its greater effectiveness. At another level, new technology represents a strategic shift in the "frontier of control" which the union is trying to occupy because it is attempting to establish bilateral authority on questions of work organisation, planning and capital investment which have been until now very much at the heart of managerial prerogative. The impact of this union strategy depends however on issues such as job security and career prospects which are presently indeterminate.

Moreover, BIFU faces considerable problems in its structure and direction. In pursuing its diversification of recruitment it has become organisationally over-complicated, even in the view of its own officials.⁽¹⁶⁾ Apart from the implications this has for its ability to act effectively and develop coherent policies, its sectional structure may not be seen as appropriate by clearing bank staff whose orientation is, in the view of many BIFU officials acknowledged to be primarily towards their own bank, and not towards the finance sector as a whole.

One way of resolving this problem has been to try and develop an institutional branch structure, based on places of work. The number of institutional branches has grown rapidly since the middle of the 1970's, and now overlays the geographical branch structure quite significantly.

Again, however this threatens to over-complicate the union's organisation. Furthermore, as the reaction to Johnston's proposals on branches showed, BIFU cannot go too far down this road without running into opposition from lay members who are keen to preserve the trans-institutional structure to distinguish the union from internalism.

The union has also tried to extend the Jointly Accredited Office Representative (JAOR) schemes in the clearing banks. These lay representatives, who are given facilities by the employers, perform a local consultative role and process grievances, but also act as recruiters and establish a stronger network of contacts between the union and its members, which was previously a weakness of its traditional reliance upon full-time officials. In Barclays however,

BIFU has not been able to set up a JAOR scheme, and here its membership position is most fragile. It has exposed itself to the charge of unrepresentativeness, and after Johnston faced a real risk of loss of recognition. If the current trend of declining membership continues it may become more than a hypothetical question to ask whether the arguments, which were so instrumental to the union's cause when used by Lord Cameron, that NUBE had sufficient membership to warrant recognition on grounds of equity, will become operable in reverse to justify de-recognition. In this respect it is pertinent to note that in Barclays Bank PLC, BIFU's density is now only about 21% (in 1968 it claimed 52%) and considerably lower than that in the ranks of managerial staff.

Moreover, it faces additional problems from the decision to merge the domestic and international divisions of Barclays from January 1985. This will mean the integration of the currently separate bargaining units, opening the union up to the prospect of competition with the BGSU in the present Barclays Bank International, where until now the union has held exclusive recognition. The record suggests BIFU will suffer substantial membership losses as a result.

Secondly, the decision to merge Williams & Glyn's into the Royal Bank of Scotland will undoubtedly lead to job losses⁽¹⁷⁾ and a reduced membership for the union. BIFU is also sensitive that in the one London clearing bank where it has exclusive recognition it will appear unable to resist these job losses, because it can then hardly claim that it is a more effective representative body than the supposedly quiescent associations. There is also the possibility that the newly merged bank will not be represented among the FLCBE, but operate instead in the Scottish Employers' Federation. This would not only reduce BIFU's membership, but make its rival, the CBU, much more representative overall.

The hawkish optimism within the union must therefore be tempered by its present weaknesses, and the prospect of these changes in the clearing banks' structure. This presumably explains the decision by BIFU to re-establish merger talks with the CBU after its 1982 Delegate Conference. After a series of meetings that summer, a five-point framework for further discussions was established, but the national

executive of the CBU then declined to endorse this, offering instead to enter a working party without any prior agreed points. It was also indicated that the discussions should take place between the full NECs of each side, a proposal which BIFU thought unwieldy. It has thirty people on its executive, the CBU, nine.⁽¹⁸⁾

The five points were very general statements, proposing a full amalgamation to form a new Banking Insurance and Finance Union, and establishing no more than the basic organisational structure agreed in the ABFU talks, and in Johnston. One contentious point did commit the new union to membership of the TUC and the Scottish TUC, however this much had been accepted by the associations in Johnston Mark II. It would appear that the failure of this latest initiative related to internal disagreement within the CBU executive over the propriety of entering any form of merger initiative at this stage, given the relatively recent collapse of Johnston on what was seen among the associations' officials as an unjustified display of intransigence by BIFU.

In explaining the willingness to enter discussions on amalgamation so soon after the collapse of the Johnston Enquiry, BIFU officials reiterate their view that the union did not collapse that initiative, and that they have always seen an amalgamation as ultimately the best means of safeguarding the interests of bank staff.⁽¹⁹⁾ The talks were therefore entirely consistent with union policy, and the question of joint or separate arrangements seen as a discrete matter. But it is doubtful whether the initiative could have progressed far, particularly as the five points made no mention of those issues upon which BIFU wanted further discussions post Johnston Mark II. And on its own, this proposal is insufficient evidence to suggest that there is now enough common ground to predict a merger in due course, or that BIFU has substantially shifted its ground since late-1979.

Because it was BIFU's decision to withdraw from joint working we have concentrated upon its aims and achievements under separate negotiations. The particular problems facing the staff associations/staff unions must be considered as well however. Firstly, in working together as the CBU they have not reached the membership target they set in 1980, of 100,000 members, and as

membership has remained relatively static in the NWSA and LBGSU, the densities of these bodies has in fact fallen considerably since the mid-1970's. Constitutionally the CBU represents a complex attempt to compromise the institutionalism of the associations with the perceived need to sustain a trans-institutional organisation. For example, it has research facilities and issues a newsheet as well as being a negotiating body. However there are signs that the operational functions of the CBU are still not coherently worked out. Tensions have persisted between internalist orientations on the one hand and the interests of the national body, which may require the coordination of policies and even a subordination of institutional decisions, on the other. (20)

Apart from their constitutional inter-relationships, the staff unions have had to decide how best to compete with BIFU in the new bargaining context. One strategy might be to stress the benefits of the traditional cooperative emphasis of internalism, but this could be inappropriate in the face of the more competitive context of retail banking, and in the absence of the support of compulsory arbitration. At the other extreme they could try and emphasise bargaining effectiveness and downplay cooperation in order to compete with BIFU as in effect, a rival orthodox union. In reality the internalists appear to have adopted a course which tries to combine the best of both strategies. In some ways they have moved closer to orthodox trade union methods, as we noted above, and each constituent of the CBU was willing to endorse the call for industrial action made by the executive of the Barclays Group Staff Union in 1982, over the unilateral decision of Barclays Bank to reintroduce Saturday opening. The name change is also significant: they now prefer to be known as staff unions rather than associations. Nationally as well as domestically they claim to defend the interests of their members as well as BIFU, although in pay bargaining a clear differentiation in objectives has emerged with the CBU pressing to defend the existing differentials rather than pursue low pay especially. Perhaps more significantly the claimed superiorities in technique and methods of operation which were used to justify the distinctiveness of the internalist approach prior to national machinery have re-emerged. These focus around a greater expertise in solving local problems (which inevitably constitute the majority of the unions' case-loads) through the employment of "home-

grown" officials (although it must be noted that the Lloyds Staff union recently took the unprecedented step of appointing an outsider to the post of General Secretary, while ironically BIFU have appointed an ex-Lloyds Bank employee as Assistant General Secretary with responsibility for Lloyds).

The associations do not deny that conflicts at work can arise, but they still see no systematic conflict of interests between management and staff in a career occupation such as banking.⁽²¹⁾ They therefore believe that a cooperative approach which focusses upon problem-solving is more appropriate than orthodox trade unionism, and that this differentiation is more than just a matter of rhetoric. Rather it informs their policy-making and action in a significant, concrete manner, as the following quote emphasises.

For example, to quote the General Secretary of one of the staff unions;

"Because of our knowledge of the Bank, and because the structure of our membership goes from the new entrant to the pensioner at all levels of grade and status, we do not lack the means of getting to the root of problems, and we have set ourselves up to react speedily to such problems ...
... it is very important to understand that this problem-solving philosophy may not be general in the Trade Union movement."⁽²²⁾

But the implementation of technological changes may render this distinctive approach less plausible or even redundant. Several elements of the special employment relationship in banking may be diluted with the further automation of the clearing system (the "CHAPS" or Clearing House Automated Payment System is currently being brought on-stream) new information storage mechanisms and developments in the distribution of cash and banking facilities to non-branch outlets (such as "supermarket banking" and home-banking). It is notable for example that the Director of the Federation of London Clearing Bank Employers recently suggested that recruitment between the banks could develop and that the opportunities for long-term career development may decline.⁽²³⁾ In effect then, it is predicted that the organisational impact of technological changes will not be completely cushioned by the non-career group of staff but will also affect the chances of the career groups. A reduction in job security and career opportunities which until now have been taken for granted arguably stand as an unprecedented test of the mutuality, trust and goodwill which the internalists still suggest underpin the conduct of representation.

Quite apart from the philosophical implications, the associations have not yet responded to the issue of technological change in terms of bargaining strategies. Failure to generate the fullest discussions on what is admitted by the banks to be a fundamental organisational question is evidence perhaps of how their traditional emphasis upon the legitimacy of management aims, and emphasis upon cooperation has made them reluctant to abandon a reactive approach. While watching developments, the staff unions have decided not to act unless and until it becomes clear that staff interests are detrimentally affected. They feel vindicated in such a policy by the continuing membership support, although as was noted above this is not as strong as was hoped for when the CBU was started. Additionally the CBU is aware that its present non-existence in two of the London clearers weakens claims to representativeness, and the likelihood that it will seek to re-establish staff unions in the Midland and Williams & Glyn's Banks has recently emerged. In particular the low density of union membership in the Midland, and the failure of ASTMS to sustain its popularity suggest that this would be a fertile recruiting ground. The CBU is also aware that even 100,000 members is insufficient to take full advantage of economics of scale in organisation and operation. ⁽²⁴⁾

There are therefore grounds for concern over the future, in the clearing banks, of both the CBU and BIFU, although both organisations remain optimistic that they can survive separately there. At present the prospects for an amalgamation seem delicately balanced. On the one side there is no evident crisis which would make the two sides positively look for a merger, as existed prior to the ABFU talks or to the Johnston Enquiry. There is also currently no strong employer pressure to try and force the sides together. In addition it has also been repeatedly emphasised that while those officials who conducted the merger attempts in the last decade remain in charge, entrenched attitudes and personality differences will inevitably result in a stalemate. ⁽²⁵⁾ On the other side, talks (if only about talks!) and initiatives continue to be offered. There does appear to be a mutual concern to resolve the division. This may stem from the view that the continuing division is unpopular with members (and non-members) as a piece of research done in one clearer in 1979/80 suggested, and thus it may act as a brake to further growth. ⁽²⁶⁾ Alternatively, it may be that the difficulties noted above which both sides are experiencing,

and particularly the failure to achieve rapid membership growth, are more serious than either side will admit. Arguably much will depend therefore on the policies of the banks collectively in the Federation and individually both on staffing issues such as pay, hours of work, the introduction of new technology, job security and whether they decide to resume the interventionist strategies of the 1970's. At present however that seems unlikely.

This brings us finally to a brief consideration of new developments and trends in the banks' policies which are likely to affect the issue of divided representation.

Firstly, the membership of the Bankers Clearing House, and participation in the clearing system; we noted that it was the common ownership and operation of the clearing system which made the banks inter-dependent and organisationally highly similar. While this is still broadly so, and there is relatively little variation between them either in product or prices, technological factors and the greater competitiveness in the retail banking sector have brought new developments. For example, there are now thirteen functional members of the clearing house, although the five London clearers are still the only members of the CLCB.⁽²⁷⁾ For the other functional clearers membership of the Federation would be a logical step, and one which the present Federation of London Clearing Bank Employers' members may in due course find acceptable, despite the differences in pay structures and conditions. In that case the CBU could well find its dominant membership position eradicated, and that its representation of an increasingly small minority of banks necessitates either a merger or attempts to establish new staff unions.

Secondly, the technological development in money transfers, automated payments and cashing facilities and the storage of account information can only be touched upon, but will clearly have a profound influence organisationally. From this second wave of automation it is likely that the existing branch systems will be substantially altered, with each branch no longer existing as a microcosm of the bank. Already there has been a shift towards satellite branches operating around a central information storage and retrieval office in one bank, and such changes have profound implications for the deployment of manpower,

career development and the recruitment policies of the banks. In making changes to the organisation of branch structure which has historically been the basis of the banks, the whole organisation of labour evidently becomes subject to fundamental alteration.

Thirdly, the prospect for national arrangements must be considered. Until now of course the banks have fixed actual rates of pay rather than minima in their national machinery, and despite the compromise of introducing a two-tier bargaining structure, each bank must still forego some domestic discretion in decision-making. Under certain conditions this may not be problematic: as in the 1970's for example when high inflation necessitated the minimum of cost of living increases which the Federation negotiated, while avoiding the susceptibility to leapfrogging engendered previously by domestic bargaining with arbitrations. Lower inflation and greater variations in profitability were two factors which rendered employer cooperation less appropriate, because profitability then became a more significant determinant of pay. Yet in national bargaining it is only average levels of return which can be discussed meaningfully, and although the Federation has recently argued strongly that in real terms bank profits are low compared to a decade previously,⁽²⁸⁾ the outcome has not taken into account the variations in levels of return which the average disguises, and the disadvantage the less profitable banks are under. A return to domestic negotiations in order to align pay more closely with falling profits was probably most likely in the 1979/80 period however, when two high settlements were conceded consecutively, and the national premium was significant. In the light of the much lower settlements from 1981 onwards this possibility appears to have receded.

But this demonstrates the general point that there is no inevitability about national machinery; its continuation is predicated upon the test of utility. The Federation is after all effectively no more than the joint negotiating committee of the banks themselves, and thus easily dissolved or changed.

A shift towards company level bargaining does seem predictable. To come back to the general issue of technological change for instance, it may be that the optimal way to manage change is seen to be at company

level because of the flexibility required, and because each bank has its own plans and systems derived from different marketing strategies. In this case the advantage of mutual support and protection which industry wide negotiation offers may neither be appropriate nor sufficiently important to accept the reduction in individual discretion which it necessitates. Thus far in fact the banks have dealt with this issue at both national and domestic level, although they have been reluctant to negotiate on any substantive points, nor accept BIFU's New Technology proposals.

It is certainly plausible to suggest that collective employer action is past the peak established in 1968. The restructuring exercise of 1971 devolved a degree of power on pay back to the domestic banks, and by 1983 for example the size of the domestic element of pay increases for merit was equal to the 5% given at national level in some of the clearers. National machinery was after all seen to be predicated upon resolving the problem of divided representation in a period of relative unrest among staff as well as being a permanent means of taking wages out of competition. It was therefore a response to certain political and economic conditions as much as a reflection of the oligopsonistic structure of banking. National machinery may thus not be a permanent feature of the clearing banks' mode of pay determination, at least not in its present scope. In view of the growing concern of the banks to relate pay to performance or productivity, it is arguable for example that further domestic discretion in pay determination will emerge, in which case minima rather than actual rates might be fixed nationally.

In terms of further employer initiatives to resolve the division of representation, this might imply that the interventionist period is also past its peak, at the national level at least. The Federation no longer regards the formal division, which separate negotiations involve, as inevitably problematic; indeed it is acknowledged that division currently weakens the staff representative side, although this is only a recent conclusion.⁽²⁹⁾ Even in 1980 when the structure of representation was seriously explored a priority was accorded to the re-establishment of joint working and the present arrangements were considered highly unsatisfactory. Since then more domestic level thinking has taken place on this subject and a variety of

solutions have emerged. Midland for example has formalised separate arrangements with BIFU and ASTMS and placed strong emphasis upon conciliation in its procedure. Another bank considered trying to establish sole bargaining rights in several domestic units through a system of staff ballots, although it subsequently dropped this plan at least for the time being. But the differentiation in proposals indicates that each bank not only faces a different form of division as well as having different objectives: even within the three CBU/BIFU banks, the variance in the significant factor of relative membership strength influences managerial thinking on for example the importance of third party facilities in the negotiating procedure, or the breadth of each bargaining unit.

It should be evident then that the banks are entering a period of massive change, commercially, technologically and organisationally. In such circumstances the duality of representation is bound to be affected, although as yet marked institutional developments have not occurred, and in many ways the ideological division seems similar to the position thirty years ago. While this study has presented a consideration of joint working at national level, more needs to be known about company level decision making, particularly to tease out the differences in objectives and the relationships between corporate strategies and industrial relations management. All of which begs the case for further research and analysis into this increasingly complex and important sector of the economy.

FOOTNOTES

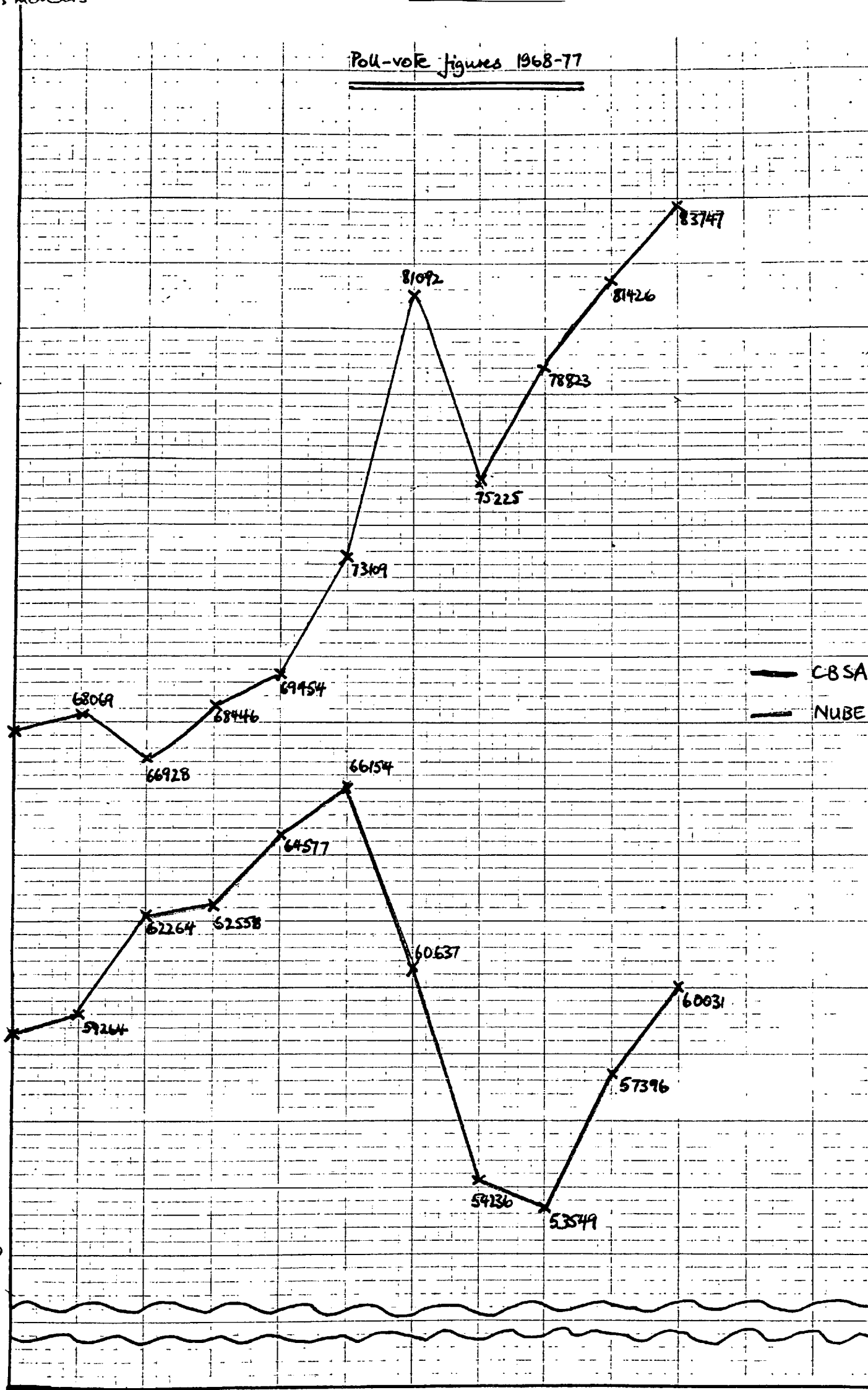
1. Interviews with BIFU officials. 1981/82/83.
2. TUC Annual Report 1982.
3. All figures for total memberships include pensioners and T&S staff, as well as clerical and managerial.
Source: BIFU: Reports to Annual Conference.
4. All figures include pensioner members and T&S members.
Source: CBU Reports
5. Op cit (1967)
6. Management figures, based upon estimates.
7. Interview with the then General Secretary of CBU - 1981.
8. Source: Unions' recruitment literature.
9. CBU newsletters 1983.
10. The bank reversed its decision to alter shift patterns after the action. BIFU Reports March-June 1983.
11. The Banking Information Service (BIS) suggested that only a handful of branches were seriously affected throughout the whole country, and that only 10,000 (about 5%) of bank staff took part.
12. This much was acknowledged by BIFU officials, who for instance believed there was widespread opposition to the decision of the CLCB to remain open all day the last working day before Christmas in 1983, but were aware that staff might still be loathe to take action in protest.
13. As Turner pointed out for example in the motor industry.
Turner H A 1967.
14. Interviews with officials of BIFU - 1983.
15. 9 August 1982.
16. Interviews with officials of BIFU 1983.
17. This decision was announced on 30 June 1983. Management indicated a possible loss of up to 3,000 jobs in the long term.
Source: BIFU Report August 1983.
18. General Secretary Report to BIFU Annual Conference 1983.
19. Interviews with author. 1982/83.
20. One expression of this was the resignation of the CBU General Secretary at the beginning of 1983.

21. Interviews with General Secretaries and officials of the staff unions.
 22. Letter to author from General Secretary BGSU 1983.
 23. L D Cowan, Director of FLCBE in paper presented to Institute of Bankers seminar, "The Banks and Technology in the 1980's. (IOB 1982)
 24. Interview with CBU officials 1982.
 25. Interviews with management and representatives of BIFU and CBU 1982.
 26. Riseborough P A (1982) Chap 3.
 27. As at 31.12.83.
 28. FLCBE arguments in pay negotiations 1982/83.
 29. Interviews with FLCBE directorate and management of clearing banks.
-

'000's members

Poll-vote figures 1968-77

84
82
80
78
76
74
72
70
68
66
64
62
60
58
56
54
52000
0



— CBSA
- - - NUBE

0

(Dec) 1967 68 69 70 71 72 73 74 75 76 77

Year

APPENDIX 1

NUBB'S CLEARING BANK MEMBERSHIP

Year	Barclays	Lloyds	Midland	National Provincial	Westminster	District	Coutts	Martins	National	Williams Deacons	Yorkshire	Scottish Banks	TSB	Miscellaneous*	Total C.L.C.B Banks
1960	13325	5279	8158	3343	3800	1537	193	2582	466	1412	615	4895	3374	3808	40095
1961	14524	6028	8755	3485	4143	1581	127	2603	500	1445	611	5106	3695	3855	43191
1962	15349	6639	8846	3578	4756	1519	149	2578	517	1466	592	5515	3755	3875	45397
1963	15675	6805	8804	3644	5071	1519	213	2583	553	1560	623	6212	4315	2331	46417
1964	14631	5931	7842	3046	4328	1375	180	2298	530	1599	617	6015	4564	3268	41760
1965	15896	5969	8249	3108	4338	1419	161	2391	573	1617	629	6275	4935	2884	43721
1966	15831	5957	8163	2977	4308	1468	146	2304	509	1472	689	6400	5240	2398	43135
1967	20584	8413	10395	4686	6504	2442	172	2977	621	1984	851	7571	5761	2552	58778
1968	21868	9584	10965	5438	7748	2689	179	3334	687	2001	1226	7695	6185	2772	64493
1969	22687	10397	10907	6050	8510	2784	150	3512	648	2204	1314	8386	6540	2954	67849
1970	25513	10787	10920	↙ 18824 ↘	↙ ↘	**	***	↙ 2705 ↘	↙ ↘	↙ ↘	1546	7157	7608	4084	68749
1971	25971	10771	10786	20507	**	**	**	2994	2271	6819	8138	4169	71029		
1972	25789	11372	10774	21393	**	**	**	3364	2565	7568	11894	****	72692		
1973	24478	10031	10999	17485	**	**	**	3987	2654	7521	11280	67167			
1974	20976	9819	10306	14771	**	**	**	4237	2859	8166	12307	60335			
1975	19233	11105	10970	14119	**	**	**	3973	2797	8883	12207	59671			
1976	19820	13074	12246	14756	**	**	**	4375	3039	9701	14092	64569			
1977	19693	14448	13774	14372	**	**	**	4757	3118	10290	14674	67371			
1978	18556	15257	16520	13917	**	**	**	4962	3380	12058	14809	69330			
1979	16061	15558	17479	14421	**	**	**	4485	3588	13448	16556	68185			
1980	15381	16088	19828	16080	**	**	**	4650	3766	13644	17064	72156			
1981	14874	15985	20546	16332	**	**	**	4874		13785		72741			
1982	14176	16057	20825	16857	**	**	**	5215		14276		73309			

* Miscellaneous includes Co-operative Bank, Bank Of England, Barclays Bank International and Glyn Mills.
 ** Coutts' figures for these years appear in miscellaneous
 *** In 1970 Martins became part of Barclays
 **** Change in basis of calculation from 1972.

POLL-VOTE TOTALS

NUBE VERSUS THE CBSA AT THE BANKING STAFF COUNCIL

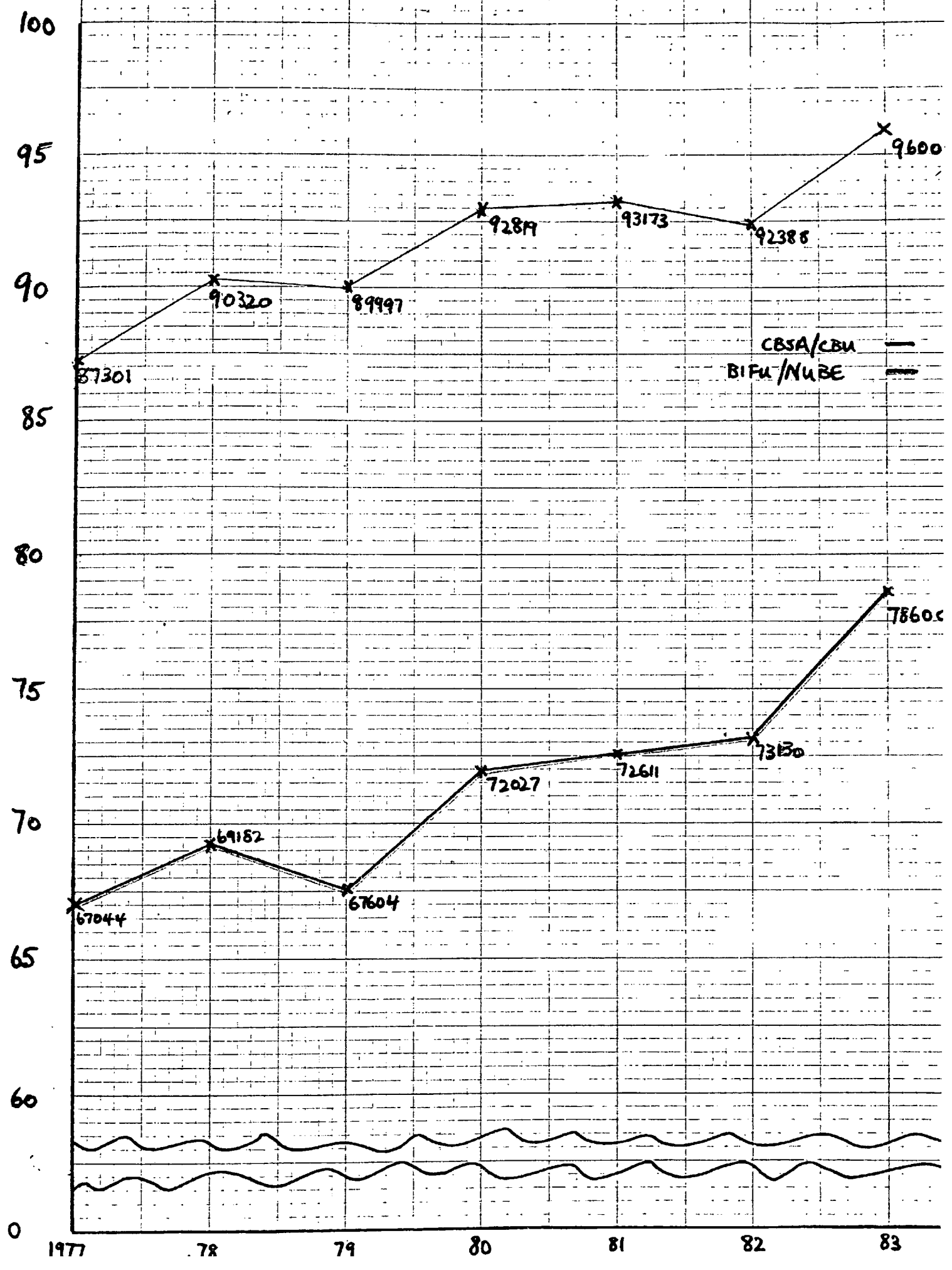
A poll vote arrangement was necessary within the BSC, to resolve any differences that might arise. In the ten years that the BSC existed NUBE was never in a position to carry a poll vote. This arrangement caused much resentment and frustration to NUBE, as they were never able to implement any of their policies at this council.

<u>YEAR</u>	<u>CBSA</u>	<u>NUBE</u>
1968	68,069	59,264
1969	66,928	62,261
1970	68,446	62,558
1971	69,454	64,577
1972	73,109	66,154
1973	81,092	60,637
1974	75,225	54,236
1975	78,823	53,549
1976	81,426	57,396
1977	83,747	60,031

Source: the Secretariat of the BSC

Membership Trends since 1977

'000's
members



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JNC CONSTITUTIONS AND RULES

The Banking Staff Council (20 May 1968)

The Federation of Bank Employers (20 May 1968)

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The Joint Negotiating Council for Banking (22 May 1968)

The Non-Clerical Banking Staff Council (11 June 1970)

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