THE DETERMINANTS OF COLLECTIVE BARGAINING STRATEGY IN THE BRITISH COLUMBIA HOSPITAL INDUSTRY

by

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A THESIS SUBMITTED IN PARTIAL FULFILLMENT OF THE REQUIREMENTS FOR THE DEGREE OF
MASTER OF SCIENCE
in BUSINESS ADMINISTRATION
in
THE FACULTY OF GRADUATE STUDIES
(Department of Commerce)

We accept this thesis as conforming to the required standard

THE UNIVERSITY OF BRITISH COLUMBIA
October, 1979
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The thesis attempts to illustrate, through the case study approach, the theoretical criteria described in the literature for collective bargaining strategy determination. Based on a review of the literature a model is presented in which strategy determinants are identified under the general headings of Political and Economic Climate; Relative Power of the Bargaining Parties; Bargaining Structure and Institutional Characteristics; Party Objectives; Legislation; Interorganizational Relationships; and, Personality.

The case studied is the bargaining for the 1976-77 Master Agreement between the Hospital Employees' Union, Local 180, and the Health Labour Relations Association representing the hospitals of British Columbia. In order to put the case into perspective, a discussion of hospital economics is presented. As well, the other labour associations in the hospital industry are introduced, as is the legislation applicable to the negotiations discussed.

While the study of a single case prohibits valid generalizations to other bargaining situations, it would appear that political determinants most affect the choice of bargaining strategy.
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ACKNOWLEDGEMENT

I would like to thank Dr. Allen Ponak, Chairman of the Thesis Committee, for his helpful suggestions, constructive criticism, and unwavering patience over the extended period of time required by my unorthodox work habits to complete this project. I would also like to thank Dr. Albert Dexter and Dr. Mark Thompson for their input into the finished product.

Thanks must also go to Pat, Shar, Toby, Julie, Jane, and Lesley, whose combined and continual support made the completion of this thesis both possible and necessary.
CHAPTER I

INTRODUCTION

The purpose of this thesis is to investigate and analyze those factors influencing the choice of strategies and tactics taken during collective bargaining: i.e., the determinants of strategy. The focus will be on the labour relations scene in British Columbia's hospital industry. A detailed review of the determinants of strategy will be presented, followed by a review of the labour relations situation in the hospital industry, culminating in an analysis of the negotiations leading to the 1976-1977 H.E.U./H.L.R.A. Master Agreement.

Based largely on a review of the literature, a model is developed in Chapter Two in which strategy determinants are identified under the general headings of Political and Economic Climate (e.g. effect of intragroup politics, government policies, inflation, unemployment, and recent labour settlements); Relative Power of the Bargaining Parties (e.g. ability of either side to impose its demands on, or to deflect those of the other side); Bargaining Structure and Institutional Characteristics (e.g. organization of both the union and employers' agents, financing, multi-employer versus single employer bargaining); Party Objectives; Legislation (e.g. the effect of third-party intervention, essential services legislation, and the Anti-Inflation Board); Interorganizational Relationships (e.g. choice of problem
resolution process, previous experience of the bargaining parties); and, finally, Negotiators' Personalities.

The model developed in Chapter Two is then used to analyze the strategies employed by the Hospital Employees' Union, Local 180, and the Health Labour Relations Association during the bargaining for their 1976-1977 Master Agreement. Before attempting a meaningful discussion of the actual negotiations, however, there are a few background features of the hospital industry that will require some discussion: for example, the unions are not dealing with an employer but rather an employers' association; the employer is a publicly financed private industry; the industry is non-profit; the employer has little or no control over the operating budget to be received by the industry during the life of any particular agreement; the hospitals are held in positions of special status in the minds of the public; and so on. All of these factors affect the choice of bargaining strategies.

Chapter Three attempts to discuss the above factors as background material to the analysis of the 1976-77 bargaining round. Key elements of the economics of hospital operation are identified as is the history of the labour movement within the hospital industry. The labour organizations of the hospital industry are identified and the five major organizations are discussed at some length. For each of the five, attention is given to their formation and development within the hospitals, their present position, and individual problem areas. The unions' rivalries over bargaining rights for certain job classifications are touched upon, as is the possible evolution of medical unions.
The employers' representative in collective bargaining, the Health Labour Relations Association, is also introduced in Chapter Three. The discussion provides an historical perspective to the growth of the labour relations function in the hospital industry, from bargaining as individual hospitals, to informal group bargaining with the British Columbia Hospitals' Association, to province-wide bargaining by an accredited bargaining agent.

The labour legislation of British Columbia establishing the bounds within which collective bargaining can take place is also presented. The focus of the discussion is on the Labour Code of British Columbia (1973, second session as amended). It is the Labour Code which gives legal attention to the rights of individual workers to join unions and to bargain collectively. The Code's special provisions for essential services (prior to the enactment of the Essential Services Act, 1977) when enforced could effectively limit the exercising of certain of those rights. The Code, however, does not provide any rules or guidelines for the process of bargaining, outside of the single criterion that it be conducted in "good faith." Furthermore, in several decisions the B.C. Labour Relations Board has clearly adopted a "laissez-faire" approach to bargaining behaviour.¹

Chapter Four describes the 1976-77 Master Agreement bargaining between the Health Labour Relations Association and the Hospital Employees' Union, beginning with the letter of intent to start negotiations and ending with the signing of the master agreement. The focus of the analysis is on those factors which influence the determination of strategy taken, and tactics used, during bargaining. The negotiations are particularly interesting
to study in that they were the first bargaining sessions involving a newly accredited employers' agent; they involved not only the calling of mediation services, but also the appointment of an Industrial Inquiry Commission, and the further appointment of a Special Mediator; they were one of the first to come under the scrutiny of the federal Anti-Inflation Board; they involved strike action and the subsequent use of essential services legislation; and, lastly, ended with an imposed agreement based not on arbitration but through Order-in-Council.

Chapter Four is based almost entirely on interviews and discussions held between this writer and the staff of both the Hospital Employees' Union and the Health Labour Relations Association, including the negotiators directly involved in the 1976-77 collective bargaining. Discussions were also held with bargaining committee members, hospital administrators, and other unions' leaders. These interviews and discussions were held at various times over a period of approximately two and one-half years, the final meetings taking place in May, 1980.

Of those quoted directly, a number wished their comments to remain anonymous; thus, sources throughout this chapter will be identified as follows:

1. Union negotiator - the union staff member responsible for the direct negotiations of the bargaining committee.

2. Union spokesman - the union staff member assisting the negotiator in drawing up demands, developing strategies
and tactics, and coordinating the research function.

3. Union representative - a union staff member who provided information from various minutes, correspondence, and Provincial Wage Conference notes.

4. H.L.R.A. negotiator - the H.L.R.A. staff person responsible for the direct negotiations of the bargaining committee.

5. H.L.R.A. bargaining committee member - a hospital administrator who took part in negotiating sessions.

6. Hospital Administrator - an H.L.R.A. Board member who did not sit on the bargaining committee.

The chapter is presented as a case study. It is divided into three sections:

1. Events

2. Determinants of strategy: H.E.U.

3. Determinants of strategy: H.L.R.A.

The first section is developed as a chronological report of the events that lead to the signing of the Master Agreement. This section explains what happened during bargaining. No attempt is made to explain why events happened, leaving that to the following sections.

The second and third sections describe and analyze those factors which determined the strategies chosen by H.E.U. and H.L.R.A.. The determinants are presented as they were perceived,
rightly or wrongly, by the negotiators and others at the time the strategy choices were made. An attempt has been made, however, to identify the determinants in terms of the model developed in Chapter Two.

Chapter Five provides some concluding comments and discussion. It compares what actually happened in collective bargaining with what the model suggests. As the comparisons are made on the basis of only one case study, no generally applicable conclusions can be reached. Nonetheless, the case study can be used to illustrate the manner in which determinants can be perceived, and why, under certain circumstances, some determinants wield more influence over strategy choice than do others. It provides, in short, a relating of substantive instance to conceptual argument.

It is perhaps worthwhile at this juncture, before proceeding into Chapter Two and the development of a model illustrating strategy determinants, to establish definitions for certain of the terms to be used throughout the text. Four terms in particular require explanation, these being bargaining, negotiation, strategy, and tactic.

Following Harbison and Coleman\textsuperscript{2}, bargaining can be viewed as a system involving power relationships between interests representing management and interests representing labour. It is a system by which issues of interorganizational concern can be resolved through transaction and interaction. Bargaining, as explained by Stevens\textsuperscript{3} and Chamberlain\textsuperscript{4}, is the broader, more all-encompassing term, referring to any transaction involving an
exchange of information. Not all such transactions will involve interaction, or negotiation.

Negotiation, then, can be taken to mean a particular activity or event within the system of bargaining. That activity, to quote Walton and McKersie, is "the deliberate interaction of two or more complex social units which are attempting to define or redefine the terms of their interdependence." Thus, negotiation is considered part of bargaining; that is, not all of bargaining is negotiation.

Just as negotiation is a particular activity within bargaining, so can "tactic" be explained as a particular activity within an overall "strategy." Strategy is defined as a plan of one party to direct or manipulate people and events into the most advantageous position for that party. Strategy is established prior to interaction with an opposing party, in order to attain some predetermined goal. Tactic, as distinguished from strategy, is the action taken by one party to maneuver into the most advantageous position, in accordance with a predetermined strategy.

Here, again, strategy is seen as the broader, more all-encompassing term; tactic, the more specific. Thus, it will be more common to speak of bargaining strategy and negotiating tactic than vice versa.
Footnotes - Chapter I


CHAPTER II

THE DETERMINANTS OF STRATEGY

In this chapter the component parts of a model of strategy determination are presented and discussed under the following headings:

1. Interorganization Relationships
2. Relative Power of the Bargaining Parties
3. Economic and Political Climate
4. Personalities
5. Institutional Characteristics
6. Party Objectives
7. Legislation

On the basis of a review of the literature, the above are assumed herein to be the major areas of influence which are considered in the development of bargaining strategy. There has been no attempt made in this chapter to give any relative weighting of importance to the various factors as that will emerge from the discussions in Chapter Five. It should also be noted that most of the literature cited deals with bargaining in the private sector, certain aspects of which may not be directly applicable to public sector bargaining. Technically, however, hospital employees are part of the private sector (falling under the provisions of the Labour Code), even though the industry is publicly funded. This point will be discussed further in Chapter Three.
Figure 1

Determinants of Strategy

- Interorganizational Relationships
- Economic and Political Climate
- Party Objectives
- Legislation
- Relative Power of the Bargaining Parties
- Personalities
- Institutional Characteristics

Strategic Tactics
The purpose of this chapter is to review the major factors influencing the determination of bargaining strategy to develop a base from which an appraisal of strategy in an actual bargaining situation can be made. There will be areas of overlap among the factors to be discussed as the influence of any one factor may in turn be an influence on another factor.

**Interorganizational Relationships**

It is widely known that during the 1971-72 series of negotiations, the B.C.H.A. refused to bargain in good faith... the "official" policy of the B.C.H.A. has been to reject "formal requests" that unresolved bargaining disputes be referred to a binding tribunal mutually established. The policy of the B.C.H.A. has been to force hospital employees to either go on strike or accept the unilateral proposals of the Association.

Bitterness and distrust, never far below the surface in our dealings with B.C.H.A., (threatens) to flood into the open.

The union has become an overly militant organization whose constant belligerence during negotiations, and equally constant dissemination of distorted information between negotiations, has resulted in a situation in which employee expectations have reached unreasonable levels in terms of cost and effect on the operating flexibility of the hospital.

We're working now to beat the enemy outside of our gate instead of wasting our energies scrapping with one another inside the gate. We've got something here that no other company in our line of work has been able to achieve. We can lick almost any kind of problem which comes up.

The four quotations above represent two highly divergent attitudes toward union-management relationships. The first two were made by union leadership and concern the activities of an employers' bargaining agent. The third was the opinion of an employer's personnel officer with regard to the union that made
the first two statements. The fourth quotation was part of a joint union-management pronouncement from a company's "production committee." All four were made on the basis of previous interorganizational experience and all will directly affect the attitudes taken by each party in future interorganizational relations.

The first three quotations are indicative of highly conflictual relationships. The employer's statement implies a belief that bargaining with the union is strictly a win/lose proposition: any gains made by the union are exactly equal to the losses sustained by the employer. It should be noted that the union is dealing with an employers' "association" indicating that both union and management represent relatively large organizations.

The fourth quotation, on the other hand, is made by a smaller union dealing with a single "company." Their relationship is one of trust, interdependence, and cooperation. The objective of the two parties is to find mutually acceptable solutions to the problems concerning them both.

Just as one person's attitude towards a relationship with another person is based largely on the person's previous experience within that relationship, so an organization's attitude towards a relationship with another organization is based largely on the previous experience within the relationship. A history of interorganizational animosity, of bad faith bargaining, and so on, will tend to create an atmosphere of conflict-orientation. Alternatively, a history of union-management
compliance and use of joint problem-solving techniques will tend to influence both parties to follow a cooperative approach to their relationship. While the union-management relationship is a dynamic one, it is nonetheless one in which behaviour based on previous experience is difficult to modify or reverse.

The quotations provided at the beginning of this section illustrate two types of bargaining processes, each approaching opposite endpoints along a continuum of bargaining processes. The two types are labelled by Walton and McKersie as distributive (conflict-orientation) and integrative (cooperative problem-solving). It is expected that the majority of bargaining situations will fall somewhere between these two. Where one or both parties are large, powerful organizations, the chosen process appears most often to be more distributive in nature. True integrative bargaining is rare, occurring most frequently when the two parties are relatively small. In addition, specific issues within the bargaining situation may be handled in a more distributive or more integrative manner than others. Monetary issues, as well as issues concerning rights and obligations, decision-making and policy control, are all items most typically handled through a distributive-type process. Issues such as job security and seniority, joint job evaluation, and work efficiency studies, all non-monetary items (although there may eventually be costs attached) can be handled in a more integrative approach. Coleman provides detailed discussion concerning the manner in which a particular process (i.e. distributive or integrative) is chosen with regard to a particular problem requiring solution.
at this time, however, it is sufficient to note that, based on previous experience, each party assumes the process which the overall direction of bargaining will tend to follow. The process anticipated then largely determines the range of strategies to be considered.

In distributive bargaining, each party is assumed to have a utility function having upper and lower limits, or target points and resistance points respectively, defining a range of outcomes below which the parties would rather leave the negotiating relationship. A "settlement range" is then taken as the area of overlap between the union's utility range and the employer's utility range, normally described as the area bounded by the respective resistance points. If no overlap occurs (i.e. a "settlement gap" exists), a breakdown in negotiations can be expected unless utilities can be shifted to create a settlement range in sufficient time. (See Figures 2 and 3, pp.15-16.)

In order to maintain a settlement range, each party must accurately assess the other party's utility function, or at least the other party's resistance point. In distributive bargaining, however, it is exactly that which each party attempts to conceal from the other. As each party's primary goal is to derive a maximum share from what it views as a fixed-sum outcome, each party will make an effort to shift the settlement range towards its own target point. This is accomplished through the successful use of one (or both) of two basic strategies (as used by management, in this example):

1. Alter union's perception as to the position of management's
Figure 2

Settlement Range

\[ M_T = \text{management's target point} \quad M_R = \text{management's resistance point} \]

\[ U_T = \text{union's target point} \quad U_R = \text{union's resistance point} \]

Possible Outcomes
Figure 3

Settlement Gap

Possible Outcomes
resistance point thus narrowing the settlement range toward management's target point;

2. Cause union to re-assess its own resistance point resulting in a decision by union to reposition its resistance point closer to management's target point.

Figures 4 and 5 (p.18) illustrate the above two strategies.

Tactics employed to implement these strategies under distributive bargaining are generally those described by Stevens as "Class I tactics": tactics intended to raise the tendency of a party to avoid its own target point. Class I tactics are intended to be coercive in nature, to create insecurities in the other party and thus, increase the level of tension experienced by that party. As Coleman points out:

"It is fairly well documented that increased tension is associated with a variety of aberrant behaviours such as reduced learning capacity and inability to pay attention."

The party most affected by these tactics can be expected to reveal more and absorb less than the other party. This may induce the affected party to make an earlier commitment, based on more ambiguous information, and closer to the other party's target point than otherwise may have been anticipated. Of course, the risk is always present that the affected party may be induced to make an earlier commitment closer to its own target point than otherwise may have been necessary -- a commitment from which it may be very difficult to move without "losing face."

Class II tactics may also be used in distributive bar-
Figure 4

Altering Union Perception of Management's Resistance Point

\( M_{RP} = \) management's perceived resistance point

Figure 5

Shift of Union's Resistance Point Toward Management's Target Point

\( U_{RS} = \) union's shifted resistance point
gaining, although their use becomes more common as the bargaining process becomes more integrative. Class II tactics are tactics of persuasion, designed to reduce tension. They are used as a means of convincing a party to reduce its avoidance of the other party's target point. However, Class II tactics involve the sharing of information and therefore require a certain degree of mutual trust, a feature not usually associated with distributive bargaining.

Integrative bargaining can exist when both parties perceive a potential settlement as having a win/win outcome. As the maximum payoff can only be achieved through maximum cooperation (see Figure 6, p. 20), each party must be made aware of the other party's utility function. Obviously, it is possible that a non-cooperative or exploitive party could take advantage of a fully cooperative party and, at least in the short-run, achieve a net gain. As both parties are undoubtedly aware of this possibility, the primary strategy of a party truly wishing to bargain integratively must relate to reducing the other party's fear of exploitation in the earliest stages of bargaining.

Even on those problems identified as potentially solvable through integrative bargaining, there exists only a one-in-four chance of following an integrative process. If a non-cooperative party perceives the other party to be either equally non-cooperative or fully cooperative, the resultant process will be distributive. If a cooperative party perceives the other party to be non-cooperative, a distributive process will also result. Only when a cooperative party perceives the other party to be equally cooperative will an integrative process be implemented.
Figure 6

Integrative Payoff Matrix

Level of Cooperation
Party A

Level of Cooperation
Party B
It makes sense for a party to cooperate, therefore, only to the extent that the other party can be trusted to cooperate. This type of trust, however, based on one party's perception of the other's likely behaviour, must in turn be based on the parties' previous bargaining relationship.

To this point, the only interorganization relationship discussed has been that of the union and employer directly involved in bargaining with each other. While obviously being of major importance as an influence on choice of strategy, it is not the only such relationship to be considered. The employer's choice of strategy will also be affected by his relationship to other employers in the product market, as well as other unions in the labour market. The union's choice of strategy will also be influenced by other relationships, with rival unions as well as with other employers.

An employer who is considered an industry leader can be placed in the situation of bargaining for the pattern that all other employers in the industry will subsequently be faced with. Thus there may be pressure exerted on the key employer to not give away more than is necessary nor to establish new standards which other employers could not easily meet. (This latter point may under certain conditions have a reverse effect on a key employer's strategy. By setting standards others would have difficulty in meeting, the key employer may be able to exclude the smaller competitors from the product market.)

An employer's strategy would also depend to some degree on whether the employer is acting individually, as a single
company, or bargaining on a multi-employer bargaining basis, as part of an industry-wide agreement. Multi-employer bargaining solves many of the problems associated with maintaining a competitive position, as all competitors are subjected to the same negotiations and the same final contract. For the same reason, multi-employer bargaining would affect union strategy in that the economic sanction of a strike would be somewhat less threatening to each individual employer. On the other hand, it can protect the union in decreasing the probability of a rival union's entering the industry by "picking off" one company at a time.

Rival unionism will affect a union's strategy determination in direct relation to the pressure it places on union leadership to achieve a better result than achieved elsewhere. Thus, where there exists direct competition for jurisdiction over particular job classifications, or where another union represents a similar employee group, a union will be influenced by the need to ensure that its members receive at least a parity position with that of its rivals. For this purpose, it is the wage rate which forms the greatest sign of success. As a result, while competition in the product market may induce product prices to drop, competition in the labour market may induce labour prices to rise. These points will be touched upon again under "Economic and Political Climate" and "Institutional Characteristics."

In summation, the status of interorganization relationships of parties involved in bargaining, to each other and to
other parties, will affect the determination of bargaining strategy. As the process of collective bargaining is basically conflict-oriented, integrative problem-solving will only occur when each party perceives the other as being trustworthy, open, and cooperative. The perception of another party's attitudes toward bargaining is largely based on previous experience with that party.

Relative Power of the Bargaining Parties

If collective bargaining is, as Stevens maintains, "a social-control technique for reflecting and transmuting the basic power relationships which underlie the conflict of interest inherent in an industrial relations system," and if, as Levinson states, "the final outcome of a pure bargaining situation is determined in some way by the relative bargaining power of the parties involved," then "bargaining strategies" can be understood, in this context, to denote the plans of action devised by one party to best exploit and advance its own power position relative to that of the other party. Taken but one step further, as does Stagner, the entire bargaining process can be identified simply as a means of determining levels of power, given that the two primary areas of industrial conflict, those being economic and social satisfaction, are the major building blocks of the power parameter itself. Bargaining, it is claimed, "centers around issues of power with economic benefits used largely as symbolic counters in the game." Thus, the relative power positions of the bargaining parties is to be recognized as providing a substantial influence on the choice of
bargaining strategies.

In dealing with power as a determinant of bargaining strategy, it is worthwhile to distinguish "bargaining power" from "absolute power" on the basis of two conceptual differences: relativity and perceptibility. Absolute power is defined as the ability of one party to influence or alter the range of outcomes available to another party with respect to the goals of that other party. Bargaining power, therefore, is defined as the absolute power one party perceives the other party of being capable of wielding relative to the former party's own similar capabilities.

To further clarify these definitions, an example is required. The example given here, while using a slightly different terminology, is largely extrapolated from Thibaut and Kelley.

Party A is a large, economically sound, politically visible union, dealing with a number of individual employers. It will generally find itself in bargaining situations where it can act in an exploitive manner, more or less dictating the outcomes relevant to Party B, subject only to various external constraints including government, public opinion, and economic climate. In other words, Party A is a powerful organization; put another way, Party A has a high basic power position (i.e. absolute power). Regardless of what Party B does, its outcomes are totally dependent on what Party A intends to do.
In Figure 7 (p. 26), if Party A chooses strategy \( a_1 \), then regardless of Party B's choice of strategy, Party B's outcome is 1. Party B, being in a much lower basic power position than Party A, has no influence on the outcomes achieved by Party A. In this first case, therefore, Party A not only has a high basic power position but also significantly greater bargaining power than Party B.

Now assume that the same Party A is suddenly faced with an equally powerful multi-employer labour relations association. This new Party B is not only in an equally high basic power position as is Party A, but its particular areas of strength are just those in which Party A is the weakest. Both parties now have the opportunity to choose strategies which will determine specific outcomes for the other party, regardless of what the other party does.

In this second case, as shown in Figure 8 (p. 26), if Party A chooses strategy \( a_1 \), then regardless of Party B's choice of strategy, the only possible outcome for Party B is 1 (the same outcome as in the first case). This time, however, if Party B chooses strategy \( b_2 \), then Party A's only possible outcome is also 1, regardless of what Party A then chooses to do. Both parties have equally high basic power positions but neither has any bargaining power over the other. Not so coincidently, the outcome possibilities are those of an integrative bargaining model and as such present a win/win situation \( (a_2 b_1) \) if the parties can recognize it and are capable of taking advantage of it.
Figure 7

High Basic Power Position - One Party Only

Party A's strategy choices

\[
\begin{array}{c|c|c|c}
 & a_1 & a_2 \\
\hline
b_1 & 1 & & 4 \\
\hline
b_2 & & 4 &
\end{array}
\]

Party B's strategy choices

Possible Outcomes

Figure 8

High Basic Power Position - Both Parties

Party A's strategy choices

\[
\begin{array}{c|c|c|c}
 & a_1 & a_2 \\
\hline
b_1 & 4 & & 4 \\
\hline
b_2 & & 4 &
\end{array}
\]

Party B's strategy choices

Possible Outcomes
The second case just described assumes that the possible outcomes available to each party are equal. If the possible outcomes are not equal, however, then the bargaining power would belong to the party having the relative advantage in establishing positive and negative outcomes to the other party.

In this third case, illustrated in Figure 9 (p.28), both parties are of equally high basic power positions as the total payoff under all conditions is equal for both parties. If Party A chooses strategy $a_1$, then regardless of Party B's strategy choice, the only possible outcome to Party B is 4. Similarly, if Party B chooses strategy $b_2$, then the only possible outcome to Party A is 0. But in this case, if Party B did choose strategy $b_2$, Party A would in turn choose strategy $a_2$, maintaining its own outcome at 0 but inflicting an outcome of -2 on Party B. Thus, while the best possible outcome for Party A is only 2 as compared to a best possible outcome of 4 for Party B, Party A cannot sustain any injurious negative outcomes whereas Party B can if Party A so decides. Even though both parties are in high basic power positions, Party A has the greater bargaining power as it cannot lose under any combination of choices but can establish a certain degree of bargaining leverage by allowing Party B its maximum outcome (which also happens to be Party A's maximum outcome). In other words, Party A has the power to choose a strategy which will reward Party B in order to receive a future reward on another issue. Merely having the option to choose such a
Figure 9

Bargaining Power to Party A

Party A's strategy choices

<table>
<thead>
<tr>
<th></th>
<th>a1</th>
<th>a2</th>
</tr>
</thead>
<tbody>
<tr>
<td>b1</td>
<td>2</td>
<td>-2</td>
</tr>
<tr>
<td>b2</td>
<td>4</td>
<td>0</td>
</tr>
</tbody>
</table>

possible outcomes

Figure 10

Perceived Power

Party A's strategy choices

<table>
<thead>
<tr>
<th></th>
<th>a1</th>
<th>a2</th>
</tr>
</thead>
<tbody>
<tr>
<td>b1</td>
<td>2</td>
<td>-2(4)</td>
</tr>
<tr>
<td>b2</td>
<td>4</td>
<td>0</td>
</tr>
</tbody>
</table>

Party B's strategy choices
strategy gives Party A relatively greater bargaining power than Party B.

It should be clear, therefore, that bargaining power is "relative" power. It is not the individual or absolute power of a particular party, per se, that is the determining factor; it is, rather, the power inherent in one party relative to that of the other party which affects the choice of bargaining strategy. While the attainment of a certain level of power in itself may carry with it many positive benefits for the organization and/or the personnel involved in the organization, it is nonetheless, the basic power position of one party only in direct comparison with the basic power position of another party which affects the responsive behaviour each party displays to the bargaining situation.

The concept of relative power has been studied by numerous experimental psychologists and succinctly reviewed by Rubin and Brown. They point out that regardless of the absolute power of the bargaining parties, whether both have high basic power positions or low basic power positions, bargaining tends to be more effective (i.e. result in greater payoff to both parties; be structured in a less distributive or more integrative fashion) when both parties bargaining perceive each other as being of equal rather than unequal power. Over seventy percent of the experimental studies reviewed by Rubin and Brown supported this proposition.

Furthermore, as Rubin and Brown explain, "the greater the discrepancy between bargainers' power, the less effectively
they are likely to be able to function as a unit. Expressed in other words, the more closely the bargaining relationship approximates one of power equality, the more bargaining effectiveness should increase.  

Following this line of reasoning, it can be expected that a party having a relatively high basic power position will tend to behave in a manipulative and exploitive manner in bargaining with a party having a relatively low basic power position. The party having the higher basic power position has the potential to receive a greater proportion of positive outcomes from the bargaining relationship. Through its greater ability to offer rewards or inflict costs, the higher powered party can induce responses from its opposite number such that maximum positive outcomes can be achieved by the former.

Returning to the definition of bargaining power, the two important concepts with which to be concerned are those of relativity and perceptibility. It is not enough that one party have relatively greater power than another. The relative power positions must be perceived in order to affect strategy determination. In other words, the basic power position of one party relative to that of the other party will certainly influence the choice of strategies taken, but that influence will be modified by the extent to which the power differential is actually perceived.

Chamberlain notes that bargaining effectiveness is closely associated with the ability of a party to accurately
estimate both its own and its opponent's power position. In Chamberlain's model, higher power is a result of lower "disagreement costs." If the costs of disagreement exceed those of agreement then the party must succumb to the pressure to agree. Thus bargaining power belongs to the party which can best sustain the costs of disagreement. This means, however, that in order to prepare an effective strategy each party must be aware of the other party's disagreement costs. If one party can influence the perception of its disagreement costs, then it can also gain some bargaining power.

For example, assume the same situation exists as illustrated in Figure 9. In this version, however, Party A has perceived the possible outcomes to Party B as shown in parenthesis in Figure 10 (p.28). In other words, Party A now believes that regardless of what strategy it chooses, Party B will receive a payoff of 4. The fact that Party A's perception is false, merely highlights the success of Party B's tactics to misrepresent its true position. The result is that Party A now must negotiate with Party B in order to achieve the $a_1b_1$ outcome. In addition, the obligation to provide further reward now clearly rests with Party A, not Party B as was previously the case. Thus the greater bargaining power has been shifted to Party B, not through any change in its basic power position but through a change in Party A's perception of that position.

Bargaining power can be conceptually subdivided into two major components: the economic component and the negotiating component. A party's basic power position is for the most part
determined by the strength of its economic component. When this component is strong enough to place one party in a relatively high basic power position as compared to its opposite party, the bargaining power advantage will have been established prior to any input from the second component. In cases, however, in which the basic power positions of the two bargaining parties are approaching equality, it is largely the effectiveness of the negotiation component that will create a bargaining power advantage. It is also the effectiveness of the negotiation component which in part determines the degree to which bargaining power created through basic power position differentials is utilized. Each component of the power parameter will have its own unique influence on the choice of bargaining strategies.

The key factor of the economic component of bargaining power is a party's ability to carry out the threat of work stoppage (strike by union, lock-out by management). A party will have a lower basic power position than its opposite party if it is known that it cannot withstand the imposition of economic sanctions (i.e. work stoppage). A union must be able to support the cost of a strike if it is to use the threat of such action during negotiation. If the union cannot support a strike but management, on the other hand, can easily overcome the resulting losses, then management would maintain a major bargaining power advantage. This point is discussed in more detail under "economic climate:"

The second component of bargaining power is the negotiation component. The power of (or within) the negotiation
component is based primarily on the ability of the negotiator to manipulate through the use of certain tactics. This component is particularly important to the establishment of bargaining power positions when basic power positions are approximately equal. In such cases not only the choice of tactics but the manner in which those choices are executed will help to establish or reinforce bargaining power positions.

As has been discussed previously, the effectiveness of a particular strategy may be dependent on how one party's power position is perceived by the other party. There are various tactics which, successfully employed, may help to induce the desired perceptions. For example, a negotiator appearing to be unaffected by his opponent's behaviour may be perceived as being "inscrutable," a trait commonly associated with a higher powered party. On the other hand, friendship toward the opposite party's negotiator can often be an effective tactic for a lower powered party to use as a means of diminishing the usable power available to the higher powered party (a Stevens' Class II tactic).

To summarize thus far, it has been proposed that the relative power of the bargaining parties is a major influence on the determination of strategy. The greater the inequality in bargaining power between two parties, the less integrative is the bargaining process. As basic power positions are perceived to approach equality, the greater is the potential for problem-solving or integrative bargaining, or, alternatively, the greater the reliance on bargaining strategies designed to re-establish the bargaining power differential. A party in a relatively high power position will tend to act exploitively of a party in a much
lower power position.

One final comment is required. The degree to which power can be used in the negotiation process is dependent upon the stability of the relationship between the two parties involved. As Rubin and Brown point out, too great a show of power will tend to break the bond of voluntary interdependence that is necessary to negotiation. In other words, power can be used by one party only to such a degree that the other party will still find it advantageous to remain in the negotiating relationship.

The stability of the relationship is determined in large part by the parties' dependence on the relationship. As long as both parties are convinced that each will receive better outcomes by staying in the relationship, then the relationship is stable. However, if one party's dependence on the relationship for its best outcomes declines significantly, the relationship becomes unstable. When this happens, the amount of usable power (and, thus, the amount of bargaining power) that one party has over the other greatly diminishes.

Economic and Political Climate

The economic and political climate of the local region, the surrounding territories, and the country as a whole are important to strategy determination. Not only the economic stabilities of the individual parties involved in any particular bargaining relationship have to be accounted for, but also the economic stability of society at large: the level of unemployment; the rate of inflation; the supply of labour compared to the demand for labour; the demand for the products of labour; and so
on. Equally important to strategy determination is the political climate at the time of bargaining: the orientation of prevailing government policy; the direction of general public opinion; the internal political pressures generated within the bargaining parties themselves. Strategies which do not take into consideration the influences and constraints of existing political and economic conditions will find little success in manipulating the bargaining process towards a party's objectives.

Levinson provides summary definitions of the two factors. Economic variables are "defined as those that reflect demand and supply conditions in the product or labour markets." Political variables are "defined as those that apply pressure on the union's leadership to match or exceed the wage-fringe improvements negotiated by other unions in order to maintain or extend the strength of the union as an institution and/or to preserve or enhance the status and prestige of the existing union leaders." Similar definitions can be given with respect to employers and employers' agents.

For the purposes of this paper, it would appear to matter little whether the parties involved in bargaining are considered as essentially economic institutions operating within a political environment, or essentially political institutions operating within an economic environment. Decisions concerning choices of strategy will tend to be reflective of both economic and political pressures. In some matters the economic pressures may weigh more heavily on the decision-making process than the political pressures, but in other matters the reverse will be true. What
is important to note here is that both are to be considered as influential determinants.

For example, in a time of high unemployment due to an over-supply of labour, the union, according to economic theory, should be willing to accept a lower wage rate in order to maximize the employment-wage equation. That is to say, the union would allow the wage to be lowered to a point at which, due to increased employment of labour, the total wage bill would be at a maximum level. This assumes, of course, that the union can accurately assess the elasticity of demand for labour, a feat which has proven itself to be near impossible under practical considerations. In any case, according to political theory, the union membership already employed would demand that wage levels be maintained, forcing union leadership to ensure that a downward wage shift would not occur.

High unemployment could be the result of a negative shift in consumer demand. This negative shift would force the producer (i.e. the employer) to reassess the product market and subsequently explore the available solution possibilities, including leaving the product market, attempting to alter consumer perceptions with regard to the product, or attracting more consumers by reducing the product price. In the latter case, a reduction in labour cost may be required.

Labour cost can be reduced in one of essentially two ways: either reduce the total number employed or reduce the wage received by those presently employed. In a case such as noted above, the union (and its membership.) may support a wage reduction in
order to maintain the employer and, consequently, their own employment. This response on the part of labour would be most common in situations in which the threatened industry is the major or, in fact, the only employer in the local area (i.e., the competition for labour is relatively low). 32

The above example also illustrates one of the few points on which both Ross and Dunlop agree: price reduction in the product market has a greater influence on reduction of labour costs than does oversupply in the labour market. 33 This appears to be true in both the private and public sectors, although perhaps less directly in the latter instance. A public employer most often will not have established a "market product price" and will also not likely go out of business. Pressure to reduce labour costs, therefore, will be inversely proportional to a government's estimates of public demand and political necessity of any particular service. This observation would appear to support the proposition that economic variables affect the determination of strategies more from their direct influence on employers than on unions. The employer's constraints, tied as they are to the vagaries of the product market, tend to broaden or narrow relative to shifts of the supply and demand functions within that market. Such shifts within the labour market, however, appear to affect strategies to a much lesser degree, as the concurrent political pressures tend to modify, or even cancel in the short-term, the resultant economic pressures.

Perhaps the greatest pressure, on both an economic and political basis, is that of peer pressure. For the union, wage
rates and fringe benefits achieved in recent settlements by other unions, particularly rival unions, often determine the minimum terms acceptable in a new agreement. "Comparison" thus becomes a common strategy in bargaining. While the fair price for labour may be said to be established in the marketplace by means of some form of supply and demand functions, in practice it appears to be established in any particular segment of the labour force largely by means of precedent. This may in effect be the projection of the supply-demand interaction as precedent does, after all, reflect the "going rates", (also called "comparative and competitive rates" by Reynolds;\(^{34}\) "wage constellations" by Harbison;\(^{35}\) "orbits of coercive comparison" by Ross;\(^{36}\) "wage contours" and "cluster analysis" by Dunlop;\(^{37}\) "comparative-norm principle" by Sloane and Witney\(^{38}\)). What results is the pressure from union membership on its leaders to obtain for them what has been attained elsewhere.

Peer pressure can also be felt by management. An employer may feel the economic pressure to avoid labour settlements which will establish a new pattern in the industry. As Ross states:

Comparisons are important to the employer, whose greatest anxiety, in the absence of imperative economic pressures, is to avoid "getting out of line." One of the cardinal sins of business conduct is to offer a wage rate, or a wage increase, which proves embarrassing to other employers. In a period of aggressive union demands, there is a tightening of discipline in the business community: "getting out of line" becomes as criminal as grand larceny.\(^ {39}\)

Political pressures arising from government policy and public opinion can also determine strategy choices. This is particularly true in public sector bargaining. Besides giving
consideration to the prevailing legislation, which in itself may be somewhat pro-union or anti-union, or pro-management or anti-management, both parties have to account for the general leanings of the government in case the ever-present possibility of intervention should become a reality. In developing strategies, each party must assess the possible gains attainable within negotiations versus the possible gains attainable outside negotiations. Thus the policies of government if interpreted as being more favourable to one party than the other can be an important factor in determining how bargaining will proceed. The American government of 1947, for example, was considered to be strongly anti-union, continually raising the threat of repressive labour legislation. As a result the union strategy of the day was greatly influenced by a desire to avoid an interaction with any level of government.

In 1949, the United Steelworkers of America were reasonably certain that President Truman would not attempt to invoke the injunction procedures of the Taft-Hartley Act against an organization which had given his party much needed help in the previous year's elections. The appointment by Truman of a Fact-Finding Board with power to make recommendations for a "just and equitable solution of the issues" greatly increased the Steelworkers' bargaining power.

More recently, in August, 1973, the Hospital Employees' Union bypassed the employers' agent to enter into an "Agreement" with the New Democratic Party's Minister of Health. The Agreement called for the upward adjustment of a number of wage levels. The employers' agent, having not participated in the creation of the Agreement, immediately sought a determination from the Labour Relations Board as to the legal status of the Agreement. The Labour Relations Board, however, informed the employers' agent
that discussion regarding the matter had been "tabled." Both union and management representatives interviewed by this writer stated that the Agreement would have been far less likely under a Social Credit government.

Government policy can often be interpreted as an expression of public sentiment. However, the general climate of public opinion can often affect the strategies taken in bargaining in more direct fashions. In situations in which product competition is high, a stoppage in production could lead to a long-term income loss to the producer due to shifts in consumer allegiance. But, in situations in which public sentiment is also heavily pro-union in nature, it may not require a work stoppage to cause a damaging sales decline: widespread publicity of "bad faith" bargaining policies or "unjust" labour practices on the part of the employer can stimulate a similar response (e.g. product boycotts). Similar situations can occur in public sector bargaining: if public opinion is supportive of labour as opposed to management (i.e. government), a lengthy dispute could be detrimental to the governing party's political acceptance. This is obviously an unenviable position for a public employer to have placed itself in as it represents a separation of public sentiment from that of government.

Public opinion can also be damaging to the union position. In a period of "labour unrest," for example, public opinion may turn decidedly anti-union, due to, say, an abnormally large number of work stoppages at any one time. The resulting inconvenience and general unsettling effect to the public would in turn result in the public's having little, if any, empathy with the
out-of-work workers, and little, if any, support for the beleaguered union. In such a case, the full negative effect of a work stoppage may not accrue to the employer as anticipated by union strategy. In fact, if public opinion were forceful enough, it could instigate some form of government intervention to the detriment of the union position. This, for example, occurred in August, 1975, in British Columbia, when a "labour" government felt compelled to issue a general back-to-work order, ending all strikes and lock-outs in the province, in no small part due to the pressures of public opinion.

The major economic sanction one party can levy against the other is work stoppage (i.e. strike or lock-out). For the union, a work stoppage means loss of wages for its members, loss of income for the union itself, and potential depletion of the union's capital resources in order to support both the union and its membership during the period of the work stoppage. For the employer, a work stoppage may cause loss of revenue (either short-term or long-term, depending on the product market and type of bargaining: single or multi-employer); permanent shut-down (depending on the length of the work stoppage and the fixed costs of operation); or possibly a net saving due to decreased operational costs.

Thus, with the possibility that the union may suffer greater damage during a work stoppage than the employer, it is essential that union strategy be based in part on an accurate analysis of the employer's economic status at the time such a stoppage is anticipated. However, the cost to the union of a
strike cannot simply be calculated on the basis of dollars gained through a new contract less dollars lost through forfeited income. Any gain achieved will often have other results more important to the union than the immediate monetary increases to its members. A hard-fought victory for the union can mean increased recognition in the labour movement, an increased power position, the establishment of a new pattern or key bargain for the industry, or a new base level from which to begin future bargaining sessions. It is often a case of prestige or saving-face for the union leadership to continue strike action long after its economic viability has disappeared.\footnote{42}

During work stoppages it often becomes the focal point of management strategy to attempt to convince labour that a certain offer is indeed a fair one. The continuation of an "uneconomical" strike then shows management that it has been ineffectual in altering the attitudes of labour. It carries with it an inference of management weakness, and of union strength. It demonstrates that union threats of strike are not to be ignored now or in the future. It is, above all, a show of power, a positive and open demonstration of union "esprit de corps," and, most important, a vote of confidence in the union leadership.\footnote{43}

When union leadership has been successful in manipulating the expectations of its members to a given level, it must thereafter be able to provide a substantial display of active determination toward meeting those expectations. This is particularly important to union leadership where there is a rival union on the scene whose contract already approximates those
expectations: the signing of a contract for even one penny per hour more or less than that of a rival union can spell the difference between victory and defeat. (Of course, it may just be management strategy to offer a wage differential to a rival union, as an attempt to weaken a powerful union.) It seems to matter little that the workers may never re-earn the wages lost during a work stoppage, as long as there exists a strongly supportive, positive, and enthusiastic attitude towards the new agreement. The financial loss to the membership is more than compensated for by the psychological (political) gain to the union.

In summation, it can be said that political determinants effect strategies focusing on comparative and competitive levels of wages and benefits through analysis of recent settlements in the labour marketplace. Economic determinants effect strategies based on such parameters as levels of unemployment, inflation, and competition in the product marketplace. Cartter and Marshall note that political influences may change but will not obviate the effects of economic constraints of the marketplace. Rees comments that there is not likely to ever be a "replacement of economic by political forces in the setting of wages; rather, the economic forces are filtered through political groupings, which can delay or redirect them but not reverse their flow."

Personalities and Personality Perception

The determination of bargaining strategies is obviously influenced by such factors as party objectives, previous party
experience, power relationships, and political and economic pressures. Perhaps less obvious is the influence brought to bear on the determination of strategy by the personalities and previous experiences of the negotiators themselves. As the chief negotiators normally have much input into their party's strategic planning process, often to the point of near total control, their personal prejudices and biases, preconceptions and previous experience, as well as other personality parameters will affect the choice of both strategy and tactics.

One party's perception of the other party is shaped to some degree by the experience gained from interpersonal interactions with representatives of that party. Here again, it is not merely the personalities alone that affect the process but also how each is perceived by the other side. For example, a newly hired negotiator, say, is best known for his successful "hardline approach" in the highly conflict-oriented bargaining environment with which he was previously associated. The party now having to sit across the table from him perceives him to be a "tough customer," a stubborn individual, and gears its strategies accordingly. Furthermore, if anxiety levels are raised at the prospect of having to deal with the new negotiator, cooperative bargaining becomes a less likely option as increased anxiety level is usually associated with decreased desire to interact.46

Differences in personality (e.g. propensity to cooperate, to take command, to accept direction, to accept criticism, to gamble; individual needs and beliefs) shape the manner in which
people perceive and, in turn, are perceived. Experimental studies concerning personality characteristics as they relate to bargaining have not been numerous. Rubin and Brown, however, provide a concise review of the more recent studies that have been done in this area.47

In preparing the case study presented in Chapter Four, it was not possible for this writer to assess the negotiators' personalities. Thus, no detailed discussion of personality characteristics will be presented here. However, it should be noted, as a closing word, that the perception of personality is influenced to a great extent by the environment in which it is perceived. Merely being labelled "union" or "management" will influence the manner in which a person is perceived. Douglas has shown that both management and union representatives perceive themselves as being more honest and more trustworthy than their opposite numbers. Management representatives also perceive themselves as being not as suspicious as union representatives, whereas union representatives consider themselves to be just as suspicious as those of management. In addition, Douglas states that:

. . . (on) the basis of three evaluation dimensions: (good-bad, honest-dishonest, trustworthy-untrustworthy) . . . (there) was the tendency for both labour and management representatives to think the other party perceived them in a less favourable manner than it actually did.48

Not only do the negotiators of both union and management tend to feel more positive about themselves than they do about the other party's negotiators, but they feel the other party views them more negatively than the other party really does. This observation once again tends to mitigate against the possib-
ility of true integrative bargaining, as that process requires mutual trust, mutual respect, and a determination to work towards mutually positive outcomes. A party will feel somewhat reticent to be open and cooperative if it believes the other party will be suspicious and untrusting of its true motives.

If cooperation is truly desired there are certain tactics which can be used (called "attitudinal structuring" by Walton and McKersie⁴⁹), to manipulate personality perceptions to this end. Use of language, for example, similar to that commonly used by the other party implies use of similar thought processes, thus making the negotiator using the tactic appear less distant, less threatening, and more acceptable. Informal discussion on "non-business" topics prior to negotiation sessions lends a friendly atmosphere to the proceedings. Use of compliments and other signs of approval allows a party the feeling that its actions and sentiments are being accurately interpreted. Discovering a mutual dislike for a third party also helps to bring the two sides of the table closer together. Use of small group discussions, as a final example, tends to allow for a more open flow of communication, greater interpersonal interaction, and thus a more positive perception of personality.

Institutional Characteristics

The manner in which a party functions internally may influence the manner in which it presents itself externally. Such factors as the party's decision-making process, the relationship of the negotiator to the party, the structure of the bargaining system (i.e. multi-employer versus single employer) and
the degree of factionalism within the party may affect the party's behaviour it exhibits during bargaining.

The rank-and-file of the union and the members of the multi-employer association place similar demands upon their respective organizations: support will only be given so long as their goals are represented in the goals of the organization. To ensure continued commitment to the organization, therefore, each develops processes through which the ultimate decision-making responsibility appears to rest at the grassroots level. In reality, and particularly for the union, grassroots decisions are so strongly influenced by party leadership that it is fair to say that the organization sets goals and the membership follows. 50

The acceptance of a proposed settlement (again, particularly for the union) is also largely a function of leadership as the rank-and-file will not normally accept any agreement that does not receive the unqualified recommendation of the leadership. A vote against a negotiator's recommendation is a sign of the membership's lack of confidence in his ability to represent them. Thus the preservation of personal status becomes an important factor in determining bargaining behaviour.

Under multi-employer bargaining, management similarly relies on the expertise and knowledge of its association's negotiators. In this case, however, the members making demands are fewer in number and somewhat more able to accurately assess what is tenable and/or affordable than their union counterparts. For both parties, however, there can exist the problem of factionalism, 51 or the splitting of membership support into two or more groups having different objectives. If the object-
ives supported by the factions within management, for example, become known to the union, then an attempt to influence the prestige and acceptability of the faction whose objectives most closely approximate those of the union, can be used as a union bargaining strategy. This could be considered the bargaining-equivalent of a "divide and conquer" strategy.

Weakness in the management position through factionalism is perhaps the major drawback to an employer in multi-employer bargaining. The loss of autonomy for the individual employer is a second drawback but not one that has any appreciable negative effect on bargaining. The advantages to management over single employer bargaining are many. Under multi-employer bargaining, management is placed in a higher basic power position due to its ability to hire negotiators, to develop a research capability, and to better withstand work stoppages. This last point is true because each employer no longer has to worry about long-term loss of business to a competitor, while union has to worry about the costs of an industry-wide rather than single company action. In addition the union can no longer "whip-saw" employers into accepting demands accepted elsewhere. A small employer can be forced to accept whole "patterns" when bargaining singly but will have a say in the outcomes of an agreement bargained centrally.

Multi-employer bargaining also has some fairly major advantages to offer the unions. While the employer protects himself against whip-sawing, the union has the opportunity to impose one last "giant whip-saw." By this it is meant that
through multi-employer bargaining the union will attempt, usually with some modicum of success, to raise wage rates, for particular jobs or classifications, throughout the industry to that of the highest scale paid in any single institution within the industry. This can be done through a standardization of job titles and job classifications thus necessitating a degree of uniformity of wage rates among employers.

There is one final advantage for the union, particularly a large industrial union, to be found in multi-employer bargaining. A union which can simultaneously sign agreements with a large number of employers gains a much higher probability of excluding rival unions from establishing a serious foothold in the industry. Multi-employer bargaining lessens the chance of a rival union's entering the industry by "picking off" one company at a time.

The major disadvantage of multi-employer bargaining for the union is the increased difficulty and expense of getting rank-and-file support for a shift in goals and/or strategies during negotiations. Thus union leadership may find it less troublesome to continue with strategies approved by the membership than to shift to a more tenable position in mid-stream.

Multi-employer bargaining is considered to be a more mature and responsible form of bargaining, and as such, parties involved tend to be better informed and more far-sighted in approach. Work stoppages are fewer under multi-employer bargaining. In addition, multi-employer bargaining has the potential to influence the use of more integratively-oriented strategies.
through such items as job standardization, wage standardization and elimination of working condition inequities.

Party Objectives

As was discussed under "economics," one of the primary objectives of the union is to achieve a wage-employment agreement satisfactory to its membership and attractive to any potential additions to the membership. The wage-employment objective, however, is not equally balanced between the two factors involved. The union membership clearly sees the wage package, including increases to both wage rates and fringe benefits, as the most important outcome of bargaining. A reduction in wages or an "insufficient" increase, can be interpreted by union membership as a reduction in the basic power position of the union. A reduction in employment can generally be explained by union leadership in terms of management's mismanagement and/or technological change.

Other major objectives of union membership include job security and establishment of a power base to equal, or at least challenge, that of the employer. These, together with the wage package, are normally the drawing cards of the union in the first place. It is through "collective strength," be it based on real (i.e. contractual) or psychological gains, that the union membership achieves the sense of destiny control that in part accounts for the survival of the union as an institution.

The union leadership must provide the membership with evidence that they are continually increasing their power over
the employees' working environment. Thus the union will attempt
to gain a foothold on such areas of management decision-making
as hiring policies, firing policies, demotion procedures, pro-
motion procedures, disciplinary actions and seniority benefits.

The primary objective of the union itself is to expand
and strengthen as an organization. One of the first clauses to
be settled in any agreement is the union security clause. This
becomes particularly important when rival unions are present
in the industry and are vying for jurisdiction over specific job
classifications. A union may decide to use a "front-runner"
strategy, attempting to establish a new pattern, as a means of
attracting or maintaining support. Another union, finding itself
behind a rival, may be forced into a "catch-up" strategy, possibly
making use of an "employer's preference" argument, implying col-
lusion between the employer and the rival union. The objective
in all cases is to promote the union and lessen the attractive-
ness of a rival union.

Management's primary objective appears to be rather
similar to that of the union's: to promote the growth and/or
strengthening of the organization, be it public or private, to
ensure its ongoing viability and power position. Management
must strive to maintain the integrity of the institution,
including such aspects as a stable and productive work force
and, ultimately, a positive cost:benefit ratio. In private
industry, this may mean the maximization (or proximate max-
imization) of the profit criterion, or, at the very least, the
continued inflow of a supply of dollars sufficient to maintain
the company's solvency. In public service, the equivalent
guidepost may be the maximization of the service potential
within given budgetary limits. In either case, management is
primarily concerned with a continuing and successful operation.

In achieving the above primary objective, management
usually wishes to resist any cost increases which may adversely
effect the organization (i.e. loss of profit; reduction of ser-
vice). As wage increase is normally the union's primary demand,
a conflict orientation to bargaining is most often expected.
Another important management objective is to avoid loss of
administrative decision-making authority over the organization
and its personnel. In particular, management would strive to
maintain control of policy in such areas as financing, product
standards, hiring, firing, promotion, demotion, discipline,
work rules, and so on.

Management's objectives may also include breaking or
weakening the union. In situations in which rival unionism is
present, management may find it a worthwhile strategy to allow a
wage differential in favour of a weaker or more cooperative
union as a means of negatively effecting a more powerful and
competitive union. In this manner, management would hope to
reduce the power position of the latter union so that future
bargaining power advantages may accrue to management. In more
extreme cases, management may attempt to force the union into
a strike position, if it feels that the union could not survive
a lengthy work stoppage.
To sum up:

... if the objective of the parties is to find a solution to their mutual problems on the basis of rationality and fairness, the negotiations will be conducted in an atmosphere quite different from one in which the fundamental objective of the union is to "put management in its place," or where the chief objective of the company is to weaken or even destroy the union. All these factors, as well as others, will have a profound influence upon the conduct of collective bargaining.55

Legislation

As discussed under "political climate" legislation can be considered a strategy determinant in that a party's options may become more limited as a result of certain governmental decisions. For example, wage and price controls may be interpreted as somewhat anti-labour as wages tend to be easier to control than prices. Right-to-work legislation may be described by management as the embodiment of democratic principles, or by labour as the legalization of union-busting. Legislation allowing certification votes when only thirty-five percent, instead of fifty percent, of employees in a unit are identified as union members gives the union greater opportunities to organize and expand. Essential services legislation may be interpreted as protecting public interests or limiting union's right to strike and thus weakening their bargaining position. All such legislation will affect the labour relations environment and as such affect bargaining strategy.

The discussion in this section will focus only on the manner in which labour legislation allows for third-party intervention in the resolution of bargaining disputes (i.e. interests
disputes). More so than in previous sections, the discussion will relate specifically to essential services in British Columbia.

There are essentially two types of third-party intervention: mediation and arbitration.

Mediation (or conciliation) is a means for two parties to reach a voluntary agreement through the moderating activities of a third party. The final agreement is made by the two parties directly involved, and, as such, the same factors determining strategy in direct negotiations would determine strategy before a mediator. However, as mediation can have a modifying effect on the parties, it can be particularly useful in cases where parties of almost equal power cannot settle minor issues which in turn delay acceptance of major agreements.56

In some situations, more than one level of mediation may exist. In British Columbia this second level of mediation takes the form of an Industrial Inquiry Commission. Utilized on an adhoc basis in disputes which are particularly important or problematic, the Industrial Inquiry Commission acts as a "fact-finder" in that it not only mediates negotiations but also attempts to reveal and analyze the "facts" on which a settlement can be based. The recommendations of the Industrial Inquiry Commission are made public and subsequently often form the basis for imposed agreements. These factors are intended as inducements for more responsible bargaining as both parties must not only present well-documented arguments to support their demands but the demands themselves must appear to be inoffensive to public interests.57

It has been suggested, however, that the Industrial
Inquiry Commission, as a second level of mediation, somewhat negates the value of the first level of mediation. To some degree dependent on the political climate, the bargaining parties (particularly public employers) may purposely avoid early negotiation in order to argue from uncompromised positions before the Industrial Inquiry Commission, thereafter to have the Commission's Report become public knowledge.\(^{58}\) If an agreement is subsequently to be imposed, public reaction to the Commission's Report may be a determining factor of the award.

In British Columbia, police, firefighter, and health care unions have both the right to strike and to invoke a settlement through binding arbitration. In addition, for essential services in general, the Minister may appoint a Special Mediator whose recommendations may be used as the basis for an imposed binding agreement (i.e. "med-arb"). Under the latter instance, while the parties have the opportunity to negotiate a settlement, there is, nonetheless, a degree of compulsion introduced into the system.

The critics of compulsory arbitration claim it destroys the bargaining process and impedes any possible evolvement into a more integrative form, since the disagreeing parties are never faced with the full cost of their disagreement.\(^{59}\) A Canadian Task Force reported that negotiations dwindle as the parties begin to rely on arbitrated awards.\(^{60}\) Research has shown that once parties have used arbitration, there exists a low probability of settling in the future without arbitration.\(^{61}\) Under compulsory arbitration, the parties may feel less compelled to bargain in good faith as concessions made prior to arbitration would
negatively effect the resulting "compromise" award. 62

The degenerating effects on bargaining appear to be less when arbitration is used either voluntarily or with "at least the tacit support of both parties." 63 Furthermore, it appears a "med-arb" approach may best avoid the erosion of the collective bargaining process while still maintaining its compulsory aspects in that it combines the pressure to bargain responsively (as in the Industrial Inquiry Commission) with the pressure of a deadline for settlement (as in compulsory arbitration). 64

In summation, it may be said that legislation is a strategy determinant in that it creates the bounds within which bargaining can occur. These bounds may be considered more limiting on the strategy choices of one party than the other. In particular, the two-tiered system of mediation may invoke stalling strategies or strategies of non-committal negotiation in the early stages in order to avoid the risk of losing "bargaining points" potentially useful at the final tier. Use of compulsory arbitration, lastly, may, in the long term, substantially reduce a party's dependence on the bargaining relationship for its best outcomes, thus inducing a more distributive approach to negotiations.
Footnotes - Chapter II

1. Hospital Employees' Union, Local 180, Recommendations for Change in Health Care Delivery and Hospital Operation (Vancouver), May 1973, p. 52.


3. Statement made to this writer during interview with a personnel officer of a large Vancouver hospital. Name withheld at his/her request.


11. Coleman, op. cit., p. 34.


23. Ibid., pp. 213-29.

24. Ibid., p. 223.


27. Stevens, *op. cit.*, p. 3.


35. Harbison and Coleman, *op. cit.*, p. 94.


37. Dunlop, *op. cit.*, pp. 95-121.


40. Ibid., p. 30.


43. Stevens, *op. cit.*, p. 87.


49. Walton and McKersie, *op. cit.*, pp. 222-68.


CHAPTER III

BACKGROUND TO THE H.E.U./H.L.R.A. MASTER AGREEMENT

Hospital Economics

In the hospital industry, where eighty percent of the average hospital's operating budget is allocated to payroll, even a relatively modest increase in the wages to employees will cause a large increase in the total cost of hospital care.

The costs involved in the provision of health care presently consume more of the provincial budget than any other social service\(^1\); furthermore, these costs are still rising at a faster rate than the costs of any other service.\(^2\) This, of course, is not a phenomenon unique to British Columbia. In both Canada and the United States, health service expenditures have risen to the point where they now are more than double the proportion of the Gross National Product spent on health services fifteen to twenty years ago.\(^3\)

Historically, hospitals attempted to minimize large increases in operating expenses by minimizing wage increases. This was accomplished in the most part by hiring workers (predominantly female) at somewhat less than the prevailing market price for labour. Over the last few decades, however, the modern hospital has been subject to extremely rapid changes in technology. As one doctor recently reported:

(At one time), when my patient developed kidney failure, the most I could do was to relieve some
symptoms while he died. Today his life and reasonable health can be maintained if he enters into a dialysis program requiring that he be treated on an artificial kidney about three half days per week (costing about $16,000 per year) or have a renal transplant operation (costing maybe the same amount but followed by continuous careful treatment to prevent rejection and fairly frequent re-operation).  

These advancements in technology have had to be matched with an upgrading of the level of personnel employed by the hospital. Hospitals now comprise a labor intensive industry demanding a relatively high level of employee competence by virtue of the services performed. Thus it is not entirely surprising that rapidly rising salaries and wages, far more so than the public's rising demand for care, have been the major contributory factors to the escalation of health care costs.

Labour in the hospital industry began moving towards organization somewhat later in history than did labour in the industrial sector. By mid-1974, however, hospital workers were among the most militant of organized labour. Across Canada, non-medical workers, nurses, and interns were all calling for strike action. The most common demand was for "catch-up" with workers in "private" industry. Each of the hospital unions were watching the others for the best patterns to emerge so that they could be used as new bargaining positions.  

In 1974, Canadian workers staged more man-days on strike per capita than workers in virtually any other western country except Italy; and, Canadian wage increases following contract disputes ran at nearly twice the level of American contract settlements in 1974 .... The leadership came from teachers and hospital workers.  

During the 1930's, British Columbia began to subsidize hospitalization expenses arising from the care of indigents.
In addition, the Province made grants available to hospitals in amounts equal to approximately twenty-five percent of total operating costs. Compulsory hospital insurance was introduced in 1948, through passage of the Hospital Insurance Act. In 1954, financing of the Hospital Insurance Fund established by the Act was secured through the proceeds of the provincial sales tax. Presently, in British Columbia, the Fund finances one hundred percent of hospitals' "health care" operating costs and is administered by British Columbia Hospital Programs (B.C.H.P.), formerly the B.C. Hospital Insurance Service (B.C.H.I.S.), a department within the Ministry of Health.

B.C.H.P. maintains a direct influence on the provision of health care through its authority to approve new programs for patient care, and to establish staffing pattern guidelines. This latter consideration notwithstanding, B.C.H.P. has absolutely no contact with hospital labour organizations. All employee relations, ranging from personnel administration up to and including collective bargaining, is left strictly in the hands of the individual employers. Thus, the hospital unions are placed in the position of bargaining with an employer who has little control over operating budgets (as these are established by B.C.H.P), who often has little knowledge of the next years' available dollars at the time of bargaining (as approved budgets are not usually received by the hospitals until mid-year), and therefore has little opportunity to estimate the employment effect of any wage increases granted.

There are five major unions or employee associations involved in the hospital industry in British Columbia. They are:
1. Hospital Employees' Union, Local 180 (22,000 members in ninety-nine hospitals)
2. Registered Nurses' Association of British Columbia (7,500 members working in acute care hospitals)
3. International Union of Operating Engineers (160 members in twenty-eight hospitals)
4. Health Science Association (3,200 members in ninety-six hospitals)
5. Professional Association of Residents and Interns (350 members in eight teaching hospitals)

Each one of the above has its own negotiating teams and bargains with management independently of the other unions and associations.

The Registered Nurses' Association of British Columbia

In 1946, a graduate nurse in Vancouver earned a basic salary of $125 per month, each week of which consisted of forty-eight to fifty-two working hours. By 1956, largely through union effort, monthly salaries increased to $240 per month while the work week decreased to forty hours. In terms of dollars received alone, this represented a ninety-two percent increase during a decade in which the cost of living index rose only forty-three percent. These gains were not made by the Registered Nurses' Association of British Columbia (R.N.A.B.C.), acting as either a professional association or a trade union, but rather by the nursing division of the Hospital Employees' Union, Local 180. The advances of the "service" union into the realm of professional nursing soon resulted in an awareness by the profession
for the need to better organize their labour relations function.

The R.N.A.B.C. became the first nurses' association in Canada to secure certification for collective bargaining, successfully negotiating an agreement for the nurses at St. Paul's Hospital in Vancouver in 1946. This action by the nurses' association was taken directly in response to the impingement of trade unionism into the previously "sacred" territory of professionalism. The jurisdictional dispute over the nursing positions covered by the Hospital Employees' Union continued until 1956 when the union lost the graduate nurses to R.N.A.B.C.

R.N.A.B.C. presently represents approximately 7,500 registered nurses in public hospitals and an additional 2,500 in other health care facilities, including public health units, mental health centres, and provincial hospitals. As a professional association, R.N.A.B.C. is responsible for the licensing of registered nurses throughout British Columbia.

Health Sciences Association of British Columbia

The Health Sciences Association (H.S.A.) is a trade union representing approximately 3,200 technical and paramedical employees of public hospitals in British Columbia, plus approximately 100 employees of various other health agencies. When first certified as a bargaining agent by the Labour Relations Board of British Columbia in 1971, H.S.A. bargained on behalf of the department heads in only two hospitals (i.e. Lions Gate Hospital, in North Vancouver; St. Paul's Hospital, in Vancouver City). By the time of the start of negotiations
for the 1978 agreement, staff members of ninety-six hospitals throughout the province were represented by H.S.A.

H.S.A. originated through the efforts of a small number of hospital department heads. Lacking any organized means of bargaining for their own interests, they were nonetheless not desirous of joining the same bargaining unit that represented most of their departmental staff (i.e. the Hospital Employees' Union, Local 180). They moved instead to establish an independent labour relations association to collectively bargain on behalf of paramedical and technical employees having supervisory responsibilities. In short time the association expanded its terms of reference to include any "persons engaged in health science professions or occupations."¹⁰

The revised definition of membership eligibility placed H.S.A. in direct competition for members with the Hospital Employees' Union, as a number of technical personnel claimed by the former were also claimed by the latter. In addition, the B.C.H.A. (i.e. the employers' association) was interpreted as being somewhat supportive of the move to keep technical and paramedical staff (particularly department heads) out of a "service employees" union. In fact, it was subsequently claimed by a Hospital Employees' Union representative that the B.C.H.A. was instrumental in establishing H.E.U.'s main rival unions in British Columbia as a means of chipping away at the potential power block of H.E.U.. This may be considered a rather simplistic viewpoint; however, H.E.U. points to the wage differentials given the other unions as a clear disincentive for employees
GROUPS INCLUDED IN HEALTH SCIENCES ASSOCIATION

March 10, 1976

1. Audiologist-Technician
2. Bacteriologist
3. Bio-Chemist
4. Bio-Medical Electronic Technician*
5. Cardiology Technician
6. Clinical Chemist
7. Computer Programmer
8. Dietitian
9. Electrocardiograph Technician
10. Electroencephalograph Technologist
11. Electromyograph Technician
12. Electronystagmography Technician
13. Infection Control Officer
14. Librarian
15. Librarian Technician
16. Masseuse
17. Medical Records Librarian
18. Medical Technologist
19. Mold Room Technician*
20. Neuro-Psychologist
21. Nuclear Medicine Technologist
22. Occupational Therapist
23. Orthoptist
24. Orthotist and Trainee
25. Pharmacist
26. Physics Technician
27. Physiotherapist
28. Psychiatric Nurse
29. Psychologist
30. Psychometrician
31. Pulmonary Functions Technologist
32. Radiological Technician*
33. Radiotherapist
34. Recreational Therapist
35. Remedial Gymnast
36. Respiratory Therapist*
37. Speech Pathologist
38. Social Worker
39. Vocational Counsellor
40. X-Ray Service Technician*

*also covered by H.E.U.

Source: J. Campbell, Director of Labour Relations, Health Sciences Association: personal communication
to join H.E.U.

International Union of Operating Engineers

The International Union of Operating Engineers (I.U.O.E.), Locals 882 and 882B, represents approximately 160 employees in twenty-eight public hospitals in British Columbia.

I.U.O.E. had been strictly a craft union up until 1971. It has since undergone organizational changes in order to keep abreast of changing technology. With a decreasing need for full-time steam engineers in many hospitals, I.U.O.E. found itself compelled to move beyond the boundaries imposed by craft unionization in order to keep its membership from leaving to join the major industrial union (Hospital Employees' Union, Local 180). Thus, while the vast majority of I.U.O.E. members remained trade qualified (TQ'd), many were placed in jobs with titles implying a more general maintenance classification: for example, Maintenance Engineer, Maintenance Person, and Utility Engineer.

While the shift in status of I.U.O.E. from that of a craft union toward that of an industrial union may have been quite acceptable to the hospitals, it does not appear to have been taken in good spirit by the Hospital Employees' Union. H.E.U.-180 has historically claimed jurisdiction over all service employees in the hospital industry, outside the walls of the powerhouse. However, when I.U.O.E. extended its reach beyond those walls, it came into direct conflict with the uncertified (non-TQ) maintenance and utility people already covered by H.E.U. As a result, there are frequent jurisdictional battles
fought between the two unions over such jobs as routine maintenance of machinery, electrical repairs, equipment overhaul, and even carpentry.

**The Professional Association of Residents and Interns**

Incorporated as a society in 1973, the Professional Association of Residents and Interns (P.A.R.I.) did not apply for certification as a bargaining agent under the Labour Code until December, 1975. Prior to that time, P.A.R.I. represented residents and interns in negotiations with hospitals on a strictly voluntary basis as the Code did not allow for certification of either professionals or students. P.A.R.I. now negotiates on behalf of approximately 350 members in eight hospitals located in Vancouver and Victoria.

Medical unions have been developing in the United States, too. Not only are house staffs being organized (the Committee of Interns and Residents in New York City formed more than twenty years ago), but private practice physicians as well. Some have gone so far as to become affiliated with the A.F.L.-C.I.O.12

In this light, the decision of residents and interns to unionize provides some incentive to H.E.U. to attract this small but extremely influential group of potential members. A union representative stated that the Hospital Employees' Union is quite prepared to establish a "professional arm" so as not to appear to compromise the medical integrity of the residents and interns while providing them with a much greater base of power from which to bargain.
The single large industrial union in British Columbia's hospital industry is the Hospital Employees' Union, Local 180 (H.E.U.). The union represents over 22,000 members in ninety-nine hospitals and health care institutions. H.E.U. members are involved in virtually every facet of hospital operation, from practical nurses, to orderlies, to inhalation therapists, to housekeepers, to operating engineers, to carpenters, to laundry workers, to technicians of various classifications.

As an industrial union, the stated object of H.E.U. is "to unite and associate together all employees employed in hospital, medical, or related work for the purpose of securing concerted action in whatever may be regarded as conducive to their best interests." This all-encompassing approach to labour organization has resulted in a number of jurisdictional disputes with the other unions and associations within the hospital industry. In fact, comments made to this writer from various labour representatives indicate that inter-union relationships are "very poor."

H.E.U. first organized in 1944 at the Vancouver General Hospital. There had been a union at V.G.H. since 1936 (Hospital Group of Civic Employees' Union) but the hospital employees considered its representation to be inadequate. In 1946, a Nursing Division of H.E.U. was established, placing the union in direct competition with R.N.A.B.C. for the next ten years. While the registered nurses eventually moved into their own professional association, there recently has been some interest shown by nurses in returning to H.E.U. The union, however, still represents all
licensed practical nurses as they are considered part of service, rather than professional staff in the hospital.

The union is administered through the authority of its Provincial Executive, comprised of the Secretary-Business Manager (a staff position, the union's chief negotiator) and seventeen positions elected during the Biennial Convention. The Provincial President and Financial Secretary, once elected, become full-time staff positions.

As the Provincial Executive meets only three times yearly, the daily administration of union affairs necessarily becomes a function of staff. It is staff who deal with the employer or employer's agent in any disputes or grievances which may arise during the life of an agreement. It is staff who monitor increases in the Consumer Price Index, review recent settlements achieved by other unions, attempt to gauge (or influence) the political climate, supply information and opinions to the membership, and recommend bargaining demands and strategy options to the Provincial Executive.

It is at the union's Provincial Wage Policy Conference, held prior to the re-opening date of the Master Agreement, that the Provincial Executive presents the demands to the assembled delegates for their ratification. The delegates also have an opportunity to present to the Conference any demands arising from within their own units. Following approval of bargaining proposals the Provincial Bargaining Committee is then elected from those attending the Conference.

Due in part to the time and expense involved in staging
a conference attended by delegates from bargaining units across the province, demands and bargaining strategies once approved are very difficult to modify or reverse. Thus demands and strategies brought forward by the Provincial Executive are normally those which staff believe will be most successful in bargaining, and it is usually these which are ratified by the Conference. In other words, while there exists some opportunity for "grass roots" input, for the most part, the Conference ratifies an already established collective bargaining agenda.

The Health Labour Relations Association

The Health Labour Relations Association (H.L.R.A.) was created by resolution at the 1974 annual meeting of the British Columbia Health Association (B.C.H.A.). The resolution recommended separation of B.C.H.A.'s labour relations division, called the Employee Relations Council, from the parent body. While the B.C.H.A. was studying how the separation might best be achieved, the Minister of Labour's Special Officer, Mr. D.R. Blair, brought down his report on the status of collective bargaining in the hospital industry. In his report Blair wrote:

If it is accepted that the proposition of (1) uniformity of wages and working conditions, (2) stability of the work force, (3) reasoned collective bargaining decisions, through industry-wide collective bargaining constitute a sound and logical goal for the hospital industry, from everyone's point of view, then to achieve this end, the parties will have to understand that they must deal RESPONSIBLY with one another and that their collective agreement must, in all fundamental aspects, be ADMINISTERED and INTERPRETED on a basis of UNIFORMITY throughout the industry.
It is my firm belief that the present state of affairs in the British Columbia hospital industry, industrial relations-wise, dictates the need for a complete re-structuring and re-positioning of its collective bargaining-industrial relations arm, and that such arm should be provided with a Constitution and By-Laws of its own, which will properly reflect and aid its purpose in life.

It has long been my view that, where an industry bargains on an industry-wide basis, the organization which it creates to do its collective bargaining and to carry out, at the policy level, the uniform administration of its collective agreements, should stand apart from any other associations which exist in that industry.15

By May 1975, H.L.R.A. was in existence as a separate and accredited bargaining agent for the hospital industry. The legal recognition of H.L.R.A. as a bargaining agent was considered an important step forward. Previously, B.C.H.A. had bargained on behalf of hospitals without any legal status to do so.

During the 1950's, many of the small non-metropolitan hospitals began to band together in order to strengthen their bargaining position against the ever-increasing power of the unions. Hospital administrators were coming to the realization that merely being competent with respect to the operation of a hospital did not make them competent negotiators. With no training and little or no experience, the administrator often did not understand or immediately recognize the techniques used in wording seemingly standard provisions such as seniority, job security, union security, job posting, promotion, demotion and disciplinary procedures.

While bargaining individually, the hospitals became aware that they, unlike the unions, could not maintain the professional personnel nor the quality of information required to remain an influential force at the bargaining table. As the relative bargaining strength of the smaller hospitals dwindled, they became
increasingly more susceptible to the forced acceptance of whole "patterns" as set out by the unions. Hospitals, recognizing that uncoordinated autonomous action could be detrimental to all involved in union negotiations, began to see the advantages in developing general policies and hiring the expertise needed to bring these policies to the bargaining table. Thus, as unionism became stronger, multi-employer bargaining developed, first on a local basis, then on a regional basis, and then on a provincial basis.

In November 1959 B.C.H.A. attempted its first province-wide set of negotiations. The labour organization involved was R.N.A.B.C. Negotiations lasted two days and resulted in a two-year contract including uniform salary schedules for some forty individual certifications. Legally, however, the agreement was between R.N.A.B.C. and each individual hospital. This led to a problem of lack of uniformity among hospitals in the manner in which the agreement was interpreted, a difficulty which continued to plague B.C.H.A. throughout its history of involvement in collective bargaining.

B.C.H.A. divided the province into a number of hospital areas such that each member hospital was represented by a regional association. Each of these regional associations elected representatives to sit as members of the Board of Governors of B.C.H.A. Before H.L.R.A., each regional association also elected representatives (mostly hospital trustees and hospital administrators) to sit on the Employee Relations Council (E.R.C.). The E.R.C. then chose a bargaining committee which would act as the B.C.H.A.
representative at the bargaining sessions for any particular collective agreement.

From a legal point of view, B.C.H.A. merely provided a forum in which the bargaining function could take place. As such, there was always some doubt as to the legality of the negotiated settlement since B.C.H.A. could neither enforce an agreement nor be held responsible for any disputes between hospital employers and hospital employees arising out of contractual interpretations. In a 1973 brief to the Minister of Labour, the Hospital Employees' Union, Local 180, wrote:

Although the B.C.H.A. receives a mandate from member hospitals to act on their behalf, some hospitals ignore this. The effect is to make a mockery of the collective bargaining process. It has an extremely disrupting influence on labour-management relations. 16

A year later, in an editorial in the Hospital Employees' Union publication, "The Hospital Guardian," it was stated that the union often found itself "faced with the ludicrous situation in which the employer's collective bargaining spokesmen agree with the union's interpretation while the employer takes an opposite viewpoint and ultimately decides not to implement the Collective Agreement." 17

With the creation of H.L.R.A. and the demise of E.R.C., the unions' major area of dissatisfaction with the employers' agent was satisfied. H.L.R.A. is legally accredited as the employers' bargaining agent under the Labour Code. It thus can be held fully responsible for the implementation of any agreement it signs.

The organizational structure of H.L.R.A. is very similar
to that of the E.R.C. The eight "district councils" of B.C.H.A. each send at least one representative to sit on the H.L.R.A. Board of Directors. It is the Board that chooses the bargaining committee, giving that committee the bounds within which it will have the authority to negotiate.

One change made with the establishment of H.L.R.A., however, was the creation of the position of H.L.R.A. President. The President is the only staff member of H.L.R.A. to report to the Board and has sole responsibility for recommending bargaining strategy to the Board. According to the Constitution, the President is not responsible to the individual hospitals in British Columbia, but only to the Board of H.L.R.A. It was intended by the hospitals that such a "separation" would allow for a tougher bargaining stance on the part of their agent than would have otherwise been feasible.

For its first set of negotiations, (i.e., the case examined in Chapter IV), H.L.R.A. did not have a President. While a person had been named in September, 1975, to fill the position, the President did not assume his responsibilities until January, 1976. Thus, the district councils felt that they should take a direct part in these negotiations by having an opportunity to individually respond to the union's demands (through the H.L.R.A. Board) before the bargaining agent chose a strategy and developed tactics. The importance of this seemingly minor point will be established in Chapter Four.
Legislation

Labour legislation in Canada is primarily a provincial concern. While there is little federal legislation worthy of note in the present context, there is one item which in itself largely determined the strategies and outcomes of the 1976-77 Master Agreement. On October 14, 1975, the federal government enacted the Anti-Inflation Act, creating the Anti-Inflation Board and its anti-inflation guidelines. The Prime Minister introduced the A.I.B. legislation to the country that night via national television, stating:

The price and income guidelines will take effect at midnight tonight. They will be enforced on the federal government and all its employees, on the fifteen hundred largest companies in Canada, including virtually every company in the construction industry, and on all the employees of all those companies. The guidelines apply as well to all professional people, such as doctors, lawyers, accountants, and engineers.

Today I asked all the Premiers to join as full partners in this attack upon inflation. I asked them to apply the federal price and income guidelines to all provincial and municipal public services, to all rents, and all professional fees under their jurisdiction. The guidelines restricted compensation increases to eight percent in 1976, six percent in 1977, and four percent in 1978. Additional increases could be granted by A.I.B. Administrators if they felt special consideration was warranted. The Act was law, however, only in those provinces which adopted it. British Columbia adopted A.I.B. legislation on June 23, 1976, and, in agreement with the federal government, included their public employees under the guidelines. By 1948, all provinces had enacted a statute governing labour relations. Modeled after the U.S. Wagner Act, the leg-
islation obligated an employer to recognize and bargain collectively with the employees' elected representatives. Each province also included in their respective Act a section providing for compulsory conciliation if and when the bargaining process broke down. And finally, all provinces, except Saskatchewan, prohibited work stoppages during the life of a collective agreement, instead mandating binding arbitration of all unsettled rights disputes.

Since 1952, the political scene in British Columbia has been dominated by the Social Credit Party, which held power for all but the period from mid-1972 to late 1975. During the Social Credit years, the political climate was one of conservatism with a "free enterprise" or "private business" orientation. Labour legislation was seen as being somewhat pro-management, providing "fewer protections to organized labour than comparable laws elsewhere in Canada." Labour, therefore, strongly supported the New Democratic Party, the opposition during the Social Credit years, and the party in power during the Social Credit hiatus. As a result, statements made by labour leaders while debating Socred policies were seen by that government to be largely equivalent to NDP politicking. Furthermore, when the NDP finally did become the government of British Columbia there was an immediate response on the part of organized labour to "make up for lost time."

The new NDP government repealed the Labour Relations Act of British Columbia in 1973, along with the Mediation Commission Act and the Trade Unions Act, and replaced them with the Labour Code of British Columbia. Most important was the repeal of the Mediation Commission Act, an act which had created a standing
labour court empowered to hand down compulsory arbitration awards as a means of ending any disputes that the government felt to be potentially harmful to the general public. Labour believed the M.C.A. to be a punitive measure, unnecessarily restrictive to free bargaining, too open-ended in interpretation, and, in the end, totally lacking in credibility. Its repeal was heralded as the beginning of an era of pro-union leanings on the part of government and public opinion alike. The "era" was to be rather short-lived.

The Labour Code relies more on voluntarism than compulsion in settling disputes and allows all employees, at least initially, including hospital workers, the right to strike. The only specific mention actually made of hospitals is in reference to essential services (section 73) and provides the basis for what was later, in 1977, expanded into the Essential Services Disputes Act.

Part I of the Labour Code notes that collective bargaining must be conducted in good faith and provides the means by which a charge of bargaining in bad faith can be made.

Part IV of the Labour Code, although entitled "Collective Bargaining Procedures," actually provides no guidelines for how the negotiating sessions themselves are to be carried out. In fact, even the term "good faith" is left undefined. Thus, the Code allows for a very broad interpretation of what will be accepted as proper bargaining practice, with the exact interpretation of "bad faith" for any specific case left up to a decision of the Labour Relations Board.

Negotiators interviewed by this writer expressed the view
that the Board's investigations are excessively lengthy and unduly disruptive to the bargaining process while at the same time have very little effective influence on the outcome of the overall proceedings. Thus, while accusations of bad faith bargaining are common, formal charges to the Labour Relations Board are much less common.

The Code prohibits strikes or lockouts during the term of a collective agreement, allowing them only when negotiations are still unresolved following an attempt to bargain in good faith. The use of mediation services is voluntary; however, once a mediator has been appointed, no work stoppage can occur until the mediator has concluded his mediation efforts. Before a strike can legally begin, a strike vote must be taken and seventy-two hours notice given to the employer.

Part VII provides for the use of an Industrial Inquiry Commission as an investigative or fact-finding procedure. It can be used as a second level of mediation in situations where the normal mediation process has been unsuccessful. It is generally employed only in disputes involving a high level of public interest (e.g. police, hospitals, supermarkets). When the appointment of an Industrial Inquiry Commission is anticipated, the parties involved may be unwilling to negotiate during mediation, fearing the loss of "trading points" for use during this second mediation level.

Prior to the passage of the Essential Services Disputes Act, 1977, section 73 of the Code allowed a hospital union (or a firefighter's or policemen's union) to call for binding
arbitration, thereby foregoing the right to strike and eliminating the threat of lockout. However, if such voluntary arbitration was not requested, and it was subsequently the opinion of the Minister that continuance of the dispute could be dangerous to public health and welfare, then a "cooling-off" period of up to forty days could be called, during which time no strikes or lockouts could occur. If a strike did occur, certain of the employer's facilities and services could subsequently be designated "essential" by the Labour Relations Board and thereafter required to remain in full operation by union and management.

The Lieutenant-Governor in Council could also "appoint one or more special mediators to confer with the parties to assist them in settling the terms of a collective agreement." If no agreement was reached, however, the Minister could accept the report and recommendations of the special mediator as the basis for special "ad hoc" legislation as a means of settling the dispute. This added a degree of compulsion to the system but clearly as a last resort and therefore tended to appear as more of a "med-arb" approach than one of standing compulsory arbitration. The Order-in-Council then specified the terms and conditions of the collective agreement.

There are a number of important implications for health care bargaining which arise from essential services legislation. It limits the power of the union as any strike action can be rendered somewhat less than totally effective due to the compulsory maintenance of most of a hospital's services. Thus it would appear to be in the unions' interest to take a softer approach to negotiation in an attempt to avoid major disputes;
of course, management is well aware of this situation and can therefore afford to take an even harder approach. Under the present "tight money" economy, and somewhat pro-management political climate, coupled with the historically distributive bargaining process in the hospital industry, the legislation could be interpreted as removing almost any incentive from hospital management to bargain with a powerful union, relying instead on the outcome of binding arbitration. Furthermore, with more emphasis being placed on arbitration rather than negotiation, management is given more incentive to create its own demand list rather than merely countering that of the union. These points will be discussed more fully as they arise in the next chapter.
Footnotes - Chapter III


6. Ibid., pp. x-xi.


9. The information contained in this section is based largely on personal communication with Mr. Jack Campbell, Director of Labour Relations, Health Sciences Association of British Columbia.


11. The information contained in this section is based largely on personal communication with Mr. William A.R. Kadey, Business Manager, International Union of Operating Engineers, Local 882.

12. Sylvia Urlich, "Will your appendectomy be performed by a member of the AFL-CIO?," Modern Hospital, 117, No. 10 (October 1973), pp. 63-67.

13. The information contained in this section is based largely on personal communication with Mrs. Leigh White, Assistant Secretary-Business Manager, Hospital Employees' Union, Local 180.

14. Hospital Employees' Union, Local 180, Constitution and By-Laws, revised 1972, p. 3.


16. Hospital Employees' Union, Local 180, Recommendations for Change in Provincial Labour Statutes, May 1973, p. 34.


22. Ibid., pp. 82-84.


24. Under joint authority of the Public Inquiries Act and the Labour Code of B.C., the appointment of a Special Mediator was approved for this case on May 25, 1976, as Order-in-Council No. 1623. Deleting the specific references to this case, the Order was later included in the Essential Services Disputes Act (1977), Part III, section 8(e).
CHAPTER IV

A CASE STUDY: BARGAINING FOR THE H.E.U./H.L.R.A.
1976-77 MASTER AGREEMENT

The Events

On September 11, 1975, the Hospital Employees' Union, Local 180, served notice to commence collective bargaining on the individual hospitals of British Columbia. It is important to note that notice was served on the hospitals individually, not on the hospitals' recently accredited bargaining agent, the Health Labour Relations Association. The existing contract was to expire on December 31, 1975. A pre-negotiating session was held September 18 to discuss the proposed timetable and agenda, as well as certain general procedures to be followed during negotiations. The session was attended by the union's full bargaining committee (consisting of the Provincial President, the Secretary-Business Manager (union negotiator), and five unit representatives); the employers' agent, however, was represented by a substitute committee consisting only of persons not on the bargaining committee.

A preliminary negotiating session was called for September 23, at which time demands were exchanged. At this meeting, the employers' full bargaining committee attended (i.e. the H.L.R.A. negotiator, one hospital trustee, one hospital administrator,
one personnel director, and a second H.L.R.A. staff member). The union's major demands were:

1. Wages -- Hourly increase of $1.50 the first year and $1 the second year; parity with similar occupations inside and outside the hospital industry; no reduction in monthly rates because of reduction in hours of work.

2. COLA -- Cost of living adjustment of one percent for each one-point rise in the Vancouver Consumer Price Index, payable quarterly, with no hurdles.

3. Hours of work -- Thirty-five hours per week, eight hours per day inclusive of meal periods, with accumulated time off taken with regular days off.

4. Vacations -- Twenty work days after one year's service; twenty-five after five; thirty after ten; thirty-five after fifteen; supplementary vacations after twenty years' service.

5. Medical-Dental -- Extended health care plan and dental plan, with premiums paid entirely by employer.

6. Stats -- All twelve statutory holidays to be paid at time and one-half rates in addition to regular pay plus rescheduling of statutory holiday with pay.

7. Severance allowance -- One week's pay for each year of service payable upon termination or retirement after ten years' service.

Other union demands pertained to sick leave, compassionate leave, vacation scheduling, clothing allowance, special leave, and on-call differentials. According to both H.E.U. and H.L.R.A. calculations, the increased cost to the employer would have been...
Figure 12
Steps to 1976-77 Master Agreement

1975
Aug. - LRB issues accreditation certificate to HLRA
Sept. -- HEU serves notice on hospitals, not HLRA
-- preliminary session - exchange demands
Oct. --- Prime Minister announces AIB legislation
--- HEU breaks off negotiations
Nov. ---- HLRA applies for mediation
Dec. ----- HEU refuses to participate in mediation
----- HEU/HLRA apply for Industrial Inquiry Commission
----- Minister appoints Blair
----- Election: Social Credit Party forms government

1976
April -------- Blair Report; recommendations costing 13.95% in 1976
----------- BCHP announces 1976 hospital budgets @ 8.5% over 1975
----------- HEU accepts, HLRA rejects Blair Report
May -------- HEU serves strike notice at VGH
----------- government invokes section 73(7) of Labour Code
----------- HEU strikes
----------- 21 day cooling-off period
----------- McTaggart appointed Special Mediator
June -------- McTaggart Report recommends 13.95% in 1976;
2-yr. agreement allowing "re-opener" on 3 issues for 2nd year of agreement
----------- Hospital Services Collective Agreement Act
----------- AIB adopted by province
----------- HEU signs agreement, HLRA refuses
Sept. --------- AIB rolls back award to 8%
Oct. --------- McTaggart "interim award" as per AIB
Dec. --------- re-opened issues not settled; Ladner to arbitrate
------------- Ladner awards 6% increase in 1977

1977
Jan. --------- HEU appeals AIB decision
Feb. --------- AIB Administrator rules 8%-1976, 6%-1977, 4%-1978
Figure 12 (continued)

March -------------- McTaggart "final award"
April --------------- HEU/HLRA memorandum of agreement
Sept. --------------- LRB rules Agreement as per HEU void
approximately twenty percent in the first year.

Also during the preliminary session, the union negotiator announced to H.L.R.A. that H.E.U. would not involve itself in arbitration, as only a negotiated settlement would be "acceptable" to the membership. The announcement was intended as a warning to H.L.R.A. that if settlement was not reached by the end of the final mediation stage, the union would call for a work stoppage.

The employers' major demands were:

1. Eliminate apprenticeship program for practical nurses and orderlies
2. Eliminate super stats (i.e. premium pay rates for time worked on Christmas Day, Good Friday, Labour Day, plus additional day-off with pay)
3. Eliminate retroactivity on Government Job Evaluation
4. Eliminate present pay rate adjustment request mechanism
5. Expand grievance procedure to seventy days before advancing to arbitration

Negotiating sessions began September 29 and continued throughout October, the two parties meeting each Monday through Thursday. At the last session, held on October 31, H.L.R.A. made its "final offer" to H.E.U., which included:

1. No wage increase for 1976
2. No wage increase for 1977
3. Elimination of apprenticeship program
4. Elimination of super stats
5. Elimination of retroactivity on Government Job Evaluation
6. Elimination of pay rate adjustments
7. No change in northern differential
8. No change in hours of work
9. No change in on-call differential
10. No change in annual vacations
11. No change in sick leave
12. No change in maternity leave
13. No change in severance allowance
14. No dental plan
15. No extended health care plan
16. No special leave

Upon receiving the above "final offer," H.E.U. broke off negotiations.

On October 14, the federal government announced the creation of the Anti-Inflation Board (A.I.B.). Under A.I.B. legislation, the total wage bill increases for 1976 were to be held to a maximum of eight percent. Increases for 1977 were pegged at six percent, and 1978 at four percent. The legislation was unclear as to how broadly or rigorously the guidelines were to be imposed. Furthermore, Premier Dave Barrett announced that British Columbia would not institute the federal guidelines until convinced of the effectiveness of the controls on prices and profits.¹ The union negotiator, therefore, stated in negotiation session to H.L.R.A., and through the "Bargaining Newsletter" to union membership, that H.E.U. would continue to bargain under the assumption that publicly-funded employees were excluded from A.I.B. regulation. Moreover, the union negotiator noted that the legislation did in any case allow the A.I.B., in special circumstances, to grant awards in excess of the guideline limits.
H.L.R.A. countered the union statement at the same session by announcing to H.E.U. that H.L.R.A. would bargain only within the bounds established by the A.I.B. regulations.

On November 3, H.L.R.A. made application to the Ministry of Labour for the appointment of a mediator. The application was granted and Mr. Ed Sims was named as mediator. While both parties did meet with Mr. Sims individually, H.E.U. refused to hold meetings with H.L.R.A. present, until, as printed in the "Bargaining Newsletter" of November 21:

. . . that organization's bargaining committee reverses its reactionary proposal (i.e. the "final offer") that would lead to a cutback in real wages and benefits. The Union is rejecting mediation that involves H.L.R.A. in order to leave its options open, including job action.

In late November, H.E.U. contacted H.L.R.A. and requested that mediation be foregone instead offering to make joint application with H.L.R.A. pursuant to section 122 of the Labour Code for the appointment of an Industrial Inquiry Commission. H.L.R.A. accepted the offer on the condition that H.E.U. agree to forego its right to apply for arbitration if a settlement was not reached. The union negotiator gave verbal approval of the plan to H.L.R.A. (later confirming it in writing), and on December 3, Mr. D. R. Blair was appointed as the Industrial Inquiry Commission.

During the latter half of November, the union made preparations for strike votes to be taken at twenty hospitals across British Columbia. Following Mr. Blair's appointment, the planned strike votes were cancelled.

On December 11, a provincial election took place, resulting in the defeat of the incumbent New Democratic Party
and the creation of a new government under the Social Credit Party.

Hearings before the Industrial Inquiry Commission began December 15. Meeting each Monday through Thursday, with a one-week recess at Christmas, the hearings carried on throughout January and February, ending March 2, 1976. The Report of the Industrial Inquiry Commission was delivered to the Minister of Labour on April 5 and shortly thereafter to both H.E.U. and H.L.R.A. The Report made recommendations on ten issues to be included in a one-year agreement at a cost of approximately fourteen percent. The union was prepared to accept the recommendations, but, on April 26, H.L.R.A. announced its rejection of the proposed terms of settlement as exceeding both the A.I.B. guidelines (i.e. eight percent) and the 1976 hospital budget increases allowed by B.C.H.P. (i.e. 8.5 percent).

That same evening, a dinner-dance party for the members of the bargaining committees (i.e. H.L.R.A.'s as well as H.E.U.'s) and their spouses was held at the Bayshore Inn in Vancouver. Mr. Blair was also in attendance. This was the last time the two bargaining committees would meet face-to-face. As related by an H.L.R.A. bargaining committee member, the affair had an air of unrealism about it. All the tension of previous encounters had dissipated. Everyone present knew that the next step would be a strike. Everyone present also knew that the bargaining process would not likely re-enter a negotiating phase, but would instead proceed to completion through a combination of political lobbying and public relations. Everyone seemed to be saying, "Well, we've never done this (i.e. strike) before, so let's just see what happens."
On May 1, 1976, the union served seventy-two hour strike notice on the Vancouver General Hospital. Later that same day, the Minister of Labour invoked section 73(7) of the Labour Code. The next day hearings began in front of the Labour Relations Board to determine the essentiality of specific positions and employees in the hospital. The result was a limited strike, starting on May 4, closely monitored by the Industrial Relations Officers on site. By May 20, almost six thousand employees from seven hospitals in Victoria and Vancouver were on strike. On that day, the Lieutenant-Governor in Council ordered a twenty-one day cooling-off period, during which striking employees were to return to work. On May 21, employees at all but the Vancouver General Hospital did return to work. These latter H.E.U. members returned on May 23, after the L.R.B. ordered V.G.H. to immediately rehire all striking employees. On May 26, the Lieutenant-Governor in Council appointed a Special Mediator with the authority to call meetings between H.E.U. and H.L.R.A. in order to conclude a collective agreement, and, to review the Industrial Inquiry Commission's Report in light of the maximum compensation increases allowed by the A.I.B.

The Special Mediator, Judge D. E. McTaggart, submitted his Report to the Minister of Labour on June 7. The Report supported and recommended acceptance of the Industrial Inquiry Commission Report, but changed the term of the proposed settlement from one to two years. Three issues (wages, job evaluation, COLA) were to be re-opened to negotiation for the second year of the contract, binding arbitration to be used if the issues could not
be settled. McTaggart's Report did not limit the award to that allowable under A.I.B. guidelines but rather left it open for further review. The union negotiator stated that the Report's recommendations were acceptable to the union. The H.L.R.A. negotiator stated the recommendations were not acceptable to the employers.

On June 9, Bill 75, the Hospital Services Collective Agreement Act, was enacted. The bill imposed the Special Mediator's recommendations on the two parties as the collective agreement, retroactive to January 1, 1976, and in effect until December 31, 1977. The "agreement" was subject only to the final approval of the A.I.B.

H.E.U. signed the agreement. H.L.R.A. refused. This was primarily for show as section 2(1)(c) of the Act reads:

If H.L.R.A. or the trade-union fails to execute documents in the form of Appendix I to the report within 5 days after the date on which this Act comes into force, the party failing to execute the documents shall be deemed to have executed them.

On June 23, British Columbia adopted the A.I.B. legislation. Shortly thereafter, the Provincial Minister of Finance announced that publicly-funded services would take the lead in holding total wage bill increases for 1976 to eight percent. Almost three months later, on September 13, the A.I.B. ordered a rollback of the imposed H.E.U./H.L.R.A. agreement to eight percent for 1976, noting that the maximum allowable for 1977 would be six percent.

On September 15, the union made application to appeal the A.I.B. ruling in front of A.I.B. Administrator, Mr. Donald
Tansley. In its "Bargaining Newsletter" of September 20, and again on October 7, the union recommended "that union members at all B.C. hospitals show their disgust with the Anti-Inflation Board by supporting the October 14th National Day of Protest."

H.E.U. members followed the union's recommendation by staging noon-hour demonstrations in front of hospitals across British Columbia.

On October 12, Judge McTaggart issued an "interim award" which varied the legislated collective agreement to comply with the A.I.B. ruling. In doing so, all new benefits included in the imposed agreement, except the dental plan, were suspended. Furthermore, employees had to pay back any overpayment of wages received to date.

On October 18, negotiations began regarding the three issues to be re-opened for the second year of the agreement. No settlement was reached and Mr. Hugh G. Ladner, as arbitrator, commenced hearings on the issues on December 13. The resulting award of December 22, effective for one year as of January 1, 1977, eliminated cost-of-living adjustments, postponed job evaluation pending further review, and allowed a general wage increase equal to six percent of the maximum compensation allowable in 1976.

The A.I.B. Administrator heard appeal arguments from H.E.U. and H.L.R.A. on January 13 and 14, 1977, and handed down his decision on February 18. Mr. Tansley's decision reaffirmed the A.I.B. order that the maximum allowable increase for 1976 was to be held to eight percent, for 1977—six percent, and for 1978—four percent.
On February 28, Mr. Ladner submitted his award regarding job evaluation, thereby creating a union-management joint job evaluation committee.

On March 18, 1977, Judge McTaggart handed down his "final award" for the 1976-77 Master Agreement. The final award provided for the reinstatement of three clauses suspended by the interim award. The reinstated clauses, effective January 1, 1977, were:

1. Special leave (paid leave for certain personal matters)
2. On-call differential (sixty cents per hour on top of regular pay for employees required to be on-call)
3. Injury-on-duty leave (full pay for employees injured at work with no loss of sick days)

Benefits suspended by the interim award and now to be removed from the Master Agreement included:

1. New scheduling provisions (guaranteeing every second weekend off)
2. Increased overtime allowances

On April 6, a memorandum of agreement was signed by H.E.U. and H.L.R.A. thus finalizing the 1976-77 Master Agreement. In the memorandum, the parties agreed to suspend implementation of the special leave clause until July 1, 1977, in order to avoid possible further recovery payments by employees and thus keep total benefits and wages within the A.I.B. guidelines.

In June, both parties printed their own versions of the Master Agreement for distribution to their respective memberships.
The H.L.R.A. version included the terms of the legislated agreement of June 1976, as amended and varied by the Special Mediator, the arbitrator, and the A.I.B. The H.E.U. version reflected only the original June 1976 legislated agreement, adding "supplements" at the end to note the various changes that had been made. In July, H.L.R.A. applied to the L.R.B. to have the union version declared improper and void. On September 28, 1977, the L.R.B. ruled that only the agreement as compiled by H.L.R.A. was to be accepted as the proper 1976-77 Master Agreement.

**Determinants of Strategy: H.E.U.**

**Early Strategy**

The mood at the H.E.U. provincial wage conference, September 6 and 7, 1975, was one of "catch-up," and, in particular, catch-up to B.C.G.E.U. and H.S.A. While the union desired to regain its pre-1973 position as health care industry wage leader, it demanded to at least catch-up.

A report to the conference from the union's Director of Technical Services noted that the 1974-75 agreement had included a general wage increase of twenty-one percent, and that with COLA clause increases, union members' wages had actually increased 35.3 percent over 1973 rates in the period from January 1, 1974, to September 1, 1975. It was also noted that over the same period the cost of living as measured by the Vancouver Consumer Price Index had increased 20.6 percent, thereby dropping the purchasing power of the members' increases down to only 14.7 percent. However, with the federal government threatening to impose wage
Early Strategy: H.E.U.

**Determinants**
- recent settlements
- political climate
- wage differentials to rival unions
- previous experience
- intra-union politics

**Strategies**
- comparison

**Tactics**
- reject A.I.B. guidelines
- argue wage rate consistency
- avoid mediation
- threaten strike
- renounce arbitration
- settle minor issues early
controls in an effort to keep inflation below the "two-digit" level, the union leadership felt it to be an inappropriate time to be arguing for wage increases on the basis of either eroding dollar value or staying ahead of inflation.

Thus, most of the report to the conference dealt with the relative position of H.E.U. members with respect to members of such other unions as C.U.P.E., H.S.A., I.U.O.E., and B.C.G.E.U. The H.E.U. members were shown that their wage rates had fallen behind. They were told that recent settlements had provided for average annual increases of 18.9 percent. Union leadership believed that the most effective bargaining strategy would thus be one of comparison, arguing industrial wage rate consistency and equal pay for equal work. The union would also point out the historical relationship between wages earned by H.E.U. members and those earned by other unions' members (i.e. the former "leadership" position of H.E.U.), arguing that the employer was paying wage differentials to the other unions as a means of promoting jurisdictional disputes and the practice of raiding.

A second report, given to the conference by the Provincial President, described the bargaining for the 1974-75 Master Agreement as being successfully concluded in front of Industrial Inquiry Commissioner, Mr. D. R. Blair. The report also described the existing labour relations climate in the hospital industry as poor and told members it was now "time to get tough" and to be prepared to "take a stand against attempts to subsidize the delivery of public services at the cost of sub-standard wages and fringe benefits." The union leadership felt that its strategy
of "comparison" would best achieve its coercive potential in front of an Industrial Inquiry Commission, particularly if in the person of D. R. Blair. To that end, the union would attempt to convince the employers' agent that arbitration would not be used as a means of obtaining a contract, and that the union would strike if a settlement was not negotiated within an acceptable period of time.

The union's initial bargaining strategy was therefore two-pronged:

1. Support demands for wages and fringe benefits on the basis of comparison
2. Use the Industrial Inquiry Commission as the forum in which to negotiate the settlement.

The above strategy was developed in light of five major determinants:

1. Recent settlements in the public sector
2. Wage differentials received by rival unions
3. Previous bargaining experience, and anticipated difficulties with the employers' new agent
4. Political climate (i.e. labour's reaction to proposed anti-inflation legislation)
5. Intra-union politics

The comparison strategy was based in large part on a review of recent settlements in the public sector. According to a union spokesman, H.E.U. leadership believed these settlements to be quite generous and felt they would do well to follow similar patterns. Telephone workers and B.C. Telephone Company had set-
tied at thirty-five percent over a twenty-four month period. C.U.P.E., Local 116, and U.B.C. had settled at a general wage increase of twenty-five percent over twelve months. Various locals of C.U.P.E. and the Greater Victoria Regional Municipalities, after a work stoppage, bargained a general wage increase of almost twenty-eight percent over twenty-four months plus a COLA clause. Other recent developments included the report of Industrial Inquiry Commissioner Noel Hall who had recommended a general wage increase of 39.5 percent over twenty-eight months in the O.T.E.U. Local 378-I.C.B.C. dispute. With settlements such as these to use as comparisons, H.E.U. felt confident in demanding a general wage increase of approximately thirty-three percent over twenty-four months plus COLA.

In reviewing other settlements, H.E.U. gave particular attention to monitoring the wage rates and fringe benefits by hospital workers represented by the British Columbia Government Employees' Union (B.C.G.E.U.). Since the first agreement negotiated with the N.D.P. government, B.C.G.E.U. had surpassed H.E.U. as the industry wage leader for hospital service employees. According to H.E.U. research, housekeeping aides represented by B.C.G.E.U. were seventy-four dollars per month ahead of those represented by H.E.U. Cleaners represented by B.C.G.E.U. were eleven dollars per month ahead. Orderlies were thirty-nine dollars per month ahead. In addition, B.C.G.E.U. had received a COLA clause allowing for a one percent increase in wages for each one percent increase in the Consumer Price Index. While H.E.U.'s ultimate goal was to regain its leadership position, they were optimistic that little difficulty would be encountered in at
least achieving parity with B.C.G.E.U., a result which in itself the leadership felt would be satisfactory to the membership.

As well as reviewing the B.C.G.E.U. settlement, H.E.U. compared the rates received by its rival unions, H.S.A. and I.U.O.E., for those specific positions also covered by H.E.U. Technicians represented by H.S.A. were earning 149 to 170 dollars per month more than those represented by H.E.U. Fourth class shift engineers represented by I.U.O.E. were earning seventy-four to 109 dollars per month more. H.E.U., therefore, would demand parity with its rival unions as a minimum for settlement.

The "comparison strategy" of the union was also influenced by the political battle then taking shape between organized labour and the federal government. The debate concerned the wage controls to be included in a proposed anti-inflation program. The union took the position that publicly-funded employees would not be subject to any such control. Furthermore, if wage increases were eventually limited, the base rates on which increases would be calculated should at least be consistent for all positions in the hospital industry. Thus, the union assumed the tactical position that should a proposed settlement be refused by H.L.R.A. on the grounds of exceeding federal limitations, job action would be required in order to form a protest visible to government officials. As stated by a union spokesman, this was in keeping with the position of organized labour in general and what H.E.U. leadership believed to be the expectation of its membership.

The "Industrial Inquiry Commission strategy" was determined in part through a recognition by union leadership of the basic conflict orientation of bargaining in the hospital industry.
In light of a past history of union-management distrust, including numerous allegations of bad faith bargaining, the union negotiator assumed that little would be accomplished during direct negotiations. Furthermore, H.E.U. was now bargaining with the newly accredited Health Labour Relations Association which was in the position of having to prove itself to its principals. The union was aware of the opinion held by certain hospital trustees that the previous agreement with H.E.U. was "too rich" and had been the result of "soft bargaining." A hardline approach from H.L.R.A. was therefore anticipated. This feeling was substantiated when H.L.R.A. announced in early September, 1975, that its President was to be a negotiator known to the union by his reputation as a "hardliner" and "union-buster." H.E.U. thus felt that serious negotiations would likely take place only in front of a high level mediator whose recommendations could, if necessary, be used as the basis for an imposed settlement.

The union, however, was not desirous of an imposed settlement and specifically wished to avoid arbitration. The union negotiator stated that the union leadership felt it had an obligation to its membership to achieve a negotiated settlement rather than merely receive one through arbitration. A union spokesman stated that while the negotiator was under no pressure "to prove himself," it was nonetheless believed that the membership would view the opting for arbitration as an abrogation of the responsibility inherent in the negotiator's position. These statements, however, require some further analysis. The negotiations were the first negotiations for the union negotiator. The union's
previous negotiator, a well-liked and well-respected staff member, was now holding a senior advisory position within the union hierarchy. Based on comments made by both a union representative and an H.L.R.A. bargaining committee member, it would appear that the union negotiator's appointment to that position received unanimous support from neither staff nor membership. It is very likely, therefore, that the union negotiator was, in fact, under a great deal of pressure "to prove himself." To achieve even a "good" settlement through arbitration may have appeared to the union as an indication of weak negotiating skills.

The union also believed that there was a lesser possibility for an Industrial Inquiry Commissioner, as opposed to an arbitrator, to be influenced by the current anti-union public sentiment. The previous agreement (i.e. the 1974-75 Master Agreement) had been successfully negotiated in front of Mr. D.R. Blair as Industrial Inquiry Commissioner. Furthermore, Mr. Blair's Special Officer Report, after which H.L.R.A. itself was created, had assumed that an accredited employers' bargaining agent would lead to more "mature and cooperative" labour relations, a direction in which H.L.R.A. was now apparently not moving. Therefore, in order to provide the necessary impetus to H.L.R.A. to accept an Industrial Inquiry Commission's report, while concurrently maintaining a tough bargaining attitude, H.E.U. announced early on in negotiations that it would not seek arbitration as a means of obtaining a settlement. The tactic of renouncing arbitration was intended as a clear threat to H.L.R.A.: if H.L.R.A. would not settle, H.E.U. would strike.
During the direct negotiating sessions the union tactic was to reach agreement on as many points as possible, however small. The union believed this would tend to improve their position when the bargaining process moved on to the Industrial Inquiry Commission stage. There would remain fewer minor issues to confuse discussion, and fewer issues for H.L.R.A. to use as trading points against union demands.

It was during the period of direct negotiations (October 14, 1975) that the A.I.B. legislation was enacted by the federal government. As per union strategy, H.E.U. announced to H.L.R.A. that the union considered the hospital industry to be outside the bounds of the A.I.B. and would continue to bargain accordingly. The tactic was a straightforward means of indicating that the union would not settle at eight percent, a figure far below parity with B.C.G.E.U. and the rival unions.

Following receipt of the "final offer" from H.L.R.A., the union broke off negotiations and subsequently refused to participate in mediation. This tactic served three purposes. First, by avoiding the mediation step, H.E.U. was bringing bargaining more quickly to the Industrial Inquiry Commission stage. This was important to the union as they were desirous of reaching an agreement before the Province announced its decision regarding implementation of the federal A.I.B. guidelines. Second, it allowed H.E.U. another opportunity to remind the employers' agent of the union's intention to strike should agreement not be reached. Third, it allowed the union negotiator an opportunity to impress upon the membership the union's "tough" bargaining stance.
Shortly thereafter, a joint H.E.U./H.L.R.A. application was made for the appointment of an Industrial Inquiry Commission. H.E.U. was more than willing to give its verbal assurance to H.L.R.A. that arbitration would not subsequently be used to settle outstanding issues. For the union, the assurance was merely a reaffirmation of their previously stated position.

According to a union spokesman, the union did not really anticipate having to go on strike. It nonetheless chose the tactic of strike threat as an attempt to force concessions from H.L.R.A. in front of the Industrial Inquiry Commission. Thus, by the beginning of December, H.E.U. had made preparations for strike votes to be taken at twenty hospitals across British Columbia. Until the appointment of Mr. Blair as Industrial Inquiry Commissioner, the union attempted to maintain its membership's support for job action through the "Bargaining Newsletter," in which H.L.R.A. was depicted as an organization "set up for CONFRONTATION not CO-OPERATION," thus leaving union members "no choice but to meet this challenge." The proposals of H.L.R.A. were described as "flying in the face of the union's position . . . the worst ever put to any of the union's Bargaining Committee . . . an insult to all members." The union believed that the open threat of work stoppage would provide the coercive stimulus required for an agreement with H.L.R.A. to be obtained.

Later Strategy

There were events which occurred during the period of the Industrial Inquiry Commission that influenced the union to
modify its original strategy positions. For the later stages of bargaining the strategy thus became:

1. Achieve "satisfactory" recommendations from the Industrial Inquiry Commission which could later be used as support for union demands in excess of A.I.B. limitations
2. Continue to use comparison, but emphasize historical relationships
3. Strike

The factors that determined these strategy choices were:

1. Provincial political climate
2. Federal political climate and A.I.B.
3. Bargaining tactics of the rival unions
4. Intra-union politics

In early December, the labour-supported N.D.P. government lost the provincial election and was replaced by a Social Credit government. The return of the Social Credit Party to power partially reflected public dissatisfaction with the manner in which the former government had dealt with labour. Even a general back-to-work order issued the previous August could not sufficiently turn public opinion around. Within a decidedly pro-management, anti-inflation, restraint-oriented climate, union leadership felt that arbitration would produce an award reflective of these trends in public sentiment, thus making a high arbitrated award improbable. It was therefore increasingly important for H.E.U. to reach a satisfactory agreement in front of Blair rather than have the bargaining process continue further.

During the Industrial Inquiry Commission hearings, it
became obvious to the union negotiator that the process was to continue further. While H.L.R.A. was now bargaining seriously and was willing to make concessions on non-monetary issues, their position on A.I.B. guidelines remained unchanged. H.L.R.A. would allow the union to choose for itself any combination of fringe benefits and wage increases, so long as the total cost for 1976 did not exceed eight percent. The union, according to a union spokesman, for the first time began to consider it likely that a settlement would not be reached. A.I.B. regulations were tagged as the stumbling block. There was still no indication, however, as to whether A.I.B. regulations included non-federal public employees, and, in fact, no indication as to when or if the province would eventually adopt the regulations. Thus the union continued to bargain on the basis of comparison, believing that the Industrial Inquiry Commission's Report would not be influenced by A.I.B. legislation. As a result, even if H.L.R.A. would not settle (as now appeared likely), H.E.U. could argue for "special consideration" in front of the A.I.B., citing as support the recommendations of the government-appointed Industrial Inquiry Commission.

The strategy of arguing comparisons had to be slightly modified in mid-February, 1976. In that month both R.N.A.B.C. and H.S.A. were also involved in collective bargaining with H.L.R.A. The unions' demands comprised areas of interest similar to those of H.E.U.; for example, hours of work, statutory holiday pay, wages, dental plan, on-call differential, special leave, and severance allowance. In recognition of anti-inflation legislation, both R.N.A.B.C. and H.S.A. agreed to roll back some of
their demands. These actions placed great pressure on H.E.U. to follow suit, particularly in view of the comparison strategy. The union decided not to lower its demands but to readjust the focus of its arguments to highlight the historical relationship of H.E.U.'s compensation package to that of the other unions. Because of H.E.U.'s "follower" position over the past years, according to the modified strategy, the union should not be expected, nor could they afford, to lower their demands merely because one or more of the "leader" unions had done so. Nonetheless, a union spokesman stated that H.E.U. leadership now worried that the rollbacks approved by the other unions would negatively affect the Industrial Inquiry Commission's recommendations.

Strike action as opposed to strike threat was not originally part of the union's strategy. With little hope for economic gain as a result of such action, the union found itself in a "no choice" situation following H.L.R.A.'s refusal to accept Blair's recommendations. The union had previously told its membership that a strike would be necessary if a proposed settlement was rejected due to A.I.B. legislation. Furthermore, organized labour had been actively campaigning against the wage control policies of the federal government, describing A.I.B. guidelines as totally ineffectual as a means of curbing inflation and intended primarily to deprive the working public of a fair wage. Union leaders across the country were calling for general strike action in protest. The H.E.U. leadership felt the membership had thus been prepared for and were expectant of a work stoppage should A.I.B. block their way to a "just" settlement. In addition,
regardless of the outcome of a strike, the union negotiator stated that it would have been politically unwise and unnecessarily expensive to call another provincial conference in order to explain the failures of previous strategies and attempt to obtain approval for a new strategic direction.

This latter comment requires some further consideration. All things being equal, a union presenting itself as a powerful bargaining party would usually be expected to spare no expense to help bring about a favourable settlement. The expense of a conference, if indeed a full provincial conference was actually required, could certainly not be so great as to be prohibitive if union leadership thought it necessary. However, to admit the failure of a chosen strategy to a full provincial conference would be, at the very least, detrimental to the status of the union negotiator. Thus, while union leadership must have recognized the limitations imposed by Section 73, a hospital strike was nonetheless supported as a public display of union power, a show of union solidarity, a protest against the "anti-wage" legislation, and perhaps most important, a vote of confidence in the union negotiator.

It was now almost five months since the December election of the Social Credit Party. The province had not yet adopted the A.I.B. guidelines. The union thus speculated that the government would not permit a lengthy hospital strike, but instead would impose a settlement based on the Industrial Inquiry Commission's recommendations. In fact, the union was hopeful of receiving an award including the full 13.96 percent increase of the Blair Report.
On May 1, H.E.U. gave 72-hour strike notice to the Vancouver General Hospital. A strike vote held earlier that day had resulted in an 87.1 percent majority in favour of strike action. A union spokesman stated that Vancouver General Hospital was chosen as the first unit to strike because it was the largest unit in the province, the provincial referral hospital, and the major teaching hospital. A work stoppage there could potentially cause the greatest service disruption and receive the greatest press coverage. Perhaps equally important, though not stated by the union spokesman, was the need for the union negotiator to receive a strong strike mandate.

Of the ninety-nine hospitals represented by H.E.U., only the Vancouver General voted against acceptance of the Blair Report's recommendations, on the basis that the recommendations were too far under the union's original demands. Since the union negotiator required a strong show of support in order to secure his own credibility within the union, it was politically necessary to choose a hospital for the first vote from which a large majority in favour of strike action was virtually guaranteed. By using the Vancouver General vote as the precedent-setter, other hospital units would be subsequently subject to peer pressure to follow suit. If, indeed, this was the thinking behind the tactic, it can be said that the tactic was successful: Surrey Memorial Hospital voted 87.0 percent in favour of strike; Victoria General, 75.4 percent; Royal Jubilee, 63.4 percent; and, Lions Gate Hospital, 72.0 percent.

The strike lasted sixteen days, ending on May 20, 1976. Shortly thereafter, Judge D.E. TcTaggart was named Special Me-
diator. His recommendations, embodied in the Hospital Services Collective Agreement Act (June 9, 1976) gave H.E.U. exactly what it had hoped for. The union signed the imposed agreement immediately. H.L.R.A. refused.

The remaining events leading to the March 1977 memorandum of agreement consisted, for the most part, of a series of presentations to the A.I.B. The union's strategy was to continue arguing on the basis of comparison with B.C.G.E.U., H.S.A., and I.U.O.E. In addition, the union presented both Blair's and McTaggart's reports as evidence of the support the H.E.U. position had received from two government appointees.

H.E.U.'s final tactic involved the printing of the 1976-77 Master Agreement. The tactic was actually part of the strategy developed for the 1978 contract bargaining, soon to commence. In printing a Master Agreement emphasizing the original June 1976 award, H.E.U. planned to argue that it should receive in 1978 at least what it had already bargained for in 1976-77, plus, of course, the allowable A.I.B. increase. With 1978 negotiations scheduled to begin in September 1977, the union felt it would do well to demand the implementation of previously bargained for benefits, already in contract language, and already widely distributed. The tactic, as previously noted, was unsuccessful as the L.R.B. eventually ruled the H.E.U. version to be improper and, therefore, void.

Determinants of Strategy: H.L.R.A.

Early Strategy

The bargaining for the 1976-77 Master Agreement was a
first for the H.L.R.A. Having been recently accredited, it was now necessary to establish an image, not merely for the benefit of the union with whom H.L.R.A. would be bargaining, but for the hospital trustees and administrators who comprised H.L.R.A.'s membership. The staff member chosen as chief negotiator was told by his principals that they wanted "tougher" bargaining than had been the case under the E.R.C. "Hardline" tactics were required. According to statements made by the negotiator to this writer, hardline are the easiest tactics for management to use: all a negotiator need do is say "no." However, if used as a strategy in itself, rather than as a series of tactics following a strategy, hardline will more than likely cause the union to withdraw from negotiations and seek a third-party award.

Going into negotiations, the H.L.R.A. strategy positions can be listed as follows:

1. Establish H.L.R.A. as tough negotiators
2. Stall the bargaining process
3. Avoid arbitration -- settle at final mediation stage (i.e. expected to be an Industrial Inquiry Commission)
4. If possible, use A.I.B. guidelines as target bargaining point

The H.L.R.A. strategy was chosen in light of the following determinants:

1. Intraorganizational politics (i.e. the new bargaining agent had to impress its principals)
2. Institutional characteristics (i.e. district councils not able to quickly respond to union demands)
Early Strategy: H.L.R.A.

**Determinants**
- Intraorganizational politics
- Institutional Characteristics
- Anti-Union Political Climate
- A.I.B.
- Labour Legislation
- Recent Settlements
- B.C.H.P.-Hospital's Budgets

**Strategies**
- Establish H.L.R.A. as Hardline Negotiators
- Avoid Arbitration: settle @ IIC
- Use A.I.B. guidelines as maximum

**Tactics**
- Hiring of "hardline" President
- Prepare demand-for-demand
- Substitute Committee sent to Pre-negotiation sessions
- Avoid discussion of monetary issues
- Application for Mediation
- "Offer" little or nothing in early stages
- Refuse to negotiate beyond eight percent increase

*Figure 14*
3. Pending anti-inflation legislation
4. Timing of B.C.H.P. hospital budget announcements
5. Anti-union political climate
6. Other recent settlements in the public sector (i.e. B.C.G.E.U.)
7. Multi-stepped mediation and arbitration processes

In August 1975, the Labour Relations Board issued an accreditation certificate to the H.L.R.A. making it the accredited bargaining agent for the hospitals of British Columbia. For the first time, the union would be bargaining with an employers' agent who could be held responsible for the interpretation and implementation of the agreement for which it had bargained. During an interview with this writer, a union spokesman stated that the union, perhaps unrealistically, was hoping that the new organization would produce a "more cooperative and mature" bargaining attitude on the part of the employers. However, a number of hospital representatives in B.C.H.A. and H.L.R.A. had been critical of the 1974-75 agreement, labelling its provisions "too rich" and its negotiators "too soft." The hospitals now expected a show of strength from their new bargaining agents. The appointment of a "hardliner" to the position of President in early September, 1975, confirmed the approach expected by the principals. H.L.R.A. staff, in choosing tactics, always kept in mind the tough bargaining impression their actions had to make on both the union and the hospitals.

With the organization just in the process of setting up, H.L.R.A. was perhaps a little too slow in appointing a staff member to prepare for the upcoming bargaining. Such an appoint-
ment was not made until after the filling of the President's position was announced. As a result, H.L.R.A. found itself unprepared when notice to commence bargaining was served. The negotiator assigned knew the H.L.R.A. Board's feelings about the 1974-75 agreement well enough to be able to prepare a list of management demands to give to the union, but the Board had made no decisions nor given any approvals regarding strategy positions. When negotiations did get underway and demands were exchanged, the district councils were so long in responding that it was October 20 before the Board could give its instructions to the bargaining committee. As a result, H.L.R.A. had to stall through the early stages of negotiation, avoiding discussion of any "hard" issues.

Stalling through the early stages had additional benefits to offer. It allowed time for the federal government to release its anti-inflation legislation. While the limits to be placed on wage increases were unknown (as was, indeed, even the applicability of the proposed legislation to the hospital industry), it nonetheless appeared to be unwise to negotiate a wage package when imposed federal guidelines would soon provide, at the very least, an extremely powerful bargaining position. Following the October 14 passage of the A.I.B. legislation, H.L.R.A. refused to bargain beyond the eight percent limitation. At this time, according to the H.L.R.A. negotiator, the bargaining committee believed that the A.I.B. guidelines would probably not be held applicable to the hospital industry, and that an arbitrator, if called in, would hand down a parity award to the union.
Nonetheless, eight percent became the employers' target point -- a point substantially less than the cost of parity.

Stalling would also give B.C.H.P. a better chance to calculate and release the hospitals' 1976 operating budget figures prior to the completion of bargaining. With these figures in hand, H.L.R.A. would be in a safer position from which to negotiate the wage package as the hospitals' ability to pay would no longer be an unknown factor.

Following the accepted practice of previous years, notice to commence bargaining was served on the individual hospitals, rather than on the newly accredited bargaining agent. H.L.R.A. chose to interpret this action as a sign of disrespect and bellicosity on the part of the union, claiming that H.E.U. was not recognizing the legitimacy of the employers' agent. As described by the H.L.R.A. negotiator, this tactic not only established the conflict orientation and lack of good faith bargaining intentions of the union (at least for H.L.R.A.'s principals), it also allowed H.L.R.A. to argue in front of the Labour Relations Board that proper notice had yet to be given and, as such, no negotiations could ensue. Due to section 62(4) of the Labour Code, which allows that notice is to be assumed by a certain date whether given or not, H.L.R.A. eventually had to abandon its argument. However, the legitimacy of the employers' agent was established to the satisfaction of the H.L.R.A. Board and the bargaining process was effectively halted for one week. A substitute bargaining committee then attended the pre-negotiating session on behalf of H.L.R.A. to ensure that dialogue of only very limited
value would result. The purpose, again, was to stall the bargaining process and delay the onset of negotiation.

The political climate in the province was also a strategy determinant. While a labour-supportive government was still in power, public opinion appeared to H.L.R.A. to be turning anti-union in response to the high number of work stoppages in the province. H.L.R.A. felt that if serious bargaining could be avoided until the Industrial Inquiry Commission stage, these anti-union sentiments might have a positive effect on the resulting recommendations of the Commission.

H.L.R.A. did not want the bargaining process to reach arbitration. As noted by an H.L.R.A. bargaining committee member, H.L.R.A. felt that an arbitrator would be less influenced by political climate than by recent labour settlements. Thus both H.E.U. and H.L.R.A. wanted to avoid arbitration; however, one party's reasons were exactly the opposite of the other's.

The union believed that public sentiment might have a greater influence on an arbitrator than an Industrial Inquiry Commission, on the assumption that the former acted more as a public representative while the latter acted more as an independent referee-cum-judge. The employers' representative, on the other hand, assumed that the Industrial Inquiry Commission hearings would be less formal than those of arbitration and would therefore be more receptive to arguments based on subjective interpretation of the public's anti-union, anti-inflation sentiments. The H.L.R.A. negotiator believed that arbitration would not be influenced by political considerations and would result in an award based
largely on comparison with other recent settlements.

The most recent settlement with which to compare was that of B.C.G.E.U. Under the N.D.P. government, the settlement achieved by that union was considered by H.L.R.A. to be extremely generous. H.L.R.A. would use parity with that agreement as a resistance point, and H.L.R.A. believed arbitration would result in parity. Thus arbitration was to be avoided.

The early announcement by H.E.U. that they would not seek arbitration as a means of obtaining a settlement would appear, in retrospect, to have well suited H.L.R.A.'s strategy. At the time, however, the announcement was not taken seriously since H.L.R.A. believed the union would likely achieve its best possible settlement through arbitration. Thus, as the H.L.R.A. negotiator stated to this writer, H.L.R.A. felt neither threatened by the possibility of a strike (the threat being H.E.U.'s intention) nor consoled by the promise of no arbitration. H.L.R.A. still believed that if a settlement was not reached in front of the Industrial Inquiry Commission, then H.E.U. would request the appointment of an arbitrator.

The Labour Code provided another disincentive for H.L.R.A. to negotiate early in the bargaining process. In a relationship in which some form of third-party intervention was a strong possibility, the H.L.R.A. negotiator believed that concessions made in early negotiations would only result in trading points lost for future use in front of a mediator. With more than one level of mediation possible, H.L.R.A. had little incentive to negotiate until the last level was reached. The H.L.R.A. negotiator believed that each successive level of intervention would only con-
cern itself with the difference between what the union demanded and what it had already received. Thus, H.L.R.A. would not bargain until it believed that no additional levels of intervention would be sought by the union. It was the intention (and hope) of H.L.R.A. that the final level be the Industrial Inquiry Commission.

The tactic of preparing a list of employers' demands was done specifically for use before the Industrial Inquiry Commission. H.L.R.A. was prepared to bargain seriously at this stage to avoid arbitration. H.L.R.A. was also aware that recommendations from an Industrial Inquiry Commission often form the basis for imposed agreements when settlements are not reached. As these recommendations usually reflect some degree of compromise between union and employer positions on any given issue, H.L.R.A. decided to make demands rather than merely respond to those of the union. Thus, the potential existed for the employers to actually "win" an issue instead of merely minimize a loss. It also provided the employers with trading points to use against union demands.

During the period of direct negotiations, H.L.R.A. would not discuss monetary issues. Its "final offer" of October 31, 1975, was considered by the H.L.R.A. Board to be sufficiently hardline: no wage increase for 1976, no wage increase for 1977, plus the elimination of a number of benefits. This "final offer," according to an H.L.R.A. bargaining committee member, was intended primarily to impress H.L.R.A.'s principals, and, secondly, to move negotiations toward the Industrial Inquiry Commission stage. There was no intention of tabling an offer which could in any way
be acceptable to the union. As calculated by H.E.U., the final offer amounted to a ten percent cutback over two years. As expected by H.L.R.A., the union rejected the offer and broke off negotiations.

In early November, H.L.R.A. applied for mediation, under section 69 of the Labour Code. While having no intention of negotiating at this early level of mediation, the tactic of making the application provided a demonstration of good faith, both to the union and any other party who may have cause to review the events (e.g., an Industrial Inquiry Commission). It also provided a means of further stalling the progress of bargaining.

The most important result of the application-for-mediation tactic was one not anticipated by H.L.R.A. While H.E.U. would not meet with the employers' agent in front of mediator Ed Sims, the union did request H.L.R.A. to withdraw its mediation application in order to file a joint application for the appointment of an Industrial Inquiry Commission. The H.L.R.A. negotiator subsequently informed the H.E.U. negotiator that he could not retreat from his assumed position on the basis of a union request as this would appear to his principals to be a sign of weakness. However, if H.L.R.A. were to receive something in return, say the assurance of the union that it would not seek arbitration following the Industrial Inquiry Commission, then the joint application could be made.

While this had been the union's previously stated position in any case, H.L.R.A. had not taken that position seriously and was now looking for a commitment from the union. Though the
assurance would not be legally binding, a subsequent reversal by H.E.U. would elicit a charge of bad faith bargaining from H.L.R.A. The assurance that arbitration would not be used, however, would allow H.L.R.A. to bargain seriously in front of an Industrial Inquiry Commission. Without that assurance, H.L.R.A. would not be willing to make concessions to the union as they felt an arbitrator would subsequently review only the area between what had been conceded and what was still demanded.

Industrial Inquiry Commission hearings began on December 15, 1975. H.L.R.A. strategy was to avoid arbitration by settling at this final mediation stage. Thus, the employers' agent was prepared to make realistic proposals for settlement. However, H.L.R.A.'s position regarding A.I.B. regulations had not changed: eight percent for 1976 was the maximum allowable. As an attempt to demonstrate their good faith intentions, H.L.R.A. offered to bring into the hearings an unbiased party to review the A.I.B. regulations and advise as to possible wage-benefit combinations. The offer was rejected by the union and thus not heard by the Industrial Inquiry Commission.

Had the New Democratic Party been victorious on December 11, 1975, the H.L.R.A. may have been moved to negotiate beyond the A.I.B. limitations. According to a member of the bargaining committee, however, with the Social Credit Party's forming the new government, H.L.R.A. assumed that A.I.B. legislation would be adopted by the province as a first matter of business. While the Industrial Inquiry Commission continued with still no decision from Victoria, H.L.R.A. remained hopeful that
A.I.B. would be adopted before the hearings ended. If such were to occur, Mr. Blair's recommendations would have to fall within the limits of the A.I.B. guidelines. If not, H.L.R.A. would continue to argue that publicly-funded employers were obligated to take "front-running" positions in the fight against inflation, hoping this might convince Mr. Blair to recommend a lesser settlement than the union demanded.

Later Strategy

On April 5, 1976, the Industrial Inquiry Commission Report was delivered to the Minister of Labour. The report recommended a settlement costing 13.96 percent, 5.96 percent beyond that allowed in the guidelines of the yet-to-be-adopted A.I.B. legislation.

Two weeks later, B.C.H.P. announced that 1976 hospital budgets would be limited to 8.5 percent over 1975 budgets. An 8.5 percent increase to a hospital's operating budget translated into a maximum wage bill increase of approximately eight percent, assuming no change in operations. The budget announcement was the first indication of the government's probable intentions with respect to A.I.B. legislation. It was the type of evidence H.L.R.A. had been assuming would surface: hospitals' ability to pay would be limited to eight percent.

Thus the sole strategy position H.L.R.A. required in later bargaining was:

1. Support and refuse to bargain beyond A.I.B. guidelines.

On April 26, H.L.R.A. rejected the recommended terms of settlement as exceeding both the A.I.B. guidelines and the
hospital industry's ability to pay.

The impending strike was considered unavoidable. The H.L.R.A. negotiator was hopeful that the Social Credit government would soon adopt the A.I.B. legislation and, through some form of intervention, impose a settlement on the parties within the guidelines of that legislation. Until such time, however, H.L.R.A. intended to support their anti-inflation strategy position by garnering as much public empathy as possible. Thus, on May 1, when 72-hour strike notice was given to the Vancouver General Hospital, the press carried an announcement stating that the hospital was forced to implement its "contingency patient safety plan", including:

1) cancellation of all elective admissions
2) discharge of all patients treatable by home care
3) transfer of all chronic care patients
4) full maintenance of all critical care functions
5) refusal of all but most urgent referrals.

On May 4, H.E.U. struck the Vancouver General Hospital. If the union intended the strike as a means of bringing some form of pressure to settle on H.L.R.A., then the strike was doomed to failure from the start. Following the invocation of section 73(7), the union was left with only a limited strike, as all essential staff positions had to be maintained. While the Labour Relations Board ruled that only one hundred of twenty-one hundred H.E.U. members were essential, it also ruled that
all other staff plus all physicians and all volunteers would be allowed to cross the picket lines in order to safely operate the hospital. Thus the cost to the union was great while the effect on the hospital was minimal. Nonetheless, on May 7, the front page of the evening newspaper quoted the President of the B.C. Medical Association as saying that patient care was deteriorating; as well, pickets were harassing emergency patients to such a degree that police had to be called in on three separate occasions. A small article on page nine also reported that the Minister of Health, the Hospital Administrator, and H.E.U.'s Business Manager all claimed that the doctor's allegations were unfounded. The overall effect however, suited the H.L.R.A. strategy as well as could have been hoped for.

The economic realities of hospital operations force most of the institutions to be rather heavily involved in deficit financing. As essential services were to be maintained in any case, the strike would do little more than provide some relief to the hospitals' financial difficulties. In fact, some of the hospitals, including the Vancouver General and Surrey Memorial, discovered that certain staff positions were unnecessary and planned not to reactivate them following the strike. Thus the H.L.R.A. tactic was to make no move to shorten the work stoppage, relying instead on government intervention to eventually bring the employees back to work. Allowing the strike to carry on also gave the government some additional time to adopt the A.I.B. legislation.

On May 20, the strike was ended. On May 26, the govern-
ment appointed Judge McTaggart as Special Mediator, his recommendations to form an imposed collective agreement. As the Special Mediator was to review the Industrial Inquiry Commission's recommendations in light of A.I.B. regulations, the H.L.R.A. strategy of supporting A.I.B. fit the situation well.

The Special Mediator's Report did not confine itself to the bounds established by A.I.B. guidelines, however, and, with some modifications, recommended that the Blair Report be accepted. By Order-in-Council, on June 9, 1976, this was done, thus creating the Hospital Services Collective Agreement Act.

H.E.U. immediately signed the imposed agreement. H.L.R.A. refused to sign. This was largely for show on the part of H.L.R.A. as the Act was to become effective June 14 whether signed or not. Signing, however, would have been of some value to H.E.U. during the A.I.B. hearings of July and August as it would have indicated H.L.R.A. approval of the terms of settlement. In addition, had H.L.R.A. signed the agreement, it would have been prohibited from arguing against it in front of the A.I.B. Thus, H.L.R.A. maintained its stance of refusing to participate in any agreement costing in excess of the legislated eight percent ceiling.

On June 23, the province adopted the A.I.B. legislation. For the remainder of bargaining, H.L.R.A. merely had to indicate its support for the law. In the end, it was the A.I.B. regulations which determined the extent of the settlement to be included in the 1976-77 Master Agreement.
Footnotes - Chapter IV

1. Vancouver Sun, October, 17, 1975, pp. 1-2
2. Vancouver Sun, June 25, 1976, p. 1
3. Vancouver Sun, May 1, 1976, p. 1
4. Ibid.
5. Vancouver Sun, May 6, 1976, p. 45
6. Vancouver Sun, May 7, 1976, p. 9
7. Vancouver Sun, May 1, 1976, p. 1
CHAPTER V

CONCLUDING DISCUSSION

The case discussed in the previous chapter illustrates the manner in which various factors can determine bargaining strategies. As this was but a single case, generalizations applicable to other bargaining relationships cannot be made. However, this does not negate the value of the case study. The model presented in Chapter Two attempted to explain how the factors identified may determine the strategy choices made by bargaining parties. The case study attempted to illustrate the factors which did influence the strategy choices made by bargaining parties in one specific set of negotiations. In order to arrive at some general conclusions, a series of similar case studies would have to be undertaken and the results of each systematically analyzed.

No attempt has been made in this paper to empirically measure the conceptual determinants identified in Chapter Two as to their relative influence on strategy choice. In researching the literature on this topic, the author was unable to find any previous studies which did attempt such a rigorous analysis. A number of recent articles, however, have described studies intent on quantifying bargaining outcomes relative to environmental, organizational, and bargaining process characteristics. These studies were able to attach numerical values to identifiable bargaining outcomes (i.e. the studies' dependent variables);
even so, their results were less than totally satisfactory as they relied on static models, subjective scoring of outcomes on an individual basis (thus ignoring intercorrelations among independent variables), and were unable to assess political and personal considerations. To attempt a substitution of outcomes for strategies as the dependent variables in such studies would appear to require such a degree of subjectivity and imprecise oversimplification as to render any empirical measurement valueless. Much of future research with respect to strategy determination, therefore, will have to concern itself with descriptive case analyses in order to fully appreciate the dynamic nature of the bargaining process.

The following comments attempt to relate the substantive instance of Chapter Four to the conceptual arguments of Chapter Two. The discussion is subdivided as per the section titles used in Chapter Two.

Interorganizational Relationships

In Chapter Two, it is stated that both bargaining parties anticipate the bargaining process to be followed based largely on their previous experiences with each other. A history of distributive bargaining would influence the parties to choose distributive strategies again. This appears to have been true for both H.E.U. and H.L.R.A. Both recognized the conflict orientation of past H.E.U.-B.C.H.A. encounters and prepared for bargaining accordingly.

That the bargaining process was expected and intended to be distributive was established early in bargaining by both
parties. Prior to the commencement of negotiations, H.E.U. leaders had described the existing labour relations climate in the hospital industry as poor and recommended "get tough" strategies to the membership. Hospital trustees were openly critical of the previous agreement, calling it "too rich." In addition, H.L.R.A. announced that its position of President had just been filled -- with a negotiator known to the union by his reputation as a "hardliner." In addition, H.L.R.A.'s refusal to send its bargaining committee to the pre-negotiating session, and H.E.U.'s early threat of strike action (made during the preliminary negotiating session), are clearly examples of Stevens' Class I tactics, intended to display antagonism and raise tension levels. Thus, based on their previous experiences with each other, both parties assumed that bargaining would follow a distributive process and prepared strategies accordingly.

According to the model, certain issues, even within a primarily distributive process, may be handled in a more integrative manner. In practice, however, it is difficult to interpret the perceptions of a party with respect to a specific issue. The overall impression of one party by another would appear to be more germane to strategy determination. Perhaps the only Class II tactic attempted during the case was H.L.R.A.'s offer to H.E.U. to choose for themselves any combination of wages and benefits, so long as the total cost did not exceed eight percent. The use of this tactic may be seen as an attempt to persuade the union that the imposition of the eight percent limit was beyond the control of H.L.R.A. and therefore the union might reasonably reduce
its avoidance of what it perceived to be H.L.R.A.'s resistance point. Alternatively, the tactic may primarily have been intended to impress upon the Industrial Inquiry Commission the good faith bargaining intentions of H.L.R.A., and, within their imposed limitations, their desire to establish a more cooperative bargaining relationship with the union.

There is every indication in the case to assume that the above tactic failed to accomplish anything more than to re-establish "eight percent" as H.L.R.A.'s resistance point. If this were indeed its purpose, it would have to be labelled a Class I tactic. As would be expected in a distributive process, the tactic effectively altered the union's perception (or reinforced the existing misconception) of H.L.R.A.'s true utility function. As noted in the case, it was not until later strategy was formulated that the A.I.B. guidelines did actually become H.L.R.A.'s resistance point. Prior to B.C.H.P.'s release of the hospital budgets, eight percent was the target point and parity was the resistance point. Should A.I.B. guidelines have been found to be non-binding on hospital employees, H.L.R.A. may still have been able to move the union toward a compromise position, particularly if the Industrial Inquiry Commission could be convinced to make such a recommendation.

The union entered negotiations with demands designed to achieve its "targeted" leadership position. Having no opportunity to support its demands in direct negotiation, H.E.U. thereafter argued only for parity (i.e. its resistance point). Thus, during early bargaining, a settlement range (or, in this case, a settle-
ment point) did exist. During later bargaining only a settlement gap existed. As predicted in the model, a breakdown in negotiations was expected.

Once the breakdown occurred, and strike action began, the effect of inter-union rivalry could be seen on the strategy of management. While H.E.U. was forced to support the vast majority of its striking members on strike pay, the hospitals were only minimally inconvenienced. No other union in the hospital industry made any attempt to support the strike or respect its picket lines; in fact, extra staff were supplied from the other unions to help reduce the effect of the H.E.U. walkout. Both the H.L.R.A. negotiator and an H.L.R.A. bargaining committee member commented to this writer that under those conditions, the hospitals could have survived a long enough strike to seriously weaken or even break the union. While they considered the latter possibility unlikely, they pointed out that as H.E.U. was not a member of the Canadian Labour Congress, they had no strike fund backup once their own resources were depleted. Thus, with H.E.U.'s receiving no support from other unions, H.L.R.A.'s bargaining position could afford to remain unaffected by the strike.

Relative Power of the Bargaining Parties

The model defines bargaining power in terms of the ability of one party to impose its own objectives on the other party, relative to the similar abilities of that other party. The model also states that when two powerful parties are bargaining, the process will tend to be more distributive in nature.
Those union and management representatives interviewed by this writer had difficulty in translating the concept of bargaining power into practical terms. No one party perceived any other to have the ability to unilaterally influence or alter a range of possible outcomes. The prevailing opinion indicated that H.E.U. and H.L.R.A. were perceived to be in equivalent basic power positions and therefore neither could exert any bargaining power over the other. However, even I.U.O.E., the smallest union in the hospital industry, perceived itself to have bargaining power equal to that of H.L.R.A., even though the employers' agent was in a higher basic power position. According to I.U.O.E.'s Business Manager, and in line with what is stated in Chapter Two, this was true as long as the option existed to leave negotiations in favour of binding arbitration.

The above statement implies that without the availability of arbitration, H.L.R.A. would indeed have substantial bargaining power over that of the smaller union. The smaller union is not capable of imposing effective economic sanctions on the hospitals and likely not able to support the cost of a lengthy strike. Indeed, even with respect to H.E.U., the bargaining power advantage of H.L.R.A. became apparent only after strike action began. The employers' agent realized that the hospitals could survive the work stoppage whereas the union could have serious difficulties in maintaining a lengthy strike. Thus, if the government had not intervened, H.E.U. may have been pressured to eventually modify its strategy position, shifting its resistance point closer to H.L.R.A.'s target point.

The model also suggests that two parties having essen-
tially equal basic power positions will tend to bargain more integratively if they are not preoccupied with attempting to re-establish a power differential. In the case examined in Chapter Four, there was no indication that either party had any inclination toward integrative bargaining. Both parties viewed bargaining as inherently conflict-oriented and made no attempt to alter that process. In fact, even the only potentially integrative outcome (the joint job evaluation program) was imposed on the parties and would later prove to fan the fires of conflict rather than help douse them.

**Economic and Political Climate**

As suggested in the model by the political theorists, the single greatest influence on the determination of bargaining strategy in this case was the political considerations, highlighted by the recent settlements achieved by other unions. Most important was the "generous" settlement of B.C.G.E.U. While wage rates for certain specific positions covered by either H.S.A. or I.U.O.E. were also important determinants, it was largely the prospect of parity with B.C.G.E.U. that determined the bargaining strategies of both H.E.U. and H.L.R.A.

Parity became the resistance point of both union and management and, thus, in itself, determined the settlement range. It was due to the belief of union leadership that they must achieve parity for the membership that the comparison strategy was adopted. The union chose to negotiate in front of the Industrial Inquiry Commission because they felt it offered the
best chance of improving on parity, but parity remained the focal point. In their arguments, union leadership emphasized "comparative and competitive levels of wages and benefits" and appeared to take little or no account of any possible "employment effects" which could have resulted from their demands. Even following release of the hospitals' 1976 budget allocations, union leadership gave no recognition to the fact that staffing cutbacks would have resulted from any agreement in excess of eight percent. While H.E.U. perhaps assumed that B.C.H.P. would honour the hospitals' "year-end operating deficits" as had been custom since 1972 (under N.D.P. rule), the union could not have forgotten the 1971 staffing cutbacks made necessary when B.C.H.P. refused to increase budgets sufficiently to cover contractual obligations.

Parity was also the most important determinant of management strategy. It was because of parity that H.L.R.A. chose to avoid arbitration where it was felt parity would be awarded. Consequently, it was decided that parity might possibly be undercut by attempting to pressure an Industrial Inquiry Commission with anti-union public sentiment and anti-wage federal legislation. During interviews with this writer, the H.L.R.A. negotiator stated that the bargaining committee was aware that the legislation might not have included publicly-funded employees; moreover, with an N.D.P. government in power, there was a chance that the A.I.B. guidelines might not even have been adopted by the province. Thus, the H.L.R.A. negotiators saw their job as one of avoiding parity in total or in part for as long as possible.
For the union, parity with only B.C.G.E.U. was not quite enough. Union leadership also felt it must "at least" match the wage rates received by the other unions for positions also covered by H.E.U. Union leadership, as predicted in the model, felt it must achieve for its members what other unions had achieved for theirs.

Internal political factors also seem to have influenced the strike decision by union. With H.E.U. leadership fully cognizant of the economic realities of the strike, the decision to go ahead appears to have been made solely on the basis of possible political gain. It was a show of force not only for the union, but, perhaps most importantly, for union leadership. In looking at the union negotiator, as this was his first time in that position, it could be inferred that the strike was necessary in order to maintain (or create) an image as a "tough negotiator." The success of this decision may be measured by the fact that this union negotiator never again represented H.E.U. in collective bargaining.

Intraorganizational politics also affected H.L.R.A.'s approach to bargaining. Their negotiator was well aware of the feelings of certain vocal hospital trustees who felt the previous master agreement had been the result of "soft bargaining": he had been the negotiator then, too. The H.L.R.A. negotiator was also aware of the image his principals wished to portray, an image personified in the person of their newly chosen President: a man with the reputation of "hardliner" and "union buster," who, according to the H.L.R.A. negotiator, was quoted as saying,
"Any negotiation with the union is a sign of management weakness." Thus there was much pressure on the negotiator to offer as little as possible to the union during early bargaining, and maintain a low resistance point during later bargaining.

The provincial political environment could also be seen to have its effect on strategy determination. As Anderson writes, "Political support in the form of a greater level of citizen vote for Canada's labor party (the New Democratic Party) is associated with increased levels of both wages and nonwage bargaining outcomes." It is thus possible that if the N.D.P. were re-elected in December, 1975, H.L.R.A. may not have stayed so rigidly within their anti-inflation strategy. However, within an anti-labour political climate, and a Social Credit election victory, H.L.R.A. obviously believed its position was secure and most likely expected reduced levels of wage and non-wage outcomes (relative to other recent settlements).

**Personalities and Personality Perception**

The personality traits of the negotiators are not well enough known from the present study to be able to comment on their influence relative to that suggested by the model. Representatives of both union and management identified personality as being of major importance to most bargaining situations. In this case, however, the most prevalent personality appears to be that of the H.L.R.A. President, a person never directly involved in the negotiations. His reputation as a "hardliner" with a low propensity for cooperation both reinforced the union's
expectation for a conflict-oriented process and directed H.L.R.A. staff as to the manner in which bargaining should proceed.

Institutional Characteristics

The model states that the internal workings of the organization will affect its external relationships. The influence of this factor was apparent in the strategies of H.E.U. and H.L.R.A. in the case study.

As suggested in the model, strategy formation in the union is largely a leadership function. In addition, as also suggested in the model, one effect of multi-employer bargaining on the union is the resulting difficulty leadership may have in attempting to explain to membership a change in bargaining strategy. As leadership has generally gone to much effort to support the initial strategies in front of a provincial conference, there is much pressure on leadership to produce acceptable results while making use of those strategies. To do otherwise might be interpreted as a sign of weakness. This appears partially to explain the union's decision to strike: after having created and maintained membership support for a work stoppage, leadership could not subsequently have informed the membership that the strike would have little or no positive effect on probable outcomes. Under single employer bargaining where more personal leadership-membership relations can exist, such a reversal in strategy may have been more easily explained with less resulting "loss of face."

Factionalism, as described in the model, though a problem
to H.L.R.A. during the 1976-77 bargaining, was apparently not an aid to the union position. There is no indication of a union attempt to use a "divide and conquer" strategy. The institutional characteristic which most obviously affected H.L.R.A.'s bargaining was its disorganization. While not described in the model, it could perhaps be labelled as "start-up phenomenon." As H.L.R.A. was not sufficiently prepared to start bargaining when the union served notice, stalling became a necessary tactic. Furthermore, as the President in whom the employers decided to place their full trust and support was not yet available, strategy decision approvals had to be filtered down through the district councils to the Board and then to the negotiators. This, in turn, led to further stalling.

Party Objectives

In the British Columbia hospital industry, the existence of union organization of the labour force is an accepted fact of life. Thus, unlike the less-organized hospital industry in the United States on which much of the literature is based, achieving a contract settlement or negotiating issues of union security are not seen as prime objectives of the union. In the case studied in Chapter Four, the union appeared to perceive itself as already having a basic power position equivalent to that of management (although under the strike option this would appear to be false) and did not show any indication of wanting "to put management in its place."

Thus, for the union, the party's objective was rather
straightforward: achieve parity. While not looking to increase the union's power position, achieving any settlement at less than parity with its rival unions would have likely been interpreted as a reduction in power for the union and a sign of weakness in the union's leadership. In the case studied, the union and its leadership could "save face" as the resultant settlement was one dictated by the constraints of federal legislation.

For management, beyond avoiding parity and thus reducing operating costs, the objective was to introduce its new bargaining agent, H.L.R.A., as being able to bargain "tougher" than its predecessor. Thus, strategies could be expected to follow a distributive process.

While "breaking the union" could not seriously be accepted as a goal of H.L.R.A., it would appear that once the strike was underway, "weakening the union" may have been a consideration. Management could show the union that a work stoppage would only hurt the employees. No effort on the part of management to end the strike would be necessary.

**Legislation**

While the most important determinant of strategy may have been recent settlements, the most important, or more precisely, the only determinant of outcome was the A.I.B. legislation. With no A.I.B., as may have been the case had the N.D.P. formed the 1976 government, H.L.R.A. would have likely signed an agreement approximating parity. As the H.L.R.A. negotiator stated to this writer, "A.I.B. merely kept H.E.U. from achieving parity
until 1980. Without it, they would have most likely had parity in 1976."

The A.I.B. legislation can also be seen as one of the determinants of the union's choice to strike. With the pressure from the general labour movement for each union to openly reject wage controls, the H.E.U. negotiator may have felt that any other response to H.L.R.A.'s position would have been poorly viewed by the membership. The union was forced into a show of strength, and A.I.B. can be identified as one of the forces.

Speaking retrospectively, a union spokesman noted that as long as essential services legislation continues to limit the union's right to strike, H.E.U. would never repeat its action of 1976. Management was never seriously threatened. On the other hand, since such a small minority of H.E.U. members were required to work, perhaps it was not merely the imposed limitations which hurt the strike effort, but also H.E.U.'s poor relationships with the other labour organizations in the industry. If the other unions had supported the strike, if they had agreed to respect the picket lines until their essentiality had also been determined, management may have been pressured into reassessing its stance.

Also, under essential services legislation, one has to wonder about the wisdom of striking only in two urban centres of the province. While such a strike may have been easier for union leadership to control, and may have provided wider press coverage of the events, the strike was nonetheless weakened by the availability of so many other hospital beds into which
patients could be transferred. If the union had struck in such cities as Prince George or Prince Rupert, where there is but one hospital to serve the public, and is, in itself, a major employer in the area, hospital employees, particularly when designated "essential," would most likely have received much greater public support. Almost any strike location outside of Vancouver and Victoria (the strongholds of Social Credit support) would have garnered more favourable public sentiment than H.E.U. did receive.

The two levels of mediation allowed by the Labour Code were seen to influence management's strategy. As predicted in the model, H.L.R.A. felt it could not afford to make concessions at the first level of mediation and thus avoided serious negotiations until reaching the Industrial Inquiry Commission. It is possible that if only a single level of mediation were available, particularly one whose recommendations were made public, bargaining might well proceed somewhat more expeditiously.

**Closing Comments**

The case study of the 1976-77 H.E.U./H.L.R.A. Master Agreement illustrated many of the points identified in the model as determinants of bargaining strategy. While other factors discussed in the model may not have influenced the course of events in this case, their value nonetheless cannot be discounted. Further studies will have to be made in order to accurately assess the relative importance of the various features identified in the model as determinants of strategy.
It has already been stated that the final outcome of bargaining in this case was dictated by the A.I.B. legislation. Had A.I.B. not been invoked, or been found not to be binding on the hospital industry, which party's strategies would then have been most successful?

Assume that both parties become aware of the non-imposition of A.I.B. toward the latter stages of the Industrial Inquiry Commission's hearings. In the eyes of the union, H.L.R.A. has clearly established its resistance point as eight percent. There has been no indication that H.L.R.A. would consider a settlement point closer to the parity level sought by H.E.U. (even though parity is H.L.R.A.'s true resistance point). The union, on the other hand, has virtually abandoned its target point (i.e. "leadership;" twenty percent increase over twelve months) and has argued solely on the basis of achieving parity (i.e. H.E.U.'s resistance point).

When Mr. Blair presents his report (i.e. "parity;" 13.96 percent over twelve months), H.L.R.A. rejects the recommendations. H.E.U. is now left with a difficult decision: either (1) go to arbitration where, in all probability, the 13.96 will be awarded to the union; or, (2) go on strike. While the former choice would likely provide an economically acceptable result, during the case union leadership appeared to be very much concerned about the impression a "non-negotiated" contract would have on the membership. The union negotiator stated from the beginning that an arbitrated settlement would be unacceptable to the membership, and they would instead opt for job action. The latter choice, however, would not only be economically unsound (as was the strike in the case), but less politically sound since "protest against
federal legislation" could not have been used as partial vindication for the work stoppage.

Union leadership may have been forced into accepting a third option; that is, (3) negotiate an agreement for less than parity. While this would have been a difficult choice to make, it could have been sold to the membership on the basis of receiving additional non-monetary benefits (such as, earlier start of Job Evaluation Program) which, in the long run, could have been of great value to the union.

In the end, regardless of outcome, one would have to say that H.L.R.A.'s strategies were more successful than those of H.E.U. However, if there is any single observation arising from the case study which may have some general applicability, it is this: strategies appear to be determined in most part by the intraorganizational political pressures to at least match (for the union), or to not exceed (for management), that which has been achieved in recent settlements elsewhere within the local economic community (i.e. the province). Furthermore, where there exists special legislation favouring management (i.e. A.I.B.; essential services) strike action should be avoided by the union as it will likely result in greater political and economic damage to that organization than to management. This latter point is particularly true in the public sector where loss of profits or decreased demand for service (recognizing the relative inelasticity of demand for public services) is not an influential factor on management behaviour.

There is a degree of multilaterality to bargaining in the hospital industry of British Columbia in that neither of the two parties at the table have any control over the industry's
ability to pay. While settlements are negotiated for the hospitals by H.L.R.A., they are financed by B.C.H.P. Each hospital independently submits a proposed budget to a "rate board" at B.C.H.P. and then waits approximately six to eight months before receiving budget approval. A hospital's budget, therefore, is not usually approved until sometime after consummation of the collective bargaining process. It is possible, therefore, that the hospitals might not receive the funds required to both fulfill contractual obligations and provide as high a level of service as may have been planned. This happened in 1971 when B.C.H.P. undercut all hospitals' proposed budgets by a full 30 percent; subsequently, there was a shutdown on all planning operations, a rollback in personnel, and a decrease of services provided. Although the problem has not surfaced on such a large scale since 1971, it remains a possibility as long as the bargaining arm of the industry has incomplete knowledge as to what funds the fiscal arm will make available.

The Hospital Employees' Union has addressed the problems identified in the two previous paragraphs. Their solution would be to abolish the hospitals' bargaining agency and, subsequently, integrate the service into the Ministry of Health. In this way, the union would be dealing with the true decision-maker for hospital management. Perhaps a more relevant reason for the solution proposal is the observation that B.C.G.E.U. has maintained a leadership position in the hospital industry since the early 1970's. Perhaps H.E.U. feels it would do better by bargaining directly with government. It may be interesting for future research to study the strategy (and outcome) differences of private sector bargaining (e.g. as in British Columbia's hospital industry) versus public
sector bargaining, specifically for unions in publicly-funded industries.
Footnotes - Chapter V


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