CHAPTER SEVEN

ADAPTATION AND INDUSTRIAL RELATIONS

INTRODUCTION

Chapter Seven analyses the evolution of union-management relations in IMEP and METASA from 1980 to 1987. IMEP and METASA initially established contrasting patterns of industrial relations, which may be characterised as cooperative and conflictive respectively. By 1987, these firms displayed similar patterns of union-management relations more closely resembling the cooperative type. In both firms, cooperative relations were based upon ongoing negotiations between the union and management, while worker participation consisted of perpetual problem-solving in the face of numerous difficulties. Although these firms reached a similar conclusion, their evolutionary paths were distinct. In IMEP, management and a core group of union activists reinforced and further developed existing patterns of cooperative relations during the period under study. In METASA, industrial relations evolved from the conflictive to the cooperative type through a series of power struggles between the union and administrative offices, and between opposing labour groups.

Building upon the previous two chapters, Chapter Seven explains the evolution of industrial relations in the light of each firm's efforts to adapt to its external environment. Chapter Five highlighted external pressures and constraints upon labour policy and union-management relations. Chapter Six identified internal pressures to meet a new set of labour requirements generated in the course of productive adaptation. IMEP and METASA responded to these pressures and constraints by adjusting social welfare and incentive policies. Chapter Seven analyses the interaction between industrial relations and adaptation in these two areas of labour policy.

This Chapter pursues three interrelated arguments. First, IMEP and METASA moved to plant bargaining around social benefits and incentive pay in response to both the severe economic
conditions facing workers and internal pressures in the productive sphere. Under this form of adaptation, there was a growing interdependence between efforts to make the factory work in production and labour terms. This propelled the development of cooperative participatory relations.

Second, the move to plant bargaining around social benefits and incentive pay also constituted a form of adaptation to the external political environment. The latter favoured a strong role for enterprise unions, while placing constraints upon national pay bargaining and collective industrial action. Under these conditions, IMEP's union and a key group in METASA focused upon efforts to meet labour objectives within the workplace, while basing their bargaining strength upon labour's role as a productive resource. This fuelled the development of participatory relations.

Third, this form of adaptation had a distinct impact upon each firm partly due to differences in initial patterns of industrial relations established in 1979-81. Cooperative union-management relations facilitated IMEP's ability to adapt through social welfare and incentive policies; the latter in turn reinforced these patterns of industrial relations. In contrast, conflict throughout METASA's organisation undermined efforts to carry out this form of adaptation, generating pressure upon both management and labour to bring about changes in industrial relations.

This chapter is divided into three parts. Part One outlines the two abstract types of industrial relations that provide the framework for this study. It then characterises union-management relations in each firm from 1979 to 1981 with reference to these types. Parts Two and Three examine the interaction between industrial relations and adaptation through social benefits and incentive policies respectively. These sections focus upon the 1984-87 period because firms came under the most severe pressures and constraints during these years. In this way, Chapter Seven pursues the three main arguments outlined above.

Chapter Seven is based upon the cross-referencing of numerous interviews carried out in IMEP and METASA over a one-year period, as well as a review of collective bargaining agreements, quarterly union reports and company records. Through exploratory interviews with a select group of employees, the case studies first attempted to reconstruct events in the firm so as to identify and explain changes in union-management relations over time. Structured interviews
with enterprise directors, union leaders and members of the Sandinista factory party committee then focused upon the position adopted by these groups under a series of circumstances that gave rise to changes in industrial relations. Finally, informal interviews with area supervisors, workers, and union and party activists aimed to cross-check and enrich the history of events that emerged from the above two sets of interviews. By combining the results of these diverse interviews, the case studies were able to reconstruct and interpret changes in union-management relations within each firm. However, the case studies could not provide quantitative indicators of a number of the phenomena described here due to poor labour statistics.

PART ONE: CONFLICTIVE AND COOPERATIVE INDUSTRIAL RELATIONS

Part One outlines the two abstract types which pertain to the role of the union and its relations with management within peripheral socialist economies. It then describes union-management relations in each firm from 1979 to 1981 with reference to these types.

1. Contrasting Types of Industrial Relations

The first type may be characterised as cooperative and participatory. Cooperative relations are based on management and labour's common identification with the revolutionary party that has assumed state power, and agreement on the following. First, inevitable contradictions between production goals and labour's efforts to improve its situation in the short-run do not have to lead to conflictive union-management relations. Each side has adopted both production and labour goals which are included in the revolution's economic and social programme. In practice, conflicting interests can be resolved through ongoing negotiations. Likewise, consultation in the course of decision-making can ensure the cooperation of all groups in the implementation phase. Second, workers should participate in efforts to resolve a wide range of production and labour issues, and have the power to influence the outcome of major decisions affecting labour. Plant supervisors channel workers' initiatives in the productive sphere and represent workers before management. Whenever possible, negotiations and conflict resolution
take place directly between workers, supervisors and union representatives at shop-floor level.

Under the conflictive type, both labour and management agree on limiting labour's role in the enterprise, although from different perspectives. From labour's point of view, there is an ongoing conflict between workers and management regardless of the political leanings or class basis of the party that holds state power. Both state and private enterprises attempt to maximise the surplus value that can be extracted from workers. Therefore, the union's main purpose is to defend workers' interests on issues related to wages and benefits, work intensity, working hours and working conditions, as well as job security. To do so, unions must remain autonomous from the party in power, and maintain an adversarial position towards management. Management agrees that the union should be limited to representing workers' interests on issues relating to wages and working conditions, although for different reasons. Management is concerned with protecting its decision-making authority in other areas such as production and finance. Plant supervisors should implement management policies and enforce its decisions at shop-floor level. In sum, Part One has outlined the following two abstract types:

- cooperative union-management relations and a participatory role for labour in resolving issues within the firm; and

- conflictive union-management relations and a strict demarcation of labour's role.

These types will now provide the reference points for the following account of industrial relations in IMEP and METASA in the 1979-81 period.

2. Union-Management Relations in IMEP and METASA: 1979-81

2.a. IMEP
In August 1979, seven workers and a civil engineer named Herzán García recommenced operations in IMEP. The new government soon appointed García, a Sandinista militant, as IMEP's new director. Meanwhile, the workers formed a committee and stated their intention to organise a union affiliated with the Sandinista Workers’ Federation (Central Sandinista de Trabajadores 'José Benito Escobar':CST) as soon as the firm obtained contracts and could hire additional workers.

Cooperative union-management relations stemmed from each side’s common identification with the Sandinista party and their decision to create a new type of industrial relations within the firm. In 1980-81, IMEP's director and union secretary general interviewed each applicant separately and hired only those workers who shared their political commitment. IMEP's union argued that organised labour should give first priority to national reconstruction and to strengthening the government’s social wage policy. The union opposed labour strikes and suspended monetary wage demands in this period. In 1980, IMEP was operating at a loss and still had to pay off its debts. Workers put in over 7,000 voluntary work hours in 1980 alone, according to management estimates.

IMEP's director and its initial group of workers argued that production and labour objectives coincided and attempted to demonstrate this to new workers joining the firm. As IMEP obtained its first major contracts in 1979-80, employment expanded from seven to about sixty, thereby allowing for the official formation of a union. The firm also began to meet some of labour's demands, for example, by providing free uniforms and boots on a periodic basis. Union leaders stressed that production increases would lead to additional social benefits and further employment creation.

While recounting the history of the firm, workers highlighted negotiations around the building of the cafeteria. When workers began to push for a cafeteria in 1980, union leaders met with the director who argued that the firm was still operating at a loss. They eventually agreed that IMEP would provide the raw materials, machinery and equipment for the union to build the cafeteria during voluntary work hours. The firm would then provide a cafeteria service at subsidised prices. According to management and workers, this case set a precedent for future negotiations, in which each side would contribute to solutions aimed at meeting production and
labour objectives simultaneously.

The union promoted workers' efforts to resolve production and labour issues at shop-floor level. The first group of workers had participated actively in efforts to restart the machinery, organise work on the first contracts, and improve conditions within the plant. As employment expanded, they were concerned that this participatory dynamic would be lost. The Sandinista party committee and union therefore organised worker circles, comprising about ten workers each, to discuss politics, production and labour issues. In 1980-81, about 80 per cent of IMEP workers participated in both the union and worker circles, according to the estimates of Noel García, IMEP's first union secretary general. The director and union also called periodic meetings between all employees to provide production and financial information and to discuss labour policies.

IMEP became more than a source of employment for this initial group of workers. The factory also provided a centre for political, cultural and social activities. While IMEP workers supported the Sandinista Workers’ Federation, they did not depend upon it to introduce changes within the firm. Rather, they asserted their own autonomy in creating new forms of industrial relations. In sum, cooperative relations in IMEP were based on a common identification with the Sandinista party and the decision of workers and management to create a new type of industrial relations within the firm.

2.b. METASA

METASA's union was rooted in an ongoing struggle between management and labour within this factory, where efforts to form a union dated back to the early 1970s. The workers had organised their union, negotiated a collective bargaining agreement and participated in an industry-wide strike before the union was violently repressed by Somoza's National Guard. Between 1973 and 1979, management prohibited the organisation of union activities within METASA. Following the change of government and nationalisation of the firm, METASA workers returned to the plant and continued to maintain an adversarial position towards management.
Activists from the Communist-affiliated federation (CAUS) won the 1980 elections to the union executive committee. In the subsequent two years, METASA workers elected independent trade union leaders and the union did not become affiliated to any national labour federation. These leaders argued that organised labour's first priority should be to defend workers' class-specific economic interests. They called for wage increases and reserved the right to strike as a bargaining chip in negotiations with management. The Sandinista factory party committee opposed the union's wage demands, arguing that the country had just emerged from a war.

For METASA workers, the revolution had brought an end to tight managerial control in the plant. Previously, a worker could be fired for lateness, absenteeism or failure to complete a task. Now management could no longer use the threat of dismissal to enforce labour discipline. César Blandón, electrician and Sandinista activist, described workers' reactions to this new sense of freedom.

"Workers would say: 'Now, I've got power. You know, I've never had this before. Boss, this task is too hard. I'm calling it quits for the day.'"

According to Blandón, this inevitably created problems in production, as any attempt to impose labour discipline was seen as a return to the past.

Nor did the union develop an alternative form of shop-floor control. In this initial period, METASA workers resisted attempts to organise separate union sections within each plant and to elect sectional representatives. They argued that the latter would only duplicate the role of the union executive committee in representing labour demands. As a result, the union did not organise workers' participation in efforts to resolve production and labour issues at shop-floor level. The union and management did reach agreement around social benefits, such as the provision of uniforms and boots through collective bargaining procedures. In these negotiations, management represented production and financial interests, while the union promoted workers' material interests. Once an agreement had been reached, both sides were responsible for implementation.
2.c. A Comparison

In 1979-81, IMEP's union affiliated with the Sandinista Workers’ Federation and developed cooperative relations with management. In contrast, METASA’s union maintained an adversarial position towards management and did not become affiliated to any national labour federation. IMEP's union suspended wage demands, while METASA’s union called for pay rises that surpassed government ceilings. IMEP's union argued that production and labour objectives coincided, while METASA’s union emphasised conflict between workers’ immediate interests and management goals. IMEP's union organised workers' efforts to resolve production and labour issues within each production section, whereas METASA workers resisted efforts to organise union sections.

These contrasting positions stemmed from distinct labour histories. In IMEP, a small group of workers reinitiated production, introduced new product lines and organised the union in close coordination with the new enterprise director. Having recently participated in the uprising, they now expressed their political commitment through these efforts in the productive and organisational spheres. METASA’s union grew out of a long history of struggle around workers’ economic demands within the factory and traced its roots to strike activity in the 1970s. For these workers, the revolution signalled an opportunity to resume the struggle around wages, working conditions and other workplace issues, under more favourable conditions.

Despite these differences, both unions were generally supportive of the social transformation process under way in the country, and were intent upon defining its content within their own factories. Each asserted a considerable degree of autonomy in defining their approach to management, albeit in distinct ways. From 1984 to 1987, these two firms would face overwhelming external pressures and constraints. Yet the above patterns of industrial relations would continue to exercise a strong influence over the way in which they responded to their external environment, and the subsequent evolution of union-management relations.
PART TWO: ADAPTATION AND INDUSTRIAL RELATIONS: SOCIAL WELFARE POLICIES

Part Two analyses the interaction between the nature of industrial relations and adaptation through social welfare policies during the 1984-87 period. The first section outlines the type of benefits offered by IMEP and METASA and considers the circumstances that generated these forms of adaptation. The next two sections examine each firm to see how the prevailing patterns of industrial relations influenced and were in turn influenced by their efforts to adapt through social welfare policies.

1. Social Benefits in IMEP and METASA

From 1984 to 1987, IMEP and METASA were transformed into social welfare units, providing basic goods and services to workers. Employees obtained a similar range of benefits in both firms. IMEP and METASA continued to provide free uniforms and boots, transport to and from the factory and a subsidised cafeteria service, despite the rising costs of these benefits in the inflationary period. The Ministry of Domestic Commerce continued to supply basic goods to workers at government-controlled prices through either factory stores or government supermarkets.

Both unions also set up additional channels for obtaining basic goods. With credit from the firm, they bought basic goods from other factories and resold them to workers at low prices. In this way, the union distributed clothing and fabrics, kitchen utensils, manufactured food products and other items, which were otherwise only available on the market at speculative prices. In 1987, both unions entered into barter trade with agricultural cooperatives just outside Managua, exchanging their factories' products for basic grain to be distributed among workers. IMEP and METASA also provided assistance to workers for home improvements. Production workers could obtain permission to use the machinery and scrap metal after work hours in order to make household items such as beds, tables and chairs. Workers who had been in these firms for over six months could buy their factory's products on credit for use in constructing or expanding their homes.
Both firms also provided health care for workers. IMEP opened its own clinic, employing a full-time nurse and a part-time doctor. It subsidised 50 per cent of the cost of prescribed medicine that could not be obtained through government pharmacies. METASA continued to maintain its own clinic, covering 100 per cent of the cost of prescribed medicines. It also paid medical fees for workers who had to attend a private clinic or hospital. METASA purchased eyeglasses for workers, which were obtained at low cost through the government's health programme.

Both unions organised adult education and technical training classes in coordination with management and government ministries. In METASA, management and the union also agreed to build a reading room on the factory premises. Workers constructed the room while METASA provided the building materials and funds for the purchase of books. Under a similar agreement, management also agreed to build a child-care centre, although this was not completed during the period under study. Both IMEP and METASA developed a worker credit policy in the 1984-87 period. Likewise, worker pensions and life insurance were organised through the factories. METASA contributed to funeral costs for workers' immediate family members, while IMEP workers organised and paid into a special fund for this purpose.

These firms faced a common set of pressures and constraints in the 1984-87 period, leading them to introduce this similar set of benefits. Government ministries exerted direct pressure upon firms to implement their social programmes. The Ministries of Labour, Education, Industry, Social Welfare and Domestic Commerce each promoted specific social welfare policies in IMEP and METASA. These diverse policies were not coordinated by any one state institution. Rather each ministry established direct communication channels with the enterprises and depended upon their unions and management to administer its policies and negotiate their specific features.

Likewise, IMEP and METASA faced the same external economic environment. Their unions pressed for a range of benefits that aimed to improve labour conditions and mitigate the effects of economic crisis on workers' families. In many respects, these benefits replaced the social wage which the government could no longer sustain at the society-wide level. For example, each firm improved in-house health services to workers as government health clinics became
overcrowded and increasingly unable to meet patients' needs. Other examples included subsidies on prescribed medicine purchased in private pharmacies, and barter trade with other factories and agricultural cooperatives.

The decline in real wages contributed to skilled labour shortages in both firms, as documented in Chapter Six. IMEP and METASA came under constant pressure to train workers in-house and persuade them to remain within each factory so as to meet new requirements generated in the process of productive adaptation. To stabilise their labour force, these enterprises had to respond to workers' immediate economic demands. This growing interdependence between efforts to meet production and labour demands provided the impetus for plant bargaining around social benefits. Under these conditions, management and labour each had a stake in securing the effective implementation of these policies.

IMEP and METASA also operated under similar financial conditions in local currency. Management and labour had room to manoeuvre in negotiating social welfare policies because their firms faced a soft budget constraint in local currency, which stemmed primarily from cost-plus pricing policies. Both firms financed social benefits through product price increases. Social costs as a percentage of total annual sales were registered at 12 per cent in IMEP and 10 per cent in METASA in 1986. This represents an increase over 1982 figures which were calculated at 6 per cent and 3 per cent in IMEP and METASA respectively.¹²

Financial conditions in local currency influenced the extent and nature of social benefits as well as the terms of negotiation. Comprehensive social benefits were granted to workers across occupations and were not linked to production or productivity indicators. Social welfare policies did depend upon each firm's current financial situation, as often became apparent immediately following a devaluation when benefits were suspended temporarily. Yet their financial standing was not tied strictly to production or productivity indicators due to the soft budget constraint on their operations, as well as hyperinflation.

While negotiating specific benefits, IMEP and METASA's unions did not have to prove that the financial returns to the firm would exceed their costs.¹³ Nor did they have to show that a rise in social costs would be matched by an increase in production or productivity. The terms of negotiation centred around two points: the firm's current financial situation and the external
economic conditions facing workers. Each union pressed for benefits that would compensate partially for hyperinflation and shortages. Meanwhile, management had to ensure that the extension of benefits would not lead to liquidity problems. These terms of negotiation often changed abruptly due to factors largely outside the control of production workers. Plant bargaining around social benefits became a form of adaptation to these exogenous circumstances.

The move to plant bargaining around social benefits did not in itself determine the direction of changes in industrial relations. This form of adaptation could have produced quite different scenarios. Negotiations around social welfare policies provided a potential arena of conflict between the union and management. These policies were meant to compensate for the decline in real wages. While following a sharp downward trend, real wages wavered constantly. Workers' buying power increased slightly following periodic government authorised wage adjustments, then declined once again due to high inflation rates. Likewise, real wages dropped abruptly due to recurrent devaluation of the currency. Under these conditions, the relation between real wages and social benefits provided a constant source of potential conflict in both firms. By introducing a wide range of benefits, each firm also gave rise to new sources of conflict around the extent and quality of services. For example, problems in the cafeteria service or shortages in the factory store could now spark labour protests.

At the same time, social welfare policies fuelled a growing need for cooperative participatory relations. These policies could be adjusted to workers' immediate economic needs. Yet this required agile communication channels between workers and union leaders, as well as ongoing negotiations between the union and management. Likewise, the union and administrative offices needed to coordinate a wide range of services within the firm; only then could the factory work in labour terms. This latter phrase refers to an enterprise's ability to respond to workers' needs on a daily basis. Its meaning is derived from the experience of Nicaraguan workers who, in the 1980s, converted their factories to social, political, education and training centres responsive to workers' needs simultaneously on many levels. The following sections will show that both firms did develop cooperative relations, thereby facilitating their efforts to negotiate and implement social welfare policies. Yet this response was not inevitable; rather, these developments stemmed from the strategies adopted by union activists within each factory in the
face of external political conditions.

2. IMEP

Why did IMEP continue to develop cooperative relations from 1984 to 1987? Cooperative participatory relations were required to make the factory work in production and labour terms. Yet why were a significant number of employees committed to ensuring the firm's viability in the face of an escalating crisis? Their fate was not tied to that of the firm as alternative employment opportunities offered higher monetary incomes. For a core group of workers, the factory had become the centre of their social and political activities within the revolution, as well as their place of employment. Representing about 20 per cent of the labour force in 1984, these workers identified strongly with the factory. Their position of authority within the firm was linked to their capacity to ensure its workability in production and labour terms.

These workers initially established cooperative relations with the new enterprise director in 1979-80, based on each side's commitment to the larger social transformation process. In 1984-87, this core group continued to control the union and see the factory as a support base for Sandinista political power. In national politics, IMEP's union supported government economic policies and did not press for wage negotiations. Within IMEP, high labour turnover rates represented the main expression of worker opposition to declining real wages, and presented a direct challenge to the union. Under pressure to resolve the severe economic problems facing workers, union leaders turned to plant bargaining around social benefits. This form of adaptation relied upon and, in turn, reinforced cooperative participatory relations in IMEP. Effective social welfare policies served to legitimate the union's position of power within the firm, as well as its close relations with management.

2.1. Informal Relations and Ongoing Negotiations
Cooperative union-management relations were based upon ongoing negotiations and consultation between two sides with common political ties, thereby resembling the abstract type outlined in Part One. These cooperative relations were backed up by the informal ties initially forged during the early 1980s between the enterprise director and the core group of workers. This core group continued to control the union throughout the period under study. Eligio Chávez won each annual election for union secretary general from 1984 to 1987. A Sandinista party member, he was among the seven workers who recommenced operations in 1979. Workers from the same core group also comprised the union executive committee. By organising social, cultural, political and productive activities, this group further developed these informal relations while incorporating new workers into their circle.

IMEP's two enterprise directors, Herzán García (1979-85) and Julio Valladares (1985-87), were Sandinista party members. García maintained tight relations with the initial group of workers throughout his period in the firm. Valladares had established close relations with the core group of Sandinista union activists while working in IMEP's technical and production departments. With the backing of IMEP's union, the People's Industrial Corporation promoted him to enterprise director following García's transfer to METASA in October 1985. In each period, the enterprise director and union leaders sat on the same Sandinista party committee which included all party members and met monthly in 1984-87. Yet the informal relations among Sandinista members and supporters had a greater influence upon union-management relations than these formal committee meetings.

The core group moved to plant bargaining around social benefits in response to severe difficulties and challenges posed by the external environment. This form of adaptation called for cooperative relations, while also generating new sources of conflict. There was constant tension around the relation between real wages and benefits. Several workers who were not part of the core group left the firm following each sharp drop in real wages. Others threatened to leave as part of an informal protest aimed at pressing management to halt the decline in take-home pay, or to compensate by providing new benefits. High labour turnover rates had a direct impact upon production, as shown in Chapter Six. Under these conditions, IMEP workers pushed for improved benefits based on their role in production plus tight labour market conditions.
High labour turnover rates represented a direct challenge to the core group of workers who controlled the union. They were able to win annual elections for union posts, and to obtain participation rates ranging from 30 to 70 per cent for social, cultural, political and productive activities organised outside normal working hours. Nevertheless, this alone was not sufficient. Their position of authority depended upon their ability to meet labour demands and simultaneously secure workers' cooperation in production. In response to this challenge, union leaders exercised a dual role as both labour's representative and mediator in the implicit conflict between workers and management.

Union leaders negotiated new benefits during informal talks with management, utilising workers' threats to leave the firm as a bargaining chip. They proposed concrete solutions to the immediate problems facing workers, as indicated in the above description of benefits. After reaching an agreement with management, union leaders then persuaded workers to remain within the firm. They thereby combined plant bargaining, problem-solving and conflict resolution in response to challenges presented by high labour turnover rates. In this way, they reinforced patterns initially established in 1979-81.

By maintaining open communication channels, the union and management provided workers with the means by which to bargain based upon their role in production. There was a clear basis for negotiation because each side stood to benefit from social welfare policies that simultaneously solved workers' immediate economic problems and provided incentives for workers to remain within the firm. Ongoing talks between union leaders and management facilitated IMEP's ability to adjust social welfare policies to constant changes in workers' economic situation, as well as the firm's financial possibilities. In the context of hyperinflation and shortages, measures that could improve workers' financial situation varied from moment to moment. The union's credibility before management and workers alike depended upon its ability to identify and carry out these measures quickly while resolving conflicts in the course of implementation.

Informal relations and communication channels between workers, union leaders and management facilitated these efforts. For example, the core group of union activists included service workers such as the cafeteria service staff, factory nurse and the head of the workers'
store. Likewise, the human resources department staff participated in union activities such as voluntary work days. These informal relations facilitated efforts to coordinate services to workers, and to resolve conflicts around their extent and quality. The process of negotiating and implementing a wide range of benefits in turn reinforced the above aspects of union-management relations in IMEP.

Ongoing plant bargaining relied upon the close relations and open communication channels between the enterprise director and core group of employees. This constituted a source of strength, as well as its main limitation. This style of industrial relations does not guarantee a direct voice and vote to other workers outside the core group. Through quarterly assemblies, IMEP compensated partially for this limitation. The assembly process provided a forum for open discussion on a wide range of issues. Through these assemblies, IMEP secured direct communication channels between production and service workers, engineering and administrative staff, and the enterprise director.

2.b. The Assembly Process

IMEP workers organised quarterly assemblies in each production section, raising issues to be pursued in the subsequent enterprise-wide assembly. Workers used this forum to press for new benefits, as well as to discuss existing policies. For example, they put forward issues regarding the cafeteria service, basic goods supply to the factory store and other social policies. These periodic assemblies provided an occasion for airing complaints and resolving conflicts, which inevitably arose around the extent and quality of services. Social welfare policies formed the subject of about one-third of the comments and questions posed by workers in the enterprise assemblies.

The state, Sandinista party and Sandinista Workers’ Federation encouraged these assemblies, which promoted the Sandinista position on the role of unions. Enterprise assemblies counted upon the participation of the Sandinista regional party and labour leaders, who urged workers to assume production and labour objectives and support Sandinista political power in the face of external aggression. By organising quarterly assemblies, IMEP’s union leaders responded to
these external political pressures. These assemblies then became a key aspect of industrial relations in IMEP because they responded to internal requirements while building upon existing patterns.

Through quarterly assemblies, the union and management reinforced and further developed earlier patterns of industrial relations in response to new challenges. As employment expanded in 1980-81, IMEP could no longer count upon the tight relations between the initial group in order to ensure worker participation and consensus around labour policies. In this earlier period, the enterprise director and core group responded in two ways. First, the Sandinista party committee organised workers’ circles in each area of the plant which adopted a problem-solving approach to production and labour issues. Second, the director and union called frequent meetings between all employees to supply production and financial information and to discuss labour policies. IMEP demanded this problem-solving approach, as well as some form of information-sharing and consultation between employees, to adapt through social welfare policies in 1984-87. Periodic assemblies provided this opportunity.

In several manufacturing firms, the union and management included clauses on social benefits in annual collective bargaining agreements. In contrast, IMEP did not carry out collective bargaining procedures, despite constant pressure from the Sandinista party and workers’ federation. In interviews, neither the enterprise director nor the union secretary general provided reasons for their absence, except to say that they had successfully introduced benefits and joint decision-making without having signed any formal agreement. This stance was consistent with an implicit agreement between management and labour to resolve problems within the firm without recourse to the Labour Ministry, which had the legal authority to oversee collective bargaining agreements. The Labour Ministry was known to place some constraints upon social benefit clauses, thereby providing a further reason for IMEP’s union to refrain from collective bargaining.

In sum, the union and management negotiated social benefits under pressure to stabilise the labour force and to mitigate the effects of wage constraints and conditions of economic crisis on workers' families. Under this form of adaptation, there was a close interrelation between efforts to make the factory work in production and labour terms. This enabled the core group
to reinforce and further develop cooperative participatory relations based upon ongoing negotiations and a wide role for workers in resolving immediate labour issues. In this way, the core group maintained the support of the majority of IMEP workers, while adapting to an external political environment that precluded national pay bargaining.

3. METASA

METASA moved from conflictive to cooperative relations through changes in both management and labour strategy. The arrival of a new enterprise director and consequent changes in management strategy provided the conditions for ongoing negotiations between the union and management. A key group of union leaders then began to alter their strategy for meeting labour objectives within the workplace, thereby changing the patterns that guided daily relations among workers, union leaders and management. For the purposes of this study, they will be called the Mendoza group after one of their main leaders. This section will first focus upon two key events that marked the evolution of union-management relations. It will then look at the power struggle between the Mendoza group and those who continued to advocate conflictive relations.

3.a. Negotiations Around the 1984 Annual Agreement and Associated Strike Action

Events surrounding the 1984 annual collective bargaining agreement exemplified the union's conflictive relations with management and the state. Nevertheless, the final agreement contained a number of benefits such as the cafeteria service, workers' store and education and training programmes, whose implementation required increasing coordination between the union and management. These social welfare policies would fuel a growing need for worker participation and cooperation between the union and management.

During these negotiations, the union displayed its determination to push workers' demands and defend its own power within the workplace. The Labour Ministry attempted to strike various clauses from the union's proposed agreement as part of its effort to standardise labour
conditions across firms. Enterprise director, Freddy Sandoval, supported the ministry's position, arguing that the benefits in question inflated operating costs. The union decided to focus its struggle around the retirement bonus clause. On retiring, METASA workers received bonus pay equivalent to a fifteen-day wage for each year of service in the firm. This clause was of particular significance to METASA workers, who had won this benefit following the 1973 strike. Union secretary general, Francisco López, was a veteran of this strike. He stressed that the union could not lose a benefit that workers had won and were able to defend under repressive conditions prior to 1974.

After an initial agreement between the Labour Ministry, the union and the Sandinista party broke down, the union began to threaten strike action. Union leader, Gonzalo Mendoza, recalls:

The Labour Minister arrived at the factory, called a meeting of workers and said, 'If you go on strike, you'll all be fired and we're not going to maintain this benefit.' At that moment, the strike began.

After three days, the Labour Ministry called for a negotiated settlement. The retirement clause was modified to apply exclusively to workers who had been employed in the firm between June 1973 and June 1979. Others could only become eligible for this benefit if dismissed for reasons other than labour indiscipline. The Labour Ministry also agreed to several benefits included in the union's original proposal.

This dispute concerned the union's power relative to management and the state. By focusing upon the retirement bonus clause, union leaders brought to the fore contradictions between labour's right to benefits won through workplace struggles and government attempts to standardise conditions across firms. By challenging the Labour Ministry's authority over collective bargaining agreements and the government ban on strike action, the union defended its own autonomy in the face of state attempts to regulate union-management relations. At the same time, the union responded positively to Sandinista pressures to negotiate collective bargaining agreements with management. It thereby built upon opportunities to improve workers' economic situation and strengthen its own position within the firm. Nearly half of the clauses contained in the final agreement pertained to social benefits, many of which were
coordinated with government ministries.

Having increased in number and complexity, social welfare policies contributed to the need for a problem-solving approach to daily issues within the workplace. Under the 1984 agreement, the union assumed a degree of responsibility that went far beyond merely pressing for improved benefits. For example, it agreed to organise adult education classes and to build the reading room during voluntary work hours. By taking on these responsibilities, the union moved beyond the limited role assigned to workplace organisations of the conflictive type. Likewise, it moved onto a terrain wherein workers' interests and management goals coincided in important respects.

3.b. Changes in Management

In 1985, there continued to be a three-way conflict between the union, management and the Sandinista party committee. This centred primarily upon workers' economic demands. The union continued to reject government wage constraints and to press for improved benefits and additional forms of pay. Enterprise director, Freddy Sandoval, generally opposed the union's economic demands, asserting that cost reduction constituted the proper goal of management. The Sandinista party committee also protested against these demands, thereby sustaining a five-year battle with the union executive committee. The party committee included production workers, although administrative personnel tended to hold leadership posts.

The stalemate between the union and management was also linked to each side's inability to resolve daily disputes within the factory. Annual collective bargaining agreements authorised full-time paid leave for one union leader to attend to individual labour disputes, and for up to three union representatives during collective disputes. Despite these guarantees, union leaders claimed that the director closed the door on their attempts to resolve ongoing conflicts, thereby making it impossible to move beyond the current impasse within the firm. Meanwhile, the director protested against the amount of management time dedicated to labour disputes, arguing that this time could be better applied to production and financial issues.

In October 1985, Herzán García was transferred from IMEP to METASA, replacing Freddy
Sandoval as enterprise director. Determined to break the deadlock, García began to meet separately with the union and party committees, administrative staff, and workers in each area of the plant. He thereby attempted to identify the sources of conflict between each group. He fired administrative staff and some workers whom he considered to be blocking attempts to resolve these disputes. In an interview, García stated that he changed virtually all the main administrative posts, although he did not provide figures on the number of dismissed employees.\textsuperscript{23} The union executive committee did not prevent these dismissals, despite its formal veto over management firing decisions.

This case illustrates two aspects of industrial relations in METASA. First, in the case of conflict between administrative staff and union activists, the former were more likely to be fired. Second, the union executive committee's ability to provide individual employment protection was compromised by its partial role in disputes among employees. Changes in administrative personnel may have enabled the firm to overcome some of the more highly personalised disputes. Otherwise, these dismissals had little impact upon the direction of changes in industrial relations.

García then initiated talks with the union executive committee in an attempt to resolve the main management-labour disputes. He gave priority to labour relations as a key factor determining production performance. Demonstrating considerable negotiating capacity, García altered the options that were open to organised labour as they defined their relation to management. Faced with this new situation, workers divided into two opposing groups.\textsuperscript{24} Led by Mendoza, the union executive committee entered into negotiations with management. These workers had participated actively in union struggles within METASA throughout the 1980s and had maintained an independent stance towards management, the Sandinista party and the state. Meanwhile, Pablo Hernández called on workers to maintain their opposition to management. Although Hernández had only worked in METASA since 1985, he was joined by workers with years of union experience in this firm.\textsuperscript{25} García's arrival thus generated a new round of conflict among employees.

In March 1986, workers elected Hernández as union secretary general, and an executive committee that included members of both groups, as well as workers who adopted a neutral
stance. Likewise, they elected both Mendoza and Hernández supporters as their new union sectional representatives. Despite continuing conflicts, an important change had taken place. García's arrival had created the conditions for negotiation, while a key group of union leaders had begun to change their strategy for meeting labour objectives within the workplace.

3.c. Changes in Labour Strategy

The Mendoza group turned to plant bargaining around social benefits in response to the severe economic difficulties facing workers, as well as opportunities to gain bargaining strength within the workplace. The move to cooperative relations constituted the necessary counterpart to this strategy. Social welfare policies had to be renegotiated constantly in line with changing external economic conditions. Yet this could not be done effectively as long as conflict blocked communication between workers, union leaders and management. Likewise, efforts to implement these policies involved innumerable problems that had to be solved on a daily basis. In METASA, these problems further fuelled ongoing disputes between different groups of employees. Confictive relations were undermining efforts to make the factory work in labour terms, and were preventing workers from building upon tight labour market conditions and positive external political conditions to increase their own bargaining strength within the workplace.

Faced with this situation, the Mendoza group attempted to revitalise existing communication channels. In formal terms, METASA workers had a number of fora in which to put forward their demands. The union carried out annual collective bargaining procedures, quarterly assemblies and weekly meetings between its executive committee and sectional representatives.26 Yet workers' demands became entangled in the web of endless disputes. To move beyond this impasse, members of the Mendoza group attempted to focus discussion upon specific problems for which there were potential solutions given existing resources.27 They attempted to move from polemics to a problem-solving approach to immediate labour issues.

The Mendoza group set out to strengthen union sections, organised in each area of the plant, as the basis for worker participation in union activities and decision-making. In procedural terms,
the union section did hold a predominant role. Procedures for negotiating annual collective bargaining agreements began in each union section, in which workers drew up a list of demands to present to the union executive committee. Based on these demands, the executive committee drafted its proposed agreement, including new clauses, as well as modifications to existing ones. Likewise, the union organised quarterly assemblies in each union section which set the agenda for the subsequent enterprise-wide assembly. Finally, workers could present their demands to union sectional representatives who met with the executive committee on a weekly basis. These meetings elicited the interest of workers to the extent that they produced results.

To strengthen union sections and revive communication channels, the Mendoza group had to prove that they could resolve specific problems put forward by workers. The financial conditions facing the firm favoured this strategy. Because it was operating under a soft budget constraint, the firm could continue to improve social benefits despite rising costs in the inflationary period. The union could therefore find solutions to a number of workers’ immediate problems.

The Mendoza group was engaged in a power struggle with Pablo Hernández and other workers who continued to advocate conflictive relations with management and the state. While the Hernández group did tap workers’ discontent around declining real wages, they did not define a terrain on which workers could effectively challenge government wage policy. Under pressure to resolve workers' immediate economic problems, this group also turned to enterprise bargaining around social benefits. Once the Hernández group moved onto this terrain, they ran into contradictions.

Hernández argued that workers must maintain a combative position towards management: only through struggle could workers obtain improved labour conditions. At the same time, his group highlighted workers' discontent around specific aspects of social services offered by METASA, attempting to channel this into broader political opposition to management and the state. Yet the successful implementation of social welfare policies depended upon a considerable capacity for problem-solving and conflict resolution, as well as coordination between the union and administrative offices. Under these conditions, the Hernández strategy
became self-defeating.\textsuperscript{29}

While continuing to oppose government wage policy, the Mendoza group adjusted labour strategy to external political conditions. The latter allowed for strong enterprise unions while placing constraints upon national pay bargaining and collective industrial action. The Mendoza group therefore focused upon efforts to increase labour's bargaining strength within the workplace. They negotiated with management based upon the role of the worker in production plus tight labour market conditions.

The Mendoza group also built upon the political interdependence between themselves and the new enterprise director. Both García and the Mendoza group depended upon ongoing negotiations with the other side to implement their respective strategies. Likewise, García was intent upon strengthening Sandinista negotiating procedures and participatory fora. The Mendoza group in turn relied upon these programmes to improve its own position of power within the firm. As a Sandinista party member, García favoured the Mendoza group in its power struggle with Pablo Hernández, activist of the opposition Workers’ Front. The latter was among the three federations to challenge the Sandinista position on the role of unions within state enterprises, as discussed in Chapter Five.

The Mendoza group did not trade organisational strength within the workplace for additional benefits. However, a trade-off did occur at industry-wide level. Enterprise unions turned to plant bargaining around social benefits and incentive pay while foregoing collective industrial action aimed at forcing the government to negotiate wages and other economic policies. This raised serious questions for the build-up of an independent labour movement, which will be discussed in the conclusion to this thesis. Within METASA, this form of adaptation propelled the firm towards cooperative participatory relations.

In sum, this section has focused upon a key group of union activists who led the move from conflictive to cooperative relations. The Mendoza group consistently gave priority to labour objectives. They changed their strategy for meeting these objectives partly due to new conditions for negotiations following García's arrival to the firm. Their political strategy focused increasingly upon efforts to improve labour's position of power within the workplace given constraints on national pay bargaining and collective industrial action. In the context of
social welfare policies, power became defined as the capacity to initiate and carry out concrete measures that would benefit workers. Confictive relations were blocking their efforts to identify, negotiate and implement these measures. This group then began to alter these patterns of industrial relations by engaging in ongoing talks with management and by adopting a problem-solving approach to immediate issues within the firm.

4. Summary

IMEP and METASA turned to plant bargaining around social benefits in response to the severe economic difficulties facing workers, as well as production problems and challenges. This form of adaptation required cooperative participatory relations at the same time that it provided new sources of conflict. In each enterprise, the development of cooperative participatory relations then stemmed from the strategy adopted by a key group of union activists who were able to provide a cohesive force.

In 1984-87, union leaders came under increasing pressure to resolve the severe economic problems facing workers. IMEP's union and the Mendoza group negotiated workers' demands based on their role in production plus tight labour market conditions. They built upon positive political conditions which favoured a strong role for unions within the factories. For example, the government and Sandinista party encouraged the weekly union meetings, quarterly assemblies and collective bargaining within enterprises. Likewise, state institutions relied upon unions to carry out their social programmes.

In contrast, Sandinista politics left little room for negotiation between government and national federations based on labour's role as a productive resource. To a significant degree, plant bargaining around social benefits represented a form of forced substitution in the face of these constraints. This is quite distinct from a strategy that emphasises strikes or other forms of industrial action aimed at forcing the government to negotiate wage and economic policies. By moving to plant bargaining around social benefits, IMEP’s and METASA's unions followed a path that was pursued simultaneously by the majority of manufacturing unions. As a result, each factory was left to fend for itself in the face of an escalating crisis. This intensified
pressures upon management and labour to resolve issues within the firm. Under this form of adaptation, management and labour became increasingly dependent upon each other to solve immediate production and labour problems. This interdependence was reinforced by political pressures upon management to maintain positive labour relations, as well as by Sandinista pressures upon unions to assume production objectives.

In IMEP, this interdependence between the two sides enabled the core group to reinforce and further develop cooperative participatory relations based upon ongoing negotiations and worker participation in efforts to resolve immediate labour issues. In METASA, conflictive relations were blocking efforts to initiate, negotiate and implement a wide range of social benefits. The Mendoza group then began to alter these patterns of industrial relations by engaging in ongoing talks with management and by promoting a problem-solving approach to immediate labour issues.

PART THREE: ADAPTATION AND INDUSTRIAL RELATIONS: INCENTIVE POLICIES

Part Three examines the interaction between industrial relations and adaptation through incentive policies. In many respects, social benefits and incentive policies formed part of the same adjustment process. IMEP and METASA turned to plant bargaining around these policies under pressure to stabilise the labour force and compensate for the decline in real wages. Yet there was a crucial difference between the two. Social benefits were not linked to production or productivity indicators, while incentive pay was based upon individual production performance.
1. Incentive Policies in IMEP and METASA

IMEP designed its own incentive system for equipment and parts production: workers earned incentive pay equivalent to a percentage of the basic wage based upon criteria jointly set by the union and management. In response to high inflation rates, management and the union negotiated periodic adjustments of payment received upon meeting these criteria. The latter rose from 10 to 80 per cent of the basic wage from 1985 to 1987. With each adjustment, IMEP expanded its list of criteria for determining incentive pay. This was initially based upon attendance and punctuality. By 1987, IMEP workers also had to meet a series of criteria related to discipline, output and product quality.30

METASA implemented the labour norm system designed by the Labour Ministry. The firm set norms for each occupation based upon the rate at which jobs had been carried out in past years, or upon statistics concerning the average rate at which a sample of workers completed a given task. Workers earned incentive pay for each unit of output over the norm up to a set ceiling, which the Labour Ministry fixed at 25 per cent. The following example illustrates how METASA calculated incentive pay. A welder earned a monthly wage of C$600 córdobas according to government-established labour grades and wage scales.31 This was equal to a daily rate of C$24 córdobas. METASA set the daily norm at 120 feet, equal to a piece rate of 0.20 cents per foot. If the welder completed 150 feet (equal to 25 per cent over the norm), he or she would earn the following:

\[
\begin{align*}
C$24 &= \text{daily rate} (0.20 \times 120) \\
C$12 &= \text{incentive pay} = \text{double the piece rate for each unit of output over the norm} (0.20 \times 30 \times 2) \\
\hline
C$36
\end{align*}
\]

Workers could earn up to 50 per cent over the daily wage rate given Labour Ministry ceilings. In 1987, the Mendoza group pressured management to raise the ceiling on incentive pay to allow workers to earn up to 150 per cent over the basic wage.

As incentives came to represent an increasing share of take-home pay, income became more closely tied to individual performance. In METASA, incentive pay was strictly tied to individual
quantitative output indicators. Yet the latter depended upon various factors outside the workers’ immediate control, such as the supply of vital inputs and the effectiveness of maintenance and repair services. This generated numerous conflicts on the shop floor.

IMEP's incentive system offered a greater degree of flexibility. When evaluating a worker’s performance, shop-floor supervisors did take into account current production conditions. Furthermore, this system provided a more flexible instrument by which to motivate workers in diverse areas. When determining incentive pay, area supervisors applied a wide range of criteria including, for example, product quality and machinery care. They were thereby able to establish a more positive relation between workers' income and efforts to make the factory work in production terms. Still, IMEP's incentive system generated periodic conflict between workers and management as high inflation rates eroded take-home pay. In response, IMEP's union and management negotiated further adjustments in incentive pay. Faced with these tensions, IMEP's union reinforced cooperative participatory relations, while the Mendoza group in METASA led the move towards participatory relations. To explain these developments, the following two sections will examine the interaction between adjustments in incentive policies and industrial relations within each firm.

2. IMEP

This section argues that the move to plant bargaining around incentive pay enabled IMEP's core group to perpetuate cooperative participatory relations from 1984 to 1987. Cooperative participatory relations originally stemmed from a shared commitment to the social transformation process. In 1985-87, the core group focused upon efforts to meet workers’ immediate economic demands. They based their bargaining strength upon labour’s role as a productive resource under tight labour market conditions. This strategy was never outlined explicitly in union meetings or quarterly and annual plans. Rather, workers and union leaders developed this approach in the course of carrying out informal negotiations with management. While the IMEP case study has focused upon equipment and parts production, the following account will also refer to events within the structures area that influenced the overall process of plant bargaining around incentive pay.
2.a. Enterprise Bargaining

The union and management negotiated incentives and other forms of pay under constant pressure from the Labour Ministry to implement labour norms. When this ministry ordered IMEP to set and apply norms in 1985, the firm agreed to a trial period in the structures section. A series of meetings were held between workers, the union executive committee, the Sandinista party committee and the accounting and production departments. Consensus was reached; the norms were set. Yet shortly thereafter real wages dropped sharply. Tensions around the calculation of individual norms were heightened by the impact of inflation on workers' real incomes. According to IMEP's director, the implementation of labour norms led to a slow-down and increased absenteeism. After a new round of discussions, workers, union leaders and management agreed to implement payment by contract for various orders, thereby effectively phasing out the labour norm system. They resorted to this form of pay under pressure to complete major projects and bolster workers' real incomes.

Faced with the same double set of pressures, the equipment section increased overtime as payment by contract could not be applied to equipment and parts production. Shop supervisors and union leaders alike pressed for overtime during ongoing informal talks with management. They agreed to introduce incentive pay equivalent to 10 per cent of the basic wage based upon workers' attendance and punctuality. By the fourth quarter of 1985, incentive pay amounted to 8 per cent of total remuneration, while overtime accounted for 18 per cent. Through assemblies held in each production section, union leaders urged workers to remain within the firm despite deteriorating real wages.

Following a government-authorised pay rise in January 1986, the average real wage (as a percentage of the basic goods basket) was higher than that registered in any month during the previous year. The Labour Ministry also called on firms to suspend all incentive pay that was not based on labour norms. According to company records, management complied with this new policy, but continued to resort to overtime. In the first quarter of 1986, overtime represented 17 per cent of total remuneration. Initially the union did not protest against the suspension of incentive pay. By March 1986, inflation had eroded real wages once again.
During quarterly assemblies, workers demanded that IMEP reintroduce incentives, threatening to leave the firm. This led to a series of talks between workers, union leaders and management. They agreed to reintroduce incentive pay based on attendance, punctuality and production performance. Incentive pay represented 16 per cent of total remuneration in the second quarter of 1986.

In mid-1986, the Labour Ministry ordered IMEP to suspend this incentive system and introduce labour norms. Management and the union jointly entered into talks with the Ministry of Industry, the Sandinista Workers’ Federation and the Labour Ministry. They argued that labour norms were impossible to implement in the equipment and machining sections due to constant changes in product mix. IMEP had to continue implementing its own incentive system or risk losing its workers to other firms. IMEP’s human resources department then refined the firm’s existing incentive policy independently of the Labour Ministry. Under the new policy, workers could earn incentive pay equivalent to 25 per cent of the basic wage upon meeting a series of criteria in three categories: discipline, output and product quality. Prior to implementing this policy, workers, shop supervisors and union leaders met in each production section to discuss these criteria.

The firm continued to apply its own incentive system in the equipment and machining sections during 1987. Management and the union agreed to raise incentive pay from 25 to 50 per cent over the basic wage in early 1987. Management also utilised payment by contract to complete a major state contract in the structures section. According to company figures, about 20 per cent of IMEP workers were under the payment-by-contract system by June 1987 and were earning well over 100 per cent of the basic wage. Meanwhile, workers in equipment and parts production began to press for an increase in incentive pay. The union now had to negotiate competing interests among workers. After meeting with workers in each section, the union negotiated the following agreement with management. IMEP would eliminate payment by contract and raise incentive pay from 50 to 80 per cent over the basic wage for all production workers. This process of plant bargaining enabled the core group to reconcile its dual role in both representing labour demands and pursuing production objectives.

The above description illustrates how workers initiated a new round of negotiations following
each sharp drop in real wages. Workers protested informally through increased absenteeism and threats to leave the firm. As labour's representative, union leaders then negotiated adjustments in incentive pay based upon workers' role in production plus tight labour market conditions. Following each adjustment, the union and management jointly developed an expanded list of criteria for determining incentive pay. In the process, the union accepted a greater degree of worker responsibility for individual output, product quality and machinery care. Upon reaching an agreement with management, union leaders then persuaded workers to remain within the firm. They thereby contributed to efforts to stabilise the labour force and secure workers' cooperation in production. The union was able to exercise this dual role due to the interdependence between efforts to meet immediate production and labour objectives.

The Labour Ministry inadvertently lent legitimacy to the union's close relations with management. Constant intervention from this ministry pushed the union and management onto the same side of the negotiating table. Together they sought exemption from the government's labour norm policy. When this proved impossible, they agreed upon alternative forms of pay and openly defied the Labour Ministry by developing IMEP's own incentive system. In this case, external intervention reinforced cooperative relations.

IMEP required ongoing negotiations around incentives and other forms of pay to adjust to constant changes in workers' economic situation, production requirements and Labour Ministry policies. To carry out these negotiations, IMEP relied upon the open communication channels and informal ties between the enterprise director and union activists. The firm also counted upon periodic assemblies which allowed for direct communication between all concerned parties. These two features of industrial relations represented a continuation of patterns initially established in 1979-81, as shown in Part Two. The union and management further developed these patterns in the course of adjusting incentive policies to constantly-changing external circumstances.

While implementing its incentive policy, IMEP relied upon and reinforced the authority of the core group within the factory. Area supervisors had effective control over incentive pay as performance evaluation depended upon their personal judgement. Area supervisors were senior workers who had been promoted to these positions based on their greater ability and
experience in production, as well as their informal relations in the firm. All but two belonged to the original group of workers who had organised the union in the 1979-81 period. They were active union members, although they did not hold leadership posts during the period in which they were employed as shop supervisors.  

These supervisors held considerable power which stemmed largely from management's dependence upon them to reorganise work constantly, ensure labour's cooperation, and develop an effective form of worker accountability. This could not be done through management-based information and control systems, as discussed in Chapter Six. Area supervisors already influenced promotion decisions and the allocation of overtime. IMEP's incentive policy further strengthened their position within the factory.

Workers could challenge the decision of area supervisors. During pay-related disputes, workers brought their case directly to the union secretary general, who was granted full-time paid leave to attend to labour issues. Workers also took their complaints to other members of the union executive committee. Talks then took place between union leaders and area supervisors who formed part of the same core group. Their tight relationship may have prevented individual workers from bringing their case before the union, thereby limiting these workers' rights to representation.

The core group of union activists was accountable to workers as a collective. Union leaders had to maintain the support of the majority or risk losing their posts in annual elections. Workers could also question the authority of the executive committee by withdrawing their support for activities organised by the union, such as the quarterly assemblies. Likewise, they could refuse to cooperate in the productive sphere. Before management, the union's bargaining strength depended upon its ability to secure labour's cooperation in production. Union leaders were therefore under considerable pressure to represent workers' interests during talks around incentive pay.

2.b. The Economic Brigades

IMEP's union continued to mobilise workers around efforts to meet output targets and to solve
the firm's main production and technical problems. In 1986-87, the economic brigades came to symbolise participatory relations in this firm. Thirty workers organised IMEP's first brigade in 1986. By the end of the year, it had 97 members and had carried out thirteen voluntary work days during which brigade members contributed 6,753 worker hours. In 1987, each production section and the administrative offices organised their own brigades. By the end of that year, 70 per cent of IMEP's employees belonged to a brigade, and voluntary work days were carried out on a bi-monthly or monthly basis. The firm donated earnings generated on these days to the military battalion sponsored by the metalworking unions.

The brigades assumed responsibility for overcoming bottlenecks, reducing work in progress and meeting delivery dates on major orders. In mid-1987, they began to meet prior to voluntary work days to identify bottlenecks in their section, programme work for the day and distribute tasks among participants. Although they centred their activities around voluntary work days, the brigades also initiated efforts to improve worker attendance and punctuality during the normal working week. Brigade members represented IMEP in the quarterly assemblies of the metalworking branch and competed with other brigades for this industry's banner. In each assembly, the Sandinista Workers' Federation and the metalworking division of the People's Industrial Corporation awarded this banner to a brigade based largely on production criteria.

In interviews carried out during voluntary work days, workers consistently pointed to two reasons for their participation. First, they explained that either they or their immediate family members had fought in the war. During voluntary work days, they were directly supporting those who were currently fighting the war. Second, a number of workers explained that they either operated a machine or carried out a set of tasks essential to meeting targets set for that day. The success of the voluntary work days depended directly upon their participation. According to official policy, participation in the brigade was in no way tied to material benefits or privileges for its members.

The economic brigades and enterprise bargaining around incentive pay formed two sides of the same labour strategy. Union leaders were able to mobilise workers around production objectives to the extent that they also guaranteed the firm's viability in labour terms. Likewise,
the union's bargaining position in relation to management stemmed from its ability to secure labour's cooperation in production.

In sum, IMEP's core group perpetuated cooperative participatory relations in the course of negotiating and implementing the firm's incentive policy. This form of adaptation relied upon and reinforced the open communication channels and informal ties between the enterprise director and union leaders, as well as periodic assemblies between all concerned parties. Union leaders negotiated higher incentive pay in exchange for a greater degree of worker responsibility in the productive sphere. They also drew upon tight labour market conditions to strengthen their bargaining position. In this way, union leaders reconciled their dual role in both representing labour demands and pursuing production objectives. This constituted a cornerstone of cooperative participatory relations in IMEP.

3. METASA

In METASA, the Mendoza group led the move to participatory relations in direct confrontation with the Hernández group. This section focuses upon this power struggle, arguing that the Mendoza group brought about fundamental changes in industrial relations for two reasons. First, they built upon the growing interdependence between management and labour. This provided the basis for ongoing negotiations and fuelled the development of participatory relations. Second, the Mendoza group focused upon efforts to meet labour objectives within the workplace while basing their bargaining strength upon labour's role as a productive resource. This approach demanded an active role for labour in resolving immediate production issues.

Both the Mendoza and Hernández groups emphasised enterprise bargaining around incentive pay to compensate for the decline in real wages. They differed on the degree to which they also assumed responsibility for responding to immediate pressures in the productive sphere. The Hernández and Mendoza groups clashed over this issue in the context of the labour norm system. Under this system, input shortages, machinery downtime or plant shutdowns could
lead to cut-backs in incentive pay. The latter was therefore tied to efforts to keep the plant in operation and overcome numerous resource constraints. These efforts depended upon the firm's administrative capacity, as well as the ability of shop-floor employees to solve daily production problems.

In this context, Hernández supporters held management responsible for production conditions, while asserting that the union's main role was to defend workers' material interests. They argued that workers could not accept a reduction in incentive pay due to work stoppages and other factors considered beyond their control. Their position resembled that held by enterprise unions under the conflictive type insofar as they advocated a strict demarcation of labour's role within the enterprise. In contrast, the Mendoza group promoted a wide role for labour in resolving daily production problems, thereby pushing the firm towards more participatory patterns of industrial relations. They argued that production and labour objectives had to be pursued simultaneously. METASA could not meet output targets or contract delivery dates without the cooperation of workers in efforts to overcome resource constraints. During negotiations around incentive pay, the Mendoza group based its bargaining strength upon labour's role as a productive resource.

The Hernández group adopted a watchguard role towards management, highlighting administrative problems that affected workers' take-home pay. In an interview, Hernández listed numerous obstacles to meeting labour norms and argued that they stemmed from managerial negligence as much as from objective constraints. He pointed to organisational deficiencies in the imports and maintenance departments, as well as problems with plant layout, materials transfer and the distribution of work instruments. While the Mendoza group also adopted this watchguard role, they simultaneously accepted a greater degree of shop-floor responsibility for production conditions. For example, the Mendoza group called upon workers to organise the distribution of work instruments within their job area, and provide specific feedback to administrative and technical offices.

Each group was able to link its general position to specific situations on the shop floor. There were ongoing tensions around cutbacks in incentive pay due to factors beyond the individual worker's immediate control. Likewise, administrative problems in the imports and maintenance
departments did affect workers' income under the labour norm system. The Hernández group expressed the resulting sense of unfairness on the shop floor.

Yet workers also had considerable influence over the pace of production through both the speed with which they carried out tasks and their problem-solving capacity. Even though union-management relations remained conflictive, area supervisors and workers had begun to cooperate around efforts to overcome daily production problems. Shop-floor employees had to improvise frequently while carrying out maintenance and repair work. This led to changes in shop-floor relations, as described by Gonzalo Mendoza.

Prior to 1979, area supervisors were mainly in charge of discipline. Now they are in charge of keeping the plant in operation. Now the workers speak with them. They discuss problems in their area and make suggestions on how to get the machines operating again.\(^{43}\)

Area supervisors and senior workers had already carried out a series of minor changes to the production process, as described in Chapter Four. By tying payment to quantitative output indicators, the labour norm system provided an additional incentive to workers to engage in perpetual problem-solving within the plant. However, this system also disrupted production by provoking constant conflict around workers' pay under uncertain production conditions. The Mendoza and Hernández groups built upon these opposing trends.

The Mendoza group began to bring about changes in industrial relations, even during Hernández' term as union secretary general. Mendoza supporters held posts on the union executive committee and were also among the newly-elected sectional representatives. From this position, they sought to extend the problem-solving approach described above to weekly union meetings, enterprise committee sessions and quarterly assemblies. They placed specific production issues on the agenda of each of these participatory fora.\(^{44}\)

In formal terms, these programmes did provide a potential feedback system on production conditions. During weekly union meetings, sectional representatives put forward workers' main suggestions and complaints. Based on these meetings, the union executive committee drew up its list of points to present to the enterprise committee which met monthly to discuss the main technical and administrative issues facing the firm. The enterprise committee included the
director, union leaders and administrative and technical department heads. During quarterly assemblies, workers could address administrative and technical staff directly. The Mendoza group attempted to revive these communication channels by focusing upon production problems of direct concern to workers. They also reinforced the role of union sections in resolving immediate production problems.

The Mendoza group then set out to change the terms of negotiation between workers and management. Workers would respond to immediate pressures in the productive sphere in exchange for opportunities to earn higher incentive pay. During the review of labour norms in August 1986, the Mendoza group argued that the norms should be adjusted upwards, while Hernández insisted that higher norms would be impossible to meet. Hernández succeeded in holding down the norms, as highlighted in the secretary general’s annual report. Mendoza supporters then joined forces with the Sandinista youth movement to organise economic brigades within each production section. The brigades set out to show that the higher norms could be met, thereby directly challenging Hernández’ position on this issue. They called on workers to overcome disruptions in the production process which would otherwise cut into their take-home pay.

The brigades began to work fourteen hours a day on major state contracts. In 1986-87, METASA was working on contracts for three of the country’s five top priority public investment projects, as designated by the Presidency. The brigades used this opportunity to increase incentive pay and win over workers to their side of the political struggle within the factory. Under the labour norm system, workers could earn incentive pay for each unit of output over the norm up to a set ceiling. METASA’s brigades pressured management to raise this ceiling to allow for increases in incentive pay from 50 to 150 per cent over the basic wage. They also negotiated bonus pay equal to a two-month wage for those who had worked on two main projects completed in record time. In an interview, Mendoza stated:

The group of workers who had sided with them [Hernández’ group] now joined the brigades because they saw that they could earn more by working in the brigades. This brought about important results. The capacity of each worker was demonstrated. We showed that we were capable of completing projects in record time. Workers became convinced that they could earn more by working more, and not, as they argued, that one should work less and earn more. We
argued that workers' demands could only be met and maintained by workers' own efforts.\textsuperscript{45}

By the end of 1986, 92 workers had joined the brigades which now represented about 20 per cent of METASA's labour force. At the close of 1987, about 70 per cent of METASA workers were brigade members.\textsuperscript{46} The brigade leaders maintained a critical stance on government wage policy and insisted that the brigades had to press for improvement in workers' economic situation. At the same time, they organised voluntary work days in support of the military battalion sponsored by the metalworking industry. In 1986, METASA's brigades carried out five voluntary work days equivalent to 6,120 worker hours. In 1987, the brigades organised voluntary work days on a monthly basis, contributing 15,332 worker hours.\textsuperscript{47}

The Mendoza group won over workers to their side by demonstrating a capacity to negotiate increases in incentive pay. This was of primary concern to workers who faced considerable wage insecurity in the inflationary period. The Mendoza group based its bargaining strength upon labour's role as a productive resource. Management depended upon shop-floor employees to overcome resource constraints and adjust to constant changes in the production environment. METASA relied upon overtime and increased work intensity to complete rush work, overcome bottlenecks, and replace hours lost due to machinery breakdowns, electricity shutdowns and interruptions in input supplies. The Mendoza group built upon these conditions to change the terms of negotiation with management.

This also constituted a form of adaptation to external political conditions. Given constraints on national pay bargaining and collective industrial action, the Mendoza group focused increasingly upon efforts to improve labour's position of power within the workplace. The pattern of union-management relations perpetuated by Hernández blocked labour's ability to bargain based upon its role as a productive resource. By holding management solely responsible for production conditions, the Hernández group forfeited one of the main sources of labour's bargaining strength: that is, its role in overcoming numerous resource constraints. Recognising this, the Mendoza group began to promote a wide role for labour in resolving daily production problems. They mobilised labour around efforts to meet output targets and contract delivery dates, despite resource constraints.
The Mendoza group also built upon the political interdependence between themselves and the new enterprise director, as discussed in Part Two. This was most evident in the case of the economic brigades. García was committed to strengthening Sandinista organisations and participatory fora in METASA. The brigades represented a Sandinista initiative at the economy-wide, branch and enterprise level. The Sandinista youth movement organised METASA's first brigade. Together with Sandinista party members, the Mendoza group then organised economic brigades within each production section. The brigades provided an organisational base for the Mendoza group in its struggle with Hernández, activist of the opposition Workers’ Front. METASA’s director therefore had a political stake in ensuring the success of the economic brigades. The brigades negotiated directly with management, thereby undermining the power of the union secretary general. In this case, management did use its control over incentive pay to influence the outcome of the power struggle between Hernández and the Mendoza groups.

In March 1987, Mendoza was elected union secretary general while his supporters also gained control over the executive committee. METASA had moved towards participatory patterns of industrial relations, thereby strengthening labour's role as a productive resource. This provided a new basis for plant bargaining around incentive pay. These changes in union-management relations did not eliminate conflict in METASA. However, under the new terms of negotiation, each side had an immediate stake in resolving daily disputes.

In sum, METASA’s union initially gave sole priority to labour objectives. In 1984-87, the Mendoza and Hernández’ groups clashed over the issue of worker responsibility in the productive sphere. Hernández supporters held management responsible for production conditions, while asserting that the union's main role was to defend workers' material interests. In contrast, the Mendoza group negotiated higher incentive pay in exchange for increased worker responsibility in the productive sphere. The Mendoza group was able to bring about changes in industrial relations because they built upon the interdependence between efforts to ensure the firm's viability in production and labour terms. They thereby responded to workers’ economic demands while strengthening the union's bargaining position in relation to management.
4. Summary

From 1984 to 1987, workers became increasingly dependent upon incentive pay to compensate for the decline in real wages. Management relied upon incentive policies to stabilise the labour force and develop an effective form of shop-floor responsibility for productive adaptation. The latter was essential, given the degree of shop floor problem-solving and decision-making required to carry out productive adaptation. This interdependence between the two sides provided the basis for ongoing negotiations.

Plant bargaining around incentive pay also constituted a form of forced substitution in the face of constraints on national wage negotiations. IMEP's union and the Mendoza group in METASA adapted to these external political conditions in a similar manner. Both focused upon efforts to meet labour objectives within the workplace, while basing their bargaining strength upon labour's role as a productive resource. This strategy enabled IMEP's core group to reconcile its dual role in both representing labour demands and pursuing production objectives. In METASA, this approach led the Mendoza group to promote an active role for labour in resolving daily production problems.

SUMMARY AND CONCLUSION

Chapter Seven has analysed the evolution of union-management relations in light of each firm's efforts to adapt to its external environment. In 1984-87, IMEP and METASA moved to plant bargaining around social benefits and incentive pay in response to external economic and political conditions, and related production problems and challenges. This form of adaptation contributed to a growing interdependence between management and labour in the face of an escalating economic crisis. IMEP's union and the Mendoza group built upon this interdependence to advance workers' interests and assert their own position of leadership within each factory.

In IMEP, the core group's position of authority depended upon its ability to meet labour demands and secure workers' cooperation in production. They were able to exercise this dual role through plant bargaining around social benefits and incentive pay. The latter relied upon
and reinforced the patterns of cooperative participatory relations developed by this group. In METASA, the Hernández and Mendoza groups vied for the support of workers and control of the union. Faced with constraints on national pay bargaining, both turned to direct negotiations with management around social benefits and incentive pay. This form of adaptation demanded the problem-solving approach to immediate production and labour issues promoted by the Mendoza group.

The move to plant bargaining around social benefits and incentive pay did not necessarily lead to cooperative relations. On the contrary, these policies provided new arenas of conflict around periodic adjustments in incentive pay and the extent and quality of social services. These enterprises could have become unworkable as their employees left for other jobs, protested informally in the productive sphere, or became locked into patterns of endless conflict. IMEP's union and the Mendoza group provided a counterforce to these trends by developing the capacity for daily dispute resolution, problem-solving and direct negotiation with management. These capabilities became intertwined and thereby sustained cooperative relations under crisis conditions.

How did these patterns compare to the abstract type outlined in the analytical framework? Under the latter, cooperative union-management relations are based upon each side's commitment to the revolution's economic and social programme, which provides the reference point for negotiations around specific issues. Within IMEP and METASA, cooperative relations were increasingly linked to each side's efforts to resolve immediate production and labour problems, many of which stemmed from the failure of government wage policy to address shop floor issues adequately. The resultant interdependence between managers and workers gave them a shared stake in successful negotiations. This occurred within the factory as the decline in real wages and cutbacks in government social spending threatened to undermine workers' stake in the overall social transformation process.

To a significant degree, IMEP and METASA became social, cultural and educational centres designed by and for their employees. Through their unions, workers gained the power to negotiate with management, affect their immediate work environment, and resolve some of their most pressing economic problems. Nevertheless, these unions did not have the power to
shape several major decisions affecting workers in the productive and economic sphere, many of which were taken outside the enterprise. By this latter criterion, participatory relations in IMEP and METASA fell short of the cooperative type. To overcome this limitation, unions would have to combine political power to influence government policy and legislation with shop-floor power that strengthens and builds upon labour’s role as a productive resource, as discussed further in Chapter Eight.

NOTES

1 For the purposes of this study, labour objectives include the improvement of workers’ living standards and the enhancement of labour’s power and status within enterprises and society generally, as defined in Chapter One.

2 We also attempted to interview those workers who had left each firm to see whether they would offer a distinct perspective on recent events. This could have been particularly important in IMEP’s case because there was little internal opposition to the union, but labour turnover rates were high. However, it proved to be impossible to locate these workers, thereby posing a constraint upon the case studies.

3 IMEP, Interview no.4 (September 1987), Noel García, production department director (1987); Interview no.8 (July 1987), Herzán García, director (1980-1985); Interview no.9 (September 1987), Carlos Castro, area supervisor, cutting and bending section (1980-1987); Interview no.16 (September 1987), Camilo Murillo, area supervisor, equipment section; Interview no.29 (May, July 1987), Eligio Chávez, union secretary general (1984-1987); Interview no.31 (October 1987), Germán Prado, equipment assembler and head of the innovators’ movement for the metalworking industry; and Interview no.35 (July 1987), Rodolfo Villalta, Sandinista party secretary (1980).

This account of the 1979-81 period is based upon informal discussions with employees and extended interviews with IMEP’s enterprise director, union secretary general, and Sandinista party secretary as of 1980, as well as four of the seven workers who reinitiated operations in the firm.

4 This screening process was criticised by other labour federations and was not promoted by the Sandinista Workers’ Federation.

5 IMEP, Interview no.8 (July 1987), García.

6 A union had to have at least thirty workers to be recognised by the Sandinista Workers’ Federation.
This account of the 1979-81 period is based upon extended interviews with three of METASA's key labour leaders in the early 1980s, including members of the union executive committee and Sandinista party committee. It is also based upon informal discussions with METASA workers.

This account is also based upon direct observation in 1987-88.

The government closed down factory stores in 1985 when it began to distribute basic goods to wage earners through its supermarkets. Under pressure from industrial workers, the government re-opened these in 1987, as noted in Chapter Five.

Government pharmacies provided prescribed medicine at minimal costs.

These increases reflect the extension of a wide range of benefits in the 1984-87 period, as well as the uneven effect of inflation on different cost items. Social benefits depended heavily upon domestic products whereas imported raw materials, machinery and other items continued to be purchased at an artificially-low exchange rate.

See Chapter Four on difficulties in carrying out cost-benefit analysis given the soft budget constraint, plus the uneven effect of inflation on different cost items.

This estimate is based upon direct observation and informal discussions within the factory, as well as participation in a wide range of union activities.

Labour activists from opposition federations did question Sandinista control of the union, particularly from 1982 to 1984. However, they were not elected to the union executive committee nor did they obtain workers' support for strike action. Disputes between activists from the distinct federations were mainly confined to lunch-hour breaks.

These activities included adult education, voluntary work days and participation in political rallies, as well as occasional parties, theatre and videos. These activities varied during different time periods. At times, there were two or three events a week, then nearly a month would pass without any activity. Estimates of participation rates are based on observation and participation in a number of these events.

This account is based on participation in IMEP assemblies over a one year period (1987), as well as
informal discussions with workers concerning assemblies in previous years.

18 IMEP, Interview no.1 (July 1987), Valladares; and Interview no.29 (July 1987), Chávez.

19 This term was not used within the firm and would not find favour with Gonzalo Mendoza who tended to downplay his own personal leadership role.

20 METASA, Interview no.33 (May 1988), Mendoza.

21 METASA, Interview no.33 (May 1988), Mendoza; and Interview no.36 (June 1987), López; plus informal discussions with workers.

22 METASA, Interview no.32, Blandón; Interview no.33 (May 1988), Mendoza; Interview no.37 (February 1988), Freddy Sandoval, director (1982-85).

This account is based upon extended interviews with the enterprise director, and two representatives from the union executive committee and Sandinista party committee respectively, as well as informal discussions with METASA workers.

23 METASA, Interview no.8 (July 1987), García.

Although this was clearly a repressive measure, it was not taken along party lines.

24 METASA, Interview no.33 (May 1988), Mendoza; and Interview no.34 (February 1988), Hernández.

25 These were informal groups linked primarily to these two individuals and their positions on specific issues within the enterprise. The wider political affiliations of these labour leaders also influenced this split among workers, though neither followed strict party lines. Mendoza was a Sandinista party member, while Hernández belonged to the opposition Workers’ Front.

26 Annual collective bargaining agreements guaranteed union sectional representatives and executive committee members two hours paid leave to attend the weekly meetings.

27 METASA, Interview no.33 (May 1988), Mendoza; plus informal discussions with workers and participation in quarterly assemblies.

28 METASA, Interview no.34 (June 1987), Hernández; and informal discussions with workers.

This is also based upon the 1986 annual enterprise-wide assembly in which Pablo Hernández summarised union activities under his leadership.

29 In its annual 1986 report, then union secretary general, Hernández, admitted that the union had been unable to obtain a number of benefits, but blamed this on divisions within its executive committee.

30 In late 1986, IMEP and METASA introduced incentive pay based on seniority, formal education, exposure to hazards, and geographic location. This policy was designed by the Labour Ministry and introduced in workplaces throughout Nicaragua. The implementation of this policy did not have a significant impact upon the evolution of industrial relations, and therefore will not be discussed in Chapter Seven.

31 The figure 600 is utilised for illustrative purposes.

32 High inflation rates also generated conflict in METASA. Yet this tended to centre around the setting
of labour norms.

IMEP, human resources department, monthly wage and incentive records (1985-87).

IMEP, Interview no.1 (July, October 1987), Valladares; Interview no.28 (August 1987), Gómez; and Interview no.29 (October 1987), Chávez.

This account of enterprise bargaining is based upon extended interviews with IMEP's director, human resource department director and union secretary general, as well as informal discussions with workers and a review of company records. Interviewees were asked to describe changes in payment systems over time and to identify the reasons for these changes.

Monthly wage and incentive records were subject to review by the Labour Ministry and therefore may not always reflect payment actually received by workers under each category. However, information obtained during the above interviews generally did coincide with that contained in the wage and incentive records.

Under payment by contract, management assigned each unit of work a given value, multiplying the basic wage by its own estimate of the time required to complete this work. Workers often earned double the basic wage by completing work in half the time estimated by management.

When a post was left vacant, management had to notify the union who then had three days to put forward candidates. In this way, the union did have a say in the selection of plant and area supervisors.

This is a difficult question to research. Workers within IMEP did not put forward this complaint either during interviews or during the assemblies. We had intended to interview those workers who had left the firm so as to register cases wherein workers quit due to disputes with area supervisors, but were unable to locate these workers.

For example, in 1987 the union secretary general offered his resignation after a low turnout in one of the quarterly assemblies. This was not accepted by workers who committed themselves to attending the next assembly.

IMEP and METASA also organised the innovators' movement and periodically awarded individual workers for outstanding production performance. Chapter Seven focuses upon the economic brigades because they had the most significant impact upon industrial relations.

IMEP, annual union reports submitted to the Sandinista Workers' Federation (1986, 1987).

There was one exception to this policy. When IMEP brigades won the industry-wide banner, each member received an award such as shoes, clothing items or a supply of basic food products. Otherwise, I could not find evidence to negate or confirm whether this policy was carried out in practice.

METASA, Interview no.33 (May 1988), Mendoza; and Interview no.34 (June 1987, February 1988), Hernández.

This account is based upon extended interviews with the two leaders of these groups, Pablo Hernández and Gonzalo Mendoza, as well as informal discussions with METASA workers.
METASA, Interview no.33 (May 1988), Mendoza; plus informal discussions with workers.

METASA, Interview no.33 (May 1988), Mendoza.

METASA, annual union reports submitted to the Sandinista Workers' Federation (1986-87).

Ibid. For the purposes of this study, labour objectives include the improvement of workers’ living standards and the enhancement of labour’s power and status within enterprises and society generally, as defined in Chapter One.