

**INTERIM REPORT OF ROYAL COMMISSION INQUIRING INTO THE
DIFFERENCES BETWEEN THE FIRM OF J. COUGHLAN & SONS,
VANCOUVER, AND ITS EMPLOYEES**

A SOMEWHAT interesting industrial experiment is being made in the establishment of Messrs. J. Coughlan & Sons, Vancouver, largely as a result of the enquiry which is being undertaken by a royal commission appointed to investigate with a view to securing a satisfactory working agreement between the firm in question and its employees. Arrangements have been arrived at temporarily for the setting up of a joint committee on production the chief function of which shall be to eliminate what is termed "loafing" by seeking to determine the causes and then advancing the best methods for their removal. If this committee should prove a success permanent arrangements for its continuance may be established between the firm and its employees.

The complete text of an interim report of the commission outlining the purposes and functions of the experimental committee on production follows.

Interim Report of Commission

To His Excellency,
The Governor-General in Council.

Your Commission appointed by Order-in-Council dated the 6th day of February, A.D. 1919, to make inquiry into the various matters of difference as between the firm of J. Coughlan & Sons and its employees, with a view to endeavouring to secure a satisfactory working agreement as between the firm in question and its employees, and with a view to taking such steps as would seem calculated to promote and secure an amicable working arrangement between the said firm and its employees, and failing the achievement of such amicable working agreement before the Commission, to make such recommendations as would, in the opinion of the Commission, be best calculated to remove or lessen the unrest now existing, begs leave to submit the following interim report:

The Commission entered upon its duties on February 7th, 1919. Many sittings to take evidence and several conferences between the Commission and the representatives of the said firm and its employees, have taken place between said date and the date of this report.

The firm was represented before the Commission by Mr. J. J. Coughlan, Jr., and the employees by Mr. H. S. Nightscales on behalf of the Metal Trades Council, and Mr. Fawkes on behalf of the Boilermakers' Union—an organization embracing a large proportion of the employees, affiliated with the Metal Trades Council, but by arrangement between the Metal Trades Council and such organization, granted independent representation before the Commission.

A large amount of evidence has been adduced, and many exhibits filed, but at the date of this report neither party has as yet closed its case. The occasion for this report is that a solution of the difficulty, which may possibly prove permanent, has been arrived at as hereinafter detailed. The case not being yet closed, only such evidence is herein referred to as is necessary to make the solution intelligible, and such reference is to be considered as merely general, and not involving any findings by the Commission.

One of the main contentions of the men was that they were entitled to higher pay. This was met by the firm taking the stand that the granting of such higher pay under present conditions in the yard was a financial impossibility. As the case progressed, it developed that the firm contended that the progress of their shipbuilding indicated great inefficiency in their yard. The firm alleged that this inefficiency was occasioned partly, at any rate, by the tacit adoption on the part of many of their employees of a policy of restricted output and of deliberate loafing. The men in

reply contended that, assuming that such inefficiency did exist, it was largely if not wholly the fault of the management. Assuming that such inefficiency does exist, it seems clear that if it could be removed, the firm, provided that its contention of financial inability to pay under present conditions is correct, would find itself in a position where it could look more favourably upon the men's demand for higher pay, as a result of greater output within a given time.

This situation was realized by the representatives on both sides, and as a result the following arrangement has been arrived at:

A Committee on Production has been set up as from March 31st. This Committee is to be composed for the present of three nominees by the firm, chosen from their executive, and three nominees elected by the Metal Trades Council.

1. This Committee's function shall be: to eliminate what is termed loafing by seeking to determine the cause, and advance the best methods for removing same.

2. This Committee to be given as its scope the whole of the operations of all construction work in the yard.

3. The Committee must in the execution of their duty have power to recommend any change which may be deemed necessary in either construction methods or managerial methods, e.g., if at any time such recommendation is made to the management, and the management ignores such suggestion, the highest tribunal will be called in to adjust any such recommendation.

4. The scope of the Committee to include the following:

- (a) To adjust all grievances as far as possible according to agreement.
- (b) To look after the safety of the men.
- (c) To observe all operations going on and suggest the elimination of any wastage in connection with any department.

In the event of disagreement by the Committee, on any point, either side is to have the right to call upon your Commission to sit and to adjudicate upon such dispute. The decision of a majority of your Commission is to be binding on both sides. This arrangement is to last for sixty days, during which time the firm is to pay a scale of wages higher than it had been paying previous to the issuing of this Commission, which scale was agreed upon between the firm and the labour representatives as being one that would be mutually satisfactory until such time as the Commission had reported.

At the end of the above period, if the Committee proves a success it is hoped that a permanent agreement may be established between the firm and its employees. If, on the other

hand, the scheme is not satisfactory, the Commission is to resume its sittings, complete the case, and send in a final report.

It is understood that the personnel of this Committee may be added to by having placed thereon a representative of the Boilermakers' Union. If this is done, the firm is to have the right to nominate an additional member, the idea being that there shall be equal representation of employer and employee, on the Committee, with your Commission as a court of appeal in case of dispute. At the date of this

report the Boilermakers' Union has not decided whether it will nominate a member on the Committee or not.

All of which is respectfully submitted.

(Sgd.) DENIS MURPHY.

(Sgd.) F. W. WELSH.

(Sgd.) HENRY H. WATSON.

Dated at Vancouver, B.C., April 1st. 1919.

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THE COUGHLAN SHIPYARD DISPUTE

Final Report of the Royal Commission Appointed to Enquire into the Differences.
Shop Committee to be Created.

THE Royal Commission appointed to investigate with a view to securing a satisfactory working arrangement between the firm of J. Coughlan & Sons, of Vancouver, and their employees, submitted its final report to the Governor General on July 24. The report states that an agreement has been reached whereby the temporary Joint Production Committee, recently set up in the yards, following the suggestion embodied in the interim report of the Royal Commission (LABOUR GAZETTE, April, 1919, p. 430), is to be replaced by a shop committee vested with wider powers; such commit-

tee to consist of three appointees of the Metal Trades Council, who are to receive salaries which are to be paid by Messrs. J. Coughlan & Sons.

The text of the report, in which is embodied the agreement in question, follows:

To His Excellency,
the Governor General in Council.

Re Coughlan Dispute.

Your Commission appointed pursuant to an Order-in-Council dated the 6th day of February, 1919, to make an in-

vestigation concerning the relations between the firm of J. Coughlan and Sons, of the City of Vancouver, in the Province of British Columbia, and its employees, with a view to taking steps to promote and secure an amicable working arrangement between the said firm and its employees, begs leave to report as follows:

On the 1st day of April, 1919, an interim report was sent in to the effect that a tentative agreement had been arrived at between the Coughlan firm and its employees, the life of which was to extend to June 1st, 1919. A term of this tentative agreement was that your Commission was to be a tribunal of final appeal should disputes arise thereunder. No occasion arose, however, to invoke this provision. Since the date of the interim report your Commission held three sittings in relation to delay in arrival of steel. As a result of action taken by the authorities at Ottawa on telegraphic reports from the Commission, this difficulty was put in process of solution. On July 9th, 1919, your Commission, at the request of both sides, again convened, when an agreement, Exhibit 131, was laid before it as being one which the Coughlan firm was willing to enter into, and one which the Vancouver Metal Trades Council Executive was prepared to recommend to that body for acceptance. As stated in the interim report, the Boilermakers' Union, although affiliated with the Metal Trades Council, had been separately represented before this Commission. This union embraces in its membership a large part of the Coughlan firm employees. It had declined to formally become a party to the agreement set out in the interim report, but through its affiliation with the Metal Trades Council was in a measure a party to such agreement, and as a matter of fact no trouble arose during the life of the agreement because the Boilermakers' Union was not formally a party to it. Obviously, however, it was desirable that this union should agree to any permanent arrangement. The proposal made before the Commis-

sion was that the tentative agreement submitted should be laid before both the Metal Trades Council and the Boilermakers' Union, and if approved by those bodies should become binding by being placed on the record of the Commission after being formally assented to in open session of the Commission by representatives of the Coughlan firm, the Metal Trades Council and the Boilermakers' Union. As Mr. J. J. Coughlan, who had throughout conducted the case of the Coughlan firm, was leaving Vancouver on July 9th, to be absent for from six weeks to two months, the agreement was left in the hands of the Commission to obtain if possible, the approval of the trades union bodies, but with the stipulation that no changes be made unless same were submitted to and approved by Mr. J. J. Coughlan. As a result of the meetings of the Commission held on July 10th, 15th, 21st and 24th, an agreement, Exhibit 131, was finally arrived at, approved of by the Metal Trades Council, the Boilermakers' Union, and the representative of the Coughlan firm—all alterations from the original draft having been approved of by wire, by Mr. J. J. Coughlan (Exhibits 132, 133, 134 and 135). This approval appears on the record of evidence, page 1081.

Mr. A. Cumming, who assented on behalf of the Boilermakers' Union, had been substituted by that body as their representative before the Commission in the place of Mr. Fawkes, who appeared for them at the earlier sittings.

Exhibit 131 reads as follows:

THE AGREEMENT ARRIVED AT BETWEEN THE FIRM OF J. COUGHLAN & SONS AND THE VANCOUVER METAL TRADES COUNCIL IS AS FOLLOWS:

During the period required to complete the contracts at present on hand, being vessels four, ten, eleven, twelve, thirteen and fourteen, the wage to be paid to the various craftsmen shall be the same as that agreed upon at a previous sitting of this Royal Commission, the details of which are familiar to both parties to this agreement and to various different unions controlled by the Metal Trades Council, and, in all other respects, the agreement which terminated August 31st, 1918, to apply and form part of this agreement except as hereby altered.

It is agreed that the Production Committee heretofore in existence shall be dissolved and replaced by a Shop Committee consisting of three (3) appointees by the Metal Trades Council; the functions of this Committee being:

(1) To devise ways and means of insuring the endurance of the shipbuilding industry in the yards and to sustain the wage standards and make permanent the positions of the employees as far as possible in face of present and future conditions surrounding the industry.

(2) It will be the duty of the Committee to promote a feeling of good fellowship in the yards and to give both the employee and the firm a square deal, and to this end the sincere co-operation of the firm's executive organization and of every employee is earnestly requested.

(3) The scope of the Committee will also include the following:

- (a) To adjust all grievances as far as possible.
- (b) To look after the safety of the employees.
- (c) To observe all operation going on and suggest the elimination of any wastage in connection with any department.

The representatives of the Metal Trades Council previously acting on the Production Committee shall immediately commence to act temporarily as the new Shop Committee, with the understanding that their appointment shall be subject to confirmation by the Metal Trades Council and the further understanding that in the event of any change being made in the personnel of the Committee, such changes shall be subject to the approval of J. Coughlan & Sons.

The salary of the Shop Committee is to be two hundred and seventy-five dollars (\$275.00) per month, payable monthly, to each committee man, and to be paid by the firm of J. Coughlan & Sons.

It will thus be seen that a settlement has been arrived at which ends the difficulties, the existence of which was the cause of the appointment of your Commission. It would serve no useful purpose, therefore, to analyze and report on the evidence adduced by both sides in support of the contentions they set up and in fact this could not fairly be done, because neither side had completed its case. This, therefore, has not been attempted in this report. The settlement extends over the period required to complete the contract at present on hand in the Coughlan yards, being contracts for vessels numbers 4 and 10 under construction for the Imperial Munitions Board, and vessels numbers 11,

12, 13 and 14, under construction for the Canadian Government. Doubtless the only reason for so limiting its duration is the fact that the firm has no further work in sight and if more contracts are not obtained the yards must close. (Coughlan, 87.) Your Commission regards this condition as so serious as a probable cause of further labour unrest among the Coughlan employees (in connection with which it is authorized by the Order-in-Council in certain contingencies to make recommendations) that it begs leave to call attention to the following facts:

The Coughlan firm, in October, 1918, had 3,000 men on its pay-roll (Brammall, 967). Shipbuilding is a business that can be and has been carried on in Vancouver all the year round as is evidenced by the fact that this Commission was applied for in January, 1919, to deal with a labour dispute then in existence in the Coughlan yards (Exhibits 1, 2, 3, 4, 5). While not brought out in evidence because a settlement was reached before either side had closed its case, it is common knowledge that there is at the present date an alarmingly large body of unemployed men in Vancouver, and this at a time when owing to the season of the year the maximum of work should be available. The record does show that labour expects under present conditions there will shortly be a great deal of unemployment. (Moore, 87, 88 and 89.) The present contracts held by the Coughlan firm will be completed in the early fall, probably in September or October. (Coughlan, 87.) As the work on hand nears completion, fewer men can be employed, and of course if no new work is obtained the yards must close when the present contracts are completed.

Labour unrest of a pronounced kind must, in the opinion of your Commission, follow the throwing out of employment of such a large body of men as the Coughlan firm employs (or can employ,—and have employed in the past) through no fault of their own, but who on the contrary have shown their desire

for steady employment by entering into the agreement, Exhibit 131. The existing large body of unemployed shows that it will be useless for them to look elsewhere for jobs. This will be emphasized by the time of year when the yards will close, the early fall, when most outside work other than shipbuilding must shortly cease because of the approach of winter. At the same time the need of money by the workers will be more urgent because of the unavoidably heavier expense of existence of themselves and their families during the winter months. These being the prospects, the men feel that the Dominion Government should take care of the situation at least for a time, even if shipbuilding in the West entails a somewhat higher cost than in the East. (Moore, 85.)

The alternative is the expenditure of money to support the idle worker (*ibid*) with all the attendant unrest and agitation which would almost inevitably follow.

Further, the men point to certain facts brought out in evidence as reasons why they may rightfully expect special consideration will be given by the Government to the recommendation hereinafter made that further contracts be promptly awarded to the Coughlan firm. During the spring and summer of 1918 that firm had an opportunity to obtain contracts from the French Government which would have kept the yards continuously employed until 1921. (Coughlan, 259, 260, 261, 262, and Exhibit 67.) These contracts were to be at a figure which would have enabled the firm to pay the men the same wage which obtains, or will obtain during the currency of the contract in the Pacific Coast shipyards in the United States. (Coughlan, 259, 260, 261.) This wage is higher than the wage paid by the Coughlan firm to its employees, at any rate from the date of expiry of its agreement with them in August, 1918, up to the date of the tentative agreement mentioned in the interim report of the Commission. (Rouse, 142.) It does not appear in evidence how the

wage scale now agreed upon compares with the scale in force in the United States Pacific Coast shipyards, but it is somewhat lower, as the Commission is informed by Commissioner Welsh, who by virtue of his position has accurate knowledge of the matter. The Dominion Government as a matter of policy prevented the Coughlan firm from entering into these contracts. (Coughlan, 258, 261, 287, 288, 289, 290.) The alternative before the Coughlan firm was to take contracts under the Government's policy, or close its yards. (Coughlan, 264.) The price set by these contracts, namely, \$198 per ton, placed the Coughlan firm in the position of not being able to pay any higher wages than were then being paid in their yards, which wages were below those paid in the Pacific Coast shipyards in the United States. (Coughlan, 290, 296.) The contracts offered for foreign account ranged in price from \$227 per ton in the spring of 1916 (Exhibit 67) to \$210 in the early fall of the same year. (Coughlan, 259, 270, 287, 288.)

The men raise no question as to the necessity or wisdom of the Government's policy, but they do say that since its effect was to prevent work being obtained that would have kept them employed for another three years at a higher rate of wages than they have been receiving, but which nevertheless they have agreed to accept, the Government should see to it that they should not be thrown out of employment at the beginning of winter because the Coughlan firm cannot obtain further contracts. (Fawkes, 110, 111.) The embargo against building for outside parties was raised three weeks after the armistice was signed, but though Mr. J. J. Coughlan forthwith made strenuous endeavours to secure such work he failed to obtain same. (Coughlan 264.)

It is pointed out that in connection with this prevention of construction of vessels for foreign account the Dominion Government took the position that it was going to build up a merchant marine and would require the capacity of all Cana-

dian shipyards, and therefore it was not possible to allow these shipyards to build for allied Governments. (Coughlan, 262.) Announcement was made in Parliament of the Government programme. (Coughlan, 292, 293, quoting Hansard under date April 4th, 1918.) In October, 1917, enquiry had been made by the Dominion Government from the Coughlan firm for prices on ship construction covering the years 1919, 1920 and 1921 (Exhibit 61) and in August, 1918, the Minister of Marine stated to Mr. Coughlan his yards would be kept going for three years. (Coughlan, 293.) Again, when the Victory Loan campaign was on in Vancouver, canvassers in the shipyards emphasized the point that generous subscriptions by the workers would mean more contracts for ships to be built here, (Creedon, 554, 555, Rouse, 140, 141, 155, 156; Tierney, 451, 452), and had official sanction for such statement. (Creedon, 555.) The loan was a success in the shipyards (ibid).

In view of the foregoing, your Commission is of opinion that to prevent

serious labour unrest among the shipyard workers arising from lack of employment and a feeling of unfair treatment, the Government should take prompt action in awarding further shipbuilding contracts sufficient to keep the Coughlan yards employed at full capacity, at any rate throughout next winter and the coming spring. Fortunately, as appears from press reports, Parliament during its recent session made a liberal appropriation for further shipbuilding in Canadian yards, so that funds are available if the recommendation herein made meets with approval. The evidence and exhibits are transmitted herewith.

All of which is respectfully submitted.

(Sgd.) DENIS MURPHY,
Chairman.
(Sgd.) F. W. WELSH,
Commissioner.
(Sgd.) HARRY H. WATSON,
Commissioner.

Dated at Vancouver, B.C., July 24th,
1919.