

# **Royal Commission on Industrial Relations**

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## **Report of Commission**

**appointed under Order-in-Council (P. C. 670) to**

**enquire into**

## **Industrial Relations in Canada**

**together with a**

**Minority Report**

**and**

**Supplementary Report**

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*(Printed as a supplement to the LABOUR GAZETTE, July 1919.)*

# Royal Commission on Industrial Relations

## Order-in-Council establishing Commission

Certified copy of a Report of the Committee of the Privy Council, approved by His Excellency the Governor General on the 4th April, 1919.

P. C. 670.

The Committee of the Privy Council have had before them a report, dated 22nd March, 1919, from the Chairman, Labour Sub-Committee of the Reconstruction and Development Committee, stating that a resolution was adopted at the meeting of the Labour Sub-Committee of the Reconstruction and Development Committee on the 19th instant, in the terms following:

The Labour Committee has been impressed by the necessity of some policy being formulated which will bring about the adoption of co-operative relations between employers and employees in the various lines of industry, as the best means of establishing a satisfactory relationship in industry throughout Canada. The Labour Committee realizes the different conditions existing in various industries, but nevertheless feels that there are certain basic principles which apply to all. The Labour Committee has itself given earnest consideration to the efforts which are being made in this and other countries for the solution of the problem of industrial relationships, and, recognizing the complexity and importance of this problem, recommends that a Royal Commission be appointed immediately to report to the Government on the following matters, namely:

1. To consider and make suggestions for securing a permanent improvement in the relations between employers and employees.
2. To recommend means for ensuring that industrial conditions affecting relations between employers and employees shall be reviewed from time to time by those concerned, with a view to improving conditions in the future.

For the above purposes the Commission shall:

1. Make a survey and classification of existing Canadian industries.
2. Obtain information as to the character and extent of organization already existing among bodies of employers and employees respectively.
3. Investigate available data as to the progress made by established joint industrial councils in Canada, Great Britain and the United States.

It is further recommended that the Commission shall submit a final report on the foregoing reference not later than June 1st, 1919.

The Committee concur in the foregoing recommendations and submit the same for approval.

RODOLPHE BOUDREAU,  
Clerk of the Privy Council.

### MEMBERS OF THE COMMISSION.

- The Honourable Chief Justice Mathers, of Manitoba, Chairman;
- The Honourable Smeaton White, a member of the Senate, and Managing Director, Montreal Gazette Publishing Company, Montreal;
- Charles Harrison, M.P., Railroad Conductor, North Bay, Ont., as representatives of the public.
- Mr. Carl Riordon, President, Riordon Pulp and Paper Company, Montreal, P.Q.;
- Mr. F. Pauzé, Lumberman, Montreal, P.Q., as representatives of the employers.
- Mr. T. Moore, Ottawa, President of the Trades and Labour Congress of Canada;
- Mr. J. W. Bruce, of Toronto, Member of the Labour Appeal Board, as representatives of the employees.
- Mr. Thomas Bengough, of Toronto, who served as Secretary on the Technical Education Commission, Secretary.

# Report of the Royal Commission

appointed under Order-in-Council (P. C. 670)

## to enquire into Industrial Relations in Canada together with a Minority Report

To His Excellency  
the Governor General-in-Council.

Sir,

The undersigned Commissioners appointed to inquire into industrial relations in Canada beg leave to report as follows:

1. By the terms of our Commission we were required: first, to consider and make suggestions for securing a permanent improvement in the relations between employers and employees; second, to recommend means for insuring that industrial conditions affecting relations between employers and employees shall be reviewed from time to time by those concerned, with a view to improving conditions in the future.

2. For the above purpose the Commission was directed:

- (1) to make a survey and classification of existing Canadian industries;
- (2) to obtain information as to the character and extent of organization already existing amongst bodies of employers and employees, respectively;
- (3) to investigate available data as to the progress made by Joint Industrial Councils in Canada, Great Britain and the United States.

3. We opened the inquiry at the City of Victoria, in the Province of British Columbia, on the 26th day of April last, and completed it at the City of Ottawa on the 13th day of June instant. Between those dates we held seventy sessions in twenty-eight industrial centres, extending from Victoria, B.C., to Sydney, N.S., in the course of which we examined 486 witnesses.

4. In view of the nature of our inquiry, it was decided that statements

should be received without oath; and that the cross-examination of witnesses in the ordinary sense should not be permitted.

5. Our meetings were announced in advance by advertisement in papers circulating in the localities where the meetings were to be held, and all persons possessing information likely to be of value were publicly invited to attend.

6. The witnesses examined represented both employers and employees, and the public generally. Many of them represented groups, who had, in anticipation of our visit, prepared statements in writing, which were presented as the collective views and opinions of the group. In addition to these a large volume of evidence more or less pertinent was submitted in the form of written and printed pamphlets and documents. We also, wherever possible, visited and personally examined industrial plants with the object of visualizing for ourselves the operations of the plant and the working conditions of the men employed in it.

7. We recognize that much of the evidence received consists only in expressions of opinion, in many cases based on the statement of fact which we could not accept at their face value, without much fuller investigation. We believe, however, that the evidence as a whole portrays with a fair degree of accuracy the thoughts and conditions of mind of the industrial population of Canada.

### CHAIRMAN'S ADDRESS.

8. At the opening of the session in the City of Victoria, the Chairman, with the approval of the other members of the Commission, made the following statement:

9. "At the opening of our proceed-

ings I desire to very briefly give the reasons why this Commission has been appointed; the general topics upon which we desire to obtain information, and the results which we hope and trust may be achieved by our work.

10. "The upheaval taking place throughout the world, and the state of men's minds during this critical period, make this the time for drastic changes of the industrial and social systems of Canada.

11. "In view of this, the Government has created this Commission on Industrial Relations, charged with the duty of considering and making suggestions for establishing permanent improvements in the relations between employers and employees. whereby, through close contact and joint action, they can improve existing industrial conditions and devise means for their continual review and betterment.

12. "The Commission's report being intended as the basis for any recommendations or actions the Government may decide upon at the present session, time becomes an important factor, and therefore the Commission, in harmony with the terms of the Order-in-Council creating it, has decided to confine as closely as possible the enquiry to the following subjects:

1. Organization and Classification;
2. Unsatisfactory Conditions and Labour Troubles;
3. Remedies applied or suggested;
4. Profit-Sharing; Bonuses and Co-Partnership;
5. Joint Councils;
6. General Comment or Suggestions;
7. Mental Attitude.

13. "As far as possible, all persons so desiring and having anything of material value to offer on these subjects will be given a hearing. but in justice to others who may follow they are asked to be as brief as possible in their presentation.

14. "In July, 1917, the British Government appointed a Commission of Inquiry into the problem of industrial un-

rest, and in conclusion I do not think that I can do better than quote from its report:

'What is wanted is a New Spirit—a more human spirit, one in which economic and business considerations will be influenced and corrected, and it is hoped will eventually be controlled, by human and ethical considerations. The main cause of unrest lies deeper than any material considerations. The problem is fundamentally a human and not an economic problem. A new spirit of partnership is therefore essential.'

15. "We are now ready to hear any person who has anything to offer along these suggested lines. It is proposed that any person who has any statement to make will be permitted to freely make it without interruption and without oath or formality, the idea being to elicit the real view of every person, expressed in his own language and his own way. As I have intimated, our time is extremely brief. We are expected to cover the whole of Canada before the 9th of June, therefore we must ask those who appear before us to make their statements as concise and as much to the point as possible."

16. As by the terms of our Commission we are required to consider and make suggestions for securing a permanent improvement in the relations between employers and employees, we deemed it our first duty to inquire into the existing relations and to discover the extent and cause of industrial and labour unrest, which at present exists in Canada. That serious unrest does exist is abundantly established by witnesses representing different shades of opinion and by the number of labour disputes which have taken place during the last few months, some of which are still pending and others threatening.

17. The unrest is most pronounced in western Canada. There it assumes a distinctly different character from that which prevails in eastern Canada. In several western cities labour was represented by many holding extreme radical

views. Undoubtedly a portion of the labour unrest at present prevailing is to be ascribed to the upheavals in Europe and the disturbed state of the public mind generally owing to the war. This has given risen to a desire on the part of workers generally to secure a position for themselves in a comparatively short period of time, which otherwise might have been the result of evolution during a long period of years. This desire varies in degree amongst different groups of workers. One group lays down as a principle the complete possession by themselves of the machinery of production and the full product of their toil, whilst the group at the other extreme would be satisfied with merely a larger purchasing power of the wages they receive. In between these groups lie the more moderate, and we believe the majority, who would welcome co-operation and industrial peace until by a gradual process of evolution a system may be ushered in by which the workers will receive a more adequate share of what their labour produces.

18. Many employers are in agreement with the workers as to the need for an ultimate change in the basis of industry, but are not in agreement as to how to achieve this object.

19. All changes should be made step by step, because we can only see a little way ahead, and each successive step should be based on the experience gained by the steps already made. At the same time we should determine the general direction in which we want to go, which should be towards the health, happiness and prosperity of the workers and the service of the community.

20. The workers of this country are devoting a great deal of thought to the study of economic questions. This educational process is apparently going on amongst them to a greater extent than amongst the employers of labour. Some of the literature read may not be sound, and the mental training of some of the workers may not be of a nature to enable them to thoroughly understand it, yet we are convinced that the good

sense and sound judgment of the majority of the workers enable them to discriminate between what is sound and what is unsound. For this reason, extreme doctrines have not been accepted by any but a minority of the working people. Though the advocacy of extreme views both by speech and by the distribution of literature may be a contributing cause to occasional outbursts, the real causes of unrest are of a more fundamental nature.

21. The chief causes of unrest may be enumerated as follows:

1. Unemployment and the fear of unemployment.
2. High cost of living in relation to wages and the desire of the worker for a larger share of the product of his labour.
3. Desire for shorter hours of labour.
4. Denial of the right to organize and refusal to recognize Unions.
5. Denial of collective bargaining.
6. Lack of confidence in constituted government.
7. Insufficient and poor housing.
8. Restrictions upon the freedom of speech and press.
9. Ostentatious display of wealth.
10. Lack of equal educational opportunities.

22. There were many other reasons assigned for unrest and dissatisfaction, some confined to particular localities, but the above embrace the causes most frequently expressed.

23. It is obvious that the best method of dealing with present unrest and establishing better relations between employer and employee is to remove the cause in so far as it is possible or practicable to do so. The following pages contain our suggestions to that end.

#### UNEMPLOYMENT AND THE FEAR OF UNEMPLOYMENT

24. We have placed unemployment first because we found that there was the greatest unrest where there were the most unemployed. Unemployment was

found in several of the large urban centres. There is, however, little unemployment in the smaller towns and rural districts, notwithstanding the number of workers who have been released from munition work and the number of soldiers who have been discharged. In some manufacturing centres, such as Kitchener, there was actually a scarcity of labour.

25. In practically every Province there is a great scarcity of labour on the farms. This scarcity is most pronounced in the three Prairie Provinces and in the Province of Ontario, but we heard the same complaint in Quebec, New Brunswick and Nova Scotia. The cause is to be found in the great disinclination of unemployed labourers to take this kind of employment. At one point we were informed by the local Government Employment Officer that he had on his books a list of 1,000 men asking for employment, while at the same time he had a list of 1,500 vacancies upon farms, but none of the 1,000 men could be induced to accept them. The chief reason assigned is an objection to the condition of life on the farm, its isolation, the hard and long hours of labour, the seasonal nature of employment and insufficiency of wages paid during the few months of employment to tide the farm labourer over the unemployed season, or to maintain his family in the urban centre.

26. An increasing number of the farmers would gladly employ men by the year, and in some cases provision has been made for providing a married man with a separate dwelling, but there is still a lack of such accommodation. The farmer imputes the reluctance of labourers to come to the farm to the fact that wages have become so high in the manufacturing plants of the cities, that they have got beyond the price which the farmer can profitably pay. On the whole we believe that if the unemployed of the cities could be induced to take service upon the farms, the unemployed problem, as it exists in Canada, would be largely solved.

27. In any movement to place the unskilled labour from the cities upon the farms, discretion would have to be exercised. The introduction of machinery and improved methods have made farming, to a large extent, a skilled industry requiring skilled labour. We were told by more than one farmer that the ordinary unskilled labourer from the city is, until he has acquired some knowledge of the industry, of very little, if any, use.

28. Some of the more permanent factors in the unemployment problem are the seasonal nature of many industries due to climatic conditions, lack of continuity in large construction works, and the great distance between some industrial centres.

29. Present unemployment is in a measure due to the curtailment of production in some industries because of the lack of ocean tonnage. The large number of orientals employed in the lumber industry in British Columbia was also complained of. It was stated that while white men were out of work orientals were employed because they could afford to work for less than the white men (owing to their higher standard of living) could possibly exist upon. On the other hand employers assert that white men will not do much of the work that orientals have usually done.

30. We were glad to observe that the returned soldiers have to a large extent been reabsorbed into civil life, generally by being taken back into their former positions.

31. Owing to the unsettled conditions, we found everywhere a great reluctance on the part of those possessing unemployed capital to risk it in new enterprises or in the expansion of those already established.

32. As a means of providing immediate employment several witnesses urged that the Governments—Dominion, Provincial and Municipal—undertake the prosecution of useful public works. The works suggested were dry docks, shipbuilding, railway extensions, building

of necessary roads and bridges and clearing the land for agricultural purposes.

33. On the wisdom or propriety of undertaking useful public works for the purpose of relieving temporary unemployment, the "memorandum" issued by "The Garton Foundation" in January of this year, on "Industrial Situation After the War" (p. 69) has this to say:—

"Even with the most complete machinery that can be devised, it is difficult to see how a certain amount of temporary unemployment can be avoided if we are content to rely entirely upon the ordinary course of relations between supply and demand. This margin of unemployment could, however, be largely reduced, if not extinguished, by State and Municipal expenditure upon work of public utility. Such a policy will need to be carried out with care and closely watched from the standpoint both of public economy and industrial conditions. Employment of this nature can never form a permanent substitute for that arising from industrial activity, and it would be worse than folly to keep men engaged upon stand-by government or municipal work when the industries of the country were ready to receive them. All such work should, therefore, be undertaken in close co-operation with Employment Exchanges and the local committees representing employers and employed. It should also be confined to work of definite utility and, as far as possible, to undertakings of a productive nature, or connected with the restoration of the national plant. At the same time, it would be legitimate to anticipate to some extent work intended to be done in the near future in order to give employment at the moment when it is most needed. There is a large amount of really valuable work to be done in connection with housing, the repair and improvement of roads, afforestation, the reclamation of waste land, etc., which would prove a sound investment both from the social and economic point of view...."

34. But supplying the unemployed

man with suitable work for the present will not entirely solve the problem. Before the labourer can be made contented the haunting fear of unemployment must be removed from his mind.

35. This is something which affects all wage earners, but more especially the casual labourer. He can never be sure just when his employment will terminate and he will be left without the means of subsistence.

36. Unemployment may arise from other causes than the loss of his job. He may be incapacitated by sickness, invalidity or old age. Very few labourers are able, out of their earnings, to make provision for these contingencies. We recommend to your Government the question of making some provision by a system of State Social Insurance for those who through no fault of their own are unable to work, whether the inability arises from lack of opportunity, sickness, invalidity or old age. Such insurance would remove the spectre of fear which now haunts the wage earner and make him a more contented and better citizen.

#### HIGH COST OF LIVING IN RELATION TO WAGES.

37. From end to end of Canada the high cost of living was assigned as one, if not the chief, cause of labour unrest. The opinion was frequently expressed that if that problem could be solved, and the equilibrium established between the wages and the cost of living, labour unrest would largely disappear. We were told that although during the war nominal wages were advanced from time to time, real wages had not advanced because the rise in the prime necessities of life invariably kept just ahead of the advance in wages. It was stated that in many cases after the workers had secured an advance in wages the cost of the commodities immediately also advanced, so that the increase in wages had been immediately neutralized.

38. There exists in the minds of a great many people a deep-seated belief

that the high cost of living is due to profiteering in the necessities of life, and that the chief instrument made use of to that end is the various cold storage plants. It is said that in some localities public markets have ceased to exist because the agents of those cold storage plants now intercept the supplies which the farmer would otherwise bring to the market for sale. In this way the frugal housewife who had been in the habit of going to the market daily for the family requirements of meat, vegetables, etc., can no longer make use of this means of supply. Those who suffer from this cause are not alone those ordinarily classed as labourers, but also the salaried classes.

39. Another cause which is blamed for the high cost of commodities is the present expensive system of distribution. The belief is widely entertained that there are too many middlemen, and that some system ought to be adopted which would bring the producer and consumer more in direct contact. As evidence of this necessity, our attention was directed to the great spread between the price realised by the producer and that paid by the ultimate consumer.

40. This subject was brought prominently before us as one of the chief contributing causes to the industrial unrest and we are glad to know that it is now being investigated by a committee of the House of Commons.

41. The high cost of living is closely allied with a desire by the worker for a larger share of the product of his toil. In fact, it appears as though the existence of the one gives rise to the demand for the other. Be this as it may, there is a settled conviction in the mind of the worker that he does not get a fair share of the value which his labour produces. Exactly what steps are to be taken to satisfy this demand has given rise to a great diversity of opinion amongst workers themselves.

42. To a considerable extent in the past labour has been regarded as a commodity to be bought and sold in the open market, the price to be paid being de-

termined by the supply and demand. We believe that labour should no longer be so regarded, but that greater recognition should be given to human rights and human aspirations, and that the chief consideration in industry should be the health, happiness and prosperity of the workers and service to the community.

43. The first clause of the Labour Declaration in the Peace Treaty states that "labour should not be regarded merely as a commodity or as an article of commerce." That we believe to be the basic principle on which the dealings between the employer and the employee should be established; and if it is freely and frankly acknowledged by employers, and acted upon in good faith, we believe it will go a long way to improve the relations between them.

44. Without any extraordinary upheaval, policies may be adopted which will ensure to the worker a fairer reward for his toil, and a living wage, and insure him against want during temporary periods of enforced idleness because of unemployment, sickness or invalidity, and during old age.

45. As a means of improving the relations between themselves and their employees many employers have put into practice different profit-sharing plans. It would not be correct to say that these profit-sharing plans have escaped criticism, but witnesses engaged as workers in industries where these plans are in operation agreed that they had promoted harmony in industry. In order that they may succeed it is essential that the recipients should be put in possession of the information necessary to enable them to judge whether they were getting a specified share of profits or a mere dole.

46. In several of the Provinces of Canada the absence of a minimum wage law, particularly for women and girls, was mentioned as a serious cause of dissatisfaction. In four Provinces—Manitoba, British Columbia, Saskatchewan and Quebec—there is such a law administered by a Minimum Wage Board, by which the minimum rate to be paid is



fixed from time to time. We believe that such a law should be enacted in all the Provinces, and should cover not only women and girls but unskilled labourers as well.

#### HOURS OF LABOUR.

47. We found at the great majority of places visited a demand by the workers for a shorter working day, based on their desires for more leisure and energy to devote to the things of life other than work, and a general approval by the employers in regard to this.

48. Many opinions were expressed by workers on this proposition. The most common request was for an eight-hour day with the Saturday half-holiday, where already established, and its further extension wherever possible, thus making the 44-hour week.

49. Approval by the employers was generally coupled with statements of difficulties with which they were faced. These were:

- (1) The necessity for the utilization of all possible daylight where industry is subject to climatic conditions and must be carried on during a limited season. Examples of these were farming, fishing, logging, etc.
- (2) The disadvantage of a section of an industry working shorter hours in competition with other sections of the same industry within Canada working longer hours.
- (3) The fear of the inability of Canadian industry, with its small home market, to meet the competition in foreign markets if the conditions in Canada were advanced too far ahead of countries manufacturing similar products.

50. A shorter day is most needed in industries that are fatiguing, monotonous, or under trying conditions, such as heat, dust, cramped position, etc.

51. The number of hours worked should not be fixed by the ability to work them without undue fatigue, but

should be based scientifically upon the demands of industry.

52. In many industries in Canada the eight-hour day has already been adopted, and it has been recognized by the Peace Treaty. We recommend that it be established by law throughout Canada, with due regard for the above consideration. Such legislation should provide for a weekly rest of at least twenty-four hours which should include Sunday whenever practicable.

53. Where a shorter day is now worked the enactment of such legislation should in no way interfere with such practice or with its extension.

#### DENIAL OF RIGHT TO ORGANIZE.

54. Employers may be divided into three classes—(1) those who deny the right of their employees to organize and who actively take steps to prevent such organizations; (2) those who, while not denying that right of their employees to organize, refuse to recognize organization among their employees, and persist in dealing with them as individuals, or as committees of employees, without regard to their affiliation with the organization; and (3) those who not only admit the right to their employees to organize, but recognize and bargain with the organization on behalf of their employees.

55. There are not many employers in Canada who belong to the first class, but there are a very large number who belong to the second class. The employers who openly object to their employees organizing are not many, but, rightly or wrongly, the workers believe that numbers of employers who openly declare their willingness that their employees should organize, covertly interpose obstacles in the way of their doing so, and that employees who are active in organizing their fellows into Trade Unions are got rid of, or penalized in some other way. To the third class belong the great railway, telegraph and mining companies and many building trades. Outside of these, the employers of labour

who recognize and deal with organized labour as such are in the minority.

56. The Government of Canada, by Order-in-Council passed in July, 1918, make a declaration of policy with respect to organizing. One clause of this Order-in-Council provided that "All employees have a right to organize in Trade Unions, and this right shall not be denied or interfered with in any manner whatsoever, and through their chosen representatives they should be permitted and encouraged to negotiate with employers concerning working conditions, rates of pay, and other grievances."

57. On the whole we believe the day has passed when any employer should deny his employees the right to organize. Employers claim that right for themselves and it is not denied by the workers. There seems to be no reason why the employer should deny like rights to those who are employed by him.

58. We believe the frank acknowledgment of this right by employers will remove one of the most serious causes of unrest. The employers gain nothing by their opposition because, notwithstanding much opposition, their employees do organize, and the refusal but creates in their mind a **rankling sense** of injustice.

59. Not only should employees be accorded the right of organizing, but the prudent employer will recognize such organization, and will deal with the duly accredited representatives thereof in all matters relating to the interests of the employees, when it is sufficiently established to be fairly representative of them all.

60. The right to organize would be more fully recognized, we believe, if the distrust and lack of confidence at present existing could be removed. One pronounced cause of this lack of confidence is the number of cases in which it was claimed that trade agreements entered into have not been faithfully observed. Allegations of lack of observance were made by both employer and employee.

We cannot close our eyes to the fact that in some sections representatives of local trades unions have advocated extreme measures. The selection of such men and the advocacy of these measures, we were led to believe, was the logical outcome made by both employer and employee. of unjustifiable opposition by some employers. The adoption of the principle of the sympathetic strike has arisen from the refusal of groups of employers to grant the claim of the organized workers. These factors have been assigned as the chief causes of the non-observance of contracts entered into by the workers in numerous cases, especially in western Canada. This policy is not recognized by the international trades unions who believe in the due observance of agreements entered into by themselves or on their behalf. It cannot be denied that trades unions generally have brought many solid advantages to workers, in the form of increased wages, shorter hours and improved conditions.

61. When the employers engaged in one line of industry are organized and their respective employees are also formed into a central organization, a bargain between the two groups would have the advantage, from the point of view of competition, of equalizing wages, hours and other conditions affecting costs.

#### COLLECTIVE BARGAINING.

62. Collective bargaining is a term which implies the right of workers to group themselves together for the purpose of selling their labour power collectively to their employer instead of making individual agreements. It is sometimes carried on by an employer and a committee of his employees. To make this effective on the side of the workers, men have organized themselves into Trade Unions, and many of those are again federated into central councils such as the Building Trades Council, Metal Trades Council, etc. Employers in a like manner sometimes control one factory, sometimes a chain of factories, and in some instances have organized into larger associations of the

industry to which they particularly belong. These associations have again in some instances become part of federations such as the National Association of Building Contractors and Supply Men, with local branches in many of the larger cities, and many other similar groups.

63. These several forms of organization have led to much confusion in the application of the term "collective bargaining". In its simplest form collective bargaining is the negotiating for, and the reaching of, an agreement between some employer and some particular groups of employees, through their respective craft unions. With the growth of larger industrial establishments, and the absorption of the individual employer in many cases by the larger corporations employing many classes of labour, the attempt to reach suitable agreements by each grade of labour separately led to continual stoppages of work. For example, where a building contractor, employing some nineteen different classes of tradesmen, all organized into separate trade unions, negotiated separately with each union, too great a proportion of time was taken up in negotiating these nineteen separate agreements, and the failure to reach an agreement with any one of them generally resulted in the complete tie-up of the entire work for the time being. In such cases it has been found mutually satisfactory for the employees merely to combine their demands and present them through the medium of a building trade federation to the employer, and in this way settle at one time the conditions for the entire industry. It does sometimes happen under this system that another employer doing say, only carpenter and brick work might not be interested in the parts of the schedules relating to the other seventeen building trades; and it might also happen that the final presentation of this combined schedule was made by a small committee of the federated body on which the carpenters and bricklayers might not be represented. This has been given by some employers

as a reason for refusing to meet such a committee. We see no reason for this attitude, because if any one suffered by not being directly represented it would be the worker himself, and not the employer. Many Trade Unions keep in their employment trained men for the purpose of negotiating their different schedules. The employer has the right to select any representative or bring in any assistance that he may desire in carrying on the negotiations, and there is no logical reason why the employees should be denied a like right.

64. In the case of partly organized industries due recognition should be given to employees' organizations where they exist, in accordance with the declaration of the Dominion Government Order-in-Council of July, 1918, quoted under the preceding title. At the same time the employer is justified in knowing that the schedule presented is put before him with the concurrence of a fair proportion of his employees. Whether it is put before him directly by a committee of his employees, by a direct representative of the Trade Unions to which they may belong, or through the Committee of a Federation of Trade Unions to which their particular union may belong, should not be made an issue.

65. Collective bargaining is the negotiation of agreements between employers or groups of employers, and employees or groups of employees, through the representatives chosen by the respective parties themselves.

66. Entering into agreements and bargaining collectively with Trade Unions does not mean recognition of the "Close Shop" unless the agreement so provides. Numerous cases came under our observation where this method of collective bargaining was carried on where both Union and non-Union men were employed.

#### LACK OF CONFIDENCE IN CONSTITUTED GOVERNMENT.

67. The complaint was made at several places that legislation enacted at the request and for the benefit of la-

bour was not adequately enforced. Nor was the rise in the cost of commodities controlled in the manner that they believed it was possible for the Government to control it. The belief appears to be entertained that the Governments, both Local and Federal, are largely controlled by the financial interests, and that their influence was manifest not only in legislation but in the executive action of the several governments. As evidence of this they pointed to the large profits which, according to the public press, were made by corporations dealing in foodstuffs and other necessary commodities, excessive rents, etc. These considerations, it was alleged, had shaken the faith of the working classes in Governments, as at present constituted.

68. The remedy suggested was a system of election by which the worker could secure better representation in Parliament. The means suggested for bringing this about was the adoption of a system of proportional representation from grouped constituencies. We understand this system has been in operation for several years in Belgium and Sweden, and we believe the proposal is well worth serious study by a committee of Parliament.

#### INSUFFICIENT AND POOR HOUSING.

69. Another cause of unrest which we met with at practically every place we visited was the scarcity of houses and the poor quality of some of those which did exist. In nothing has production more signally fallen off during the four years of war than in the building of dwelling houses. The existing condition for the worker is not only the absence of sufficient housing accommodation, but the inadequacy of those that are in existence. Poor sanitary conditions and insufficient rooms are the chief complaints. The high price of building land and of building material have made it impossible for the worker to provide himself with a home, and some means should be adopted, with as little

delay as possible, to remedy this defect.

#### RESTRICTION UPON THE FREEDOM OF SPEECH.

70. The restrictions placed upon freedom of speech and the liberty of the press, and the denial of the right to read such literature as any portion of the public demanded, was given as one of the principal causes of the present industrial unrest. We have no comment to make upon the policy of the Government in this respect. During the war it was necessary in the interests of the whole country and of the Empire that individual liberty should in many directions be restrained, but we believe that restrictions should not be imposed upon either the freedom of speech or the freedom of the press unless such restrictions are urgently demanded in the interest of the peace of the whole community. We recognize that no person has a right to do anything that is liable to incite the people to commit unlawful acts. A line must be drawn between liberty and license, but care must be taken to avoid creating the impression that the restraints imposed upon the freedom of speech or the liberty of the press, are intended to prevent criticism of legislative or governmental action.

#### OSTENTATIOUS DISPLAY OF WEALTH AND LACK OF EQUAL EDUCATIONAL FACILITIES.

71. Ostentatious display of wealth by those who can afford it, and the lack of equal educational opportunities for the rich and the poor, were also spoken of.

72. Schools and colleges are at present open to the children of employer and the employee alike; but the crux of the complaint is that generally the income of the wage earner is not such as to enable him to afford them the means of attaining a higher education. The change desired is one which will give the child of the poorest paid worker the opportunity of reaching the highest educational institution.

## SHOP COMMITTEES AND INDUSTRIAL COUNCILS.

73. There is urgent necessity for greater co-operation between employer and employed. The great obstacle to such co-operation is the suspicion and distrust with which in many cases each regards the other.

74. It is only fair to say that in many cases the relations between particular employers and their employees were found to be harmonious. In all such cases the guiding principle was a frank recognition by each of the rights of the others. At present the worker has little or no knowledge of the difficulties which beset his employer, the cost of raw material, the working expenses, the competition which he has to meet, the risks of his capital, and the margin of profit which he receives; and the employer is equally ignorant of the employee's difficulties and viewpoint. This ignorance gives rise to disputes as to rates of pay, hours of labour, and the hundred and one questions which could be largely solved if each side understood what the other had to contend with. As a means of eliminating that suspicion and distrust and "for securing a permanent improvement" in their relations and in the conditions of the worker, several forms of Joint Works Committees or Joint Industrial Councils have been adopted and are now in use in England, Canada, Australia, the United States and elsewhere.

75. There are three types of Joint Industrial Councils now in operation:

- (a) the Whitley Works Committees and Industrial Councils, in operation in Great Britain;
- (b) what is generally known as the Colorado Plan, in operation in some parts of the United States and Canada; and
- (c) Industrial Democracy, as put into effect by John Leitch in a number of factories in the United States.

76. The Whitley Report, which re-

sulted in the formation of many Shop Committees and Joint Industrial Councils in England, recommends the formation for each national industry of three classes of organization: (1) A National Joint Council; (2) District Joint Councils, and (3) Works Committees. The National and District Councils are composed of equal numbers of representatives of employers and employed. The representation on Works Committees need not be equally divided as decisions must be arrived at by agreement between the two parties.

77. All Councils are formed voluntarily by employers and workpeople in each industry. As a preliminary to their complete formation there must be organization both by the employers and the employees in the particular industry as the Councils are composed of representatives nominated by the Employers' Association and the Trade Unions concerned. Under this plan each Council arranges its own functions, machinery and methods of working.

78. Concerning the respective functions of District and National Councils and Works Committees, the Third Supplementary Report of the Whitley Committee says: "In every industry there are certain questions, such as rates of wages and hours of work, which should be settled by district or national agreement, and with any matter so settled no Works Committee should be allowed to interfere; but there are also many questions closely affecting daily life and comfort in, and the success of, the business, and affecting in no small degree efficiency of working, which are peculiar to the individual workshop or factory. The purpose of Works Committees is to establish and maintain a system of co-operation in all these workshop matters."

79. One of the basic principles in the establishing of Industrial Councils under the Whitley plan is to avoid conflict with either Government or Trades Union machinery in existence for the adjustment of matters of wages, hours, etc., and in paragraph 14 of the

First Interim report it is carefully stated that it is of the "highest importance" . . . "to secure the support of the Trades Unions and Employers' Associations concerned. The Council's designs should be a matter for agreement between these organizations"; also "The District Councils should be created or developed out of existing machinery for negotiation in the various trades."

80. In the City of Toronto a Joint Council, which closely resembles the District Joint Council under the Whitley plan, has been formed and is in actual operation in the building trades, and similar Councils are projected for these trades in the City of Ottawa and the City of Montreal. There is also in existence a Works Committee in the Coughlan Shipyards at Vancouver, and the formation of Councils in other industries is under consideration.

81. What is known as the Colorado Plan with modification has been adopted in the American Sash and Door Company of Kansas City; the Andover Steel and Iron Company; the Cambria Steel Company; The Bethlehem Steel Shipbuilding Corporation; the Philadelphia Rapid Transit Company, and others in the United States, and in Canada the Imperial Oil Company; the International Harvester Company; the Massey-Harris Company, the Vancouver Dairy Company and several others. Under this plan Joint Committees composed of equal numbers of representatives of workers and of the Company are formed. The representatives of the workers are elected by secret ballot in proportion to their numbers and no distinction is made between union and non-union men. In this respect they differ from the Whitley plan where organization is a preliminary to the constitution of the Council and where representatives are nominated and elected from the membership of the particular Unions.

82. In the City of Winnipeg one hundred employers of labour have proposed a plan for the formation of Joint Plant Councils somewhat after the man-

ner of the Colorado Plan, but including the formation of Provincial Joint Councils and Dominion Joint Council.

83. The Leitch plan, which he calls "Industrial Democracy," is in operation in more than twenty plants and is based upon the Constitution of the United States. The complete organization consists of a Cabinet, a Senate, and a House of Representatives. The Cabinet consists of the executive officers of the Company and is primarily an executive body with veto powers. The Senate is elected and made up of under executives, departmental heads and foremen. The House of Representatives is elected by secret ballot by the whole body of workers. The working of this plan is fully described by Mr. Leitch in his book entitled "Man to Man" (B. C. Forbes & Co., New York). The business policy set before the workers is justice, economy, co-operation and service, and they benefit financially by receiving fifty per cent of the savings on the cost of production.

84. In the case of both the Imperial Oil and the International Harvester plans, both management and some employees expressed their entire satisfaction, and their confident belief that the plan would work harmoniously and well and had brought about a great improvement in the relations between employer and employed. Other employees of the Oil Company and organized labour expressed disapproval because of the belief that the adoption of a Council was a scheme to get rid of the labour unions. By others a suspicion was expressed that the employer had some ulterior motive, not in the interests of labour.

85. In order to allay suspicion the employers should not prepare a plan of Joint Councils and submit it in a completed form to the employees to be accepted or rejected. Employees should be invited to co-operate with the employer in formulating the plan. It would thus be the joint product of both, and would consequently be received by the employees without the suspicion that so

often attaches to something which emanates from the employer alone.

86. In none of the plans in operation in Canada is there provision for the recall of any representative of the employees whose conduct as a member of the Council has proved unsatisfactory to those by whom he was elected. Provision should be made, we think, for the right to recall and new election.

87. Adequate provision should be made for meetings of employees at which the members of the Council can explain proposals that have been brought before it and obtain the views of the workers generally thereon. Means should be provided for publishing the results of Council meetings in some convenient form for the information of the employees generally.

88. Provision should be made for the possibility of a dead-lock arising in the Council, and means by which the dead-lock could be broken, either by the selection of some independent arbitrator, or by some other means.

89. Representatives should be protected against discharge or any other penalty unless approved by a majority of the workers' representatives on the Council.

90. It also should be made clear that the organization of the Council was not intended to supplant trade unions and that no impediment would be placed in the way of the workers forming or joining a Union if they choose to do so.

91. Where there is a Trade Union or Unions, the representatives of the employees on the Council should be selected by the Union Organizations if it is the desire of the workers to do so; otherwise the Council should be elected from the employees in any manner they may select.

92. In a general sense we think Joint Industrial Councils or Works Committees should consist of a number of employees elected in one of the manners suggested, and a number not in excess of that number of the executive appointed by the management. There should

be a stated time for meeting, not less frequently than once a month. It is not possible nor is it desirable to suggest any hard and fast rule as to how such Councils should be constituted, or what their functions should be. These are matters which ought to be worked out with the employers and employees in collaboration.

93. The Whitley plan provides for the establishment of District and National Councils in addition to Plant Councils, otherwise called Works Committees. It seems probable that District Councils having jurisdiction over industries of a like character operating in a given area, or even National Councils, may be required for the purpose of securing uniformity, etc., but it would be unwise to attempt at the beginning an organization of too elaborate a character. The establishment of such District or National Councils will naturally evolve when the necessity arises. Where more than one form of Council in the same industry is established care should be taken to carefully delimit their respective functions to prevent overlapping and friction.

94. We suggest the following as proper subjects to be dealt with by such Councils:—

- (1) Wage rates;
- (2) Hours of labour;
- (3) Conditions surrounding the worker in the plant, such as safety, ventilation, light, sanitation, provision for meals, dressing rooms, shelter, etc.;
- (4) Child and woman labour;
- (5) Questions of discipline and conduct as between management and workpeople;
- (6) Conditions surrounding the worker outside the plant, such as education, amusement, recreation, health, housing, apprenticeship or special training, libraries, etc.
- (7) Improvement in the plant or process to improve quality, increase production, decrease waste, etc.,

and the reward of those who think out and suggest such improvements.

95. The authority and scope of the Council would grow with experience. The worker would in this way be given an increasing share in the control and responsibility without unduly interfering with the necessary functions of management.

96. The essential feature of all the proposals is that the human factor in industry is to be regarded as of first importance. They aim at improving the standard of comfort of the worker by securing a greater measure of close co-operation between him and his employer; of eliminating distrust and suspicion by full discussion of all the facts and circumstances pertaining to the industry. They tend to bring the employee and the employer closer together, and give each a better understanding of the difficulties which beset the other; give the worker a greater sense of responsibility by giving him a greater voice in the government of the industry, and thus bring about a permanent improvement in their relations.

97. The general principle of Industrial Councils can with advantage be adopted in Canada, but we doubt whether my particular plan now in operation could be applied in its entirety. Our great area, sparse population, diversified climate and manufacturing conditions make it undesirable to attempt the fully developed machinery of any of these plans at the beginning. A commencement should be made with Joint Plant Councils, and the more extensive organization of District and National Councils evolved therefrom as their necessity and practicability become apparent.

98. Every Council, or by whatever name it may be known, must be the result of the unfettered choice of both the employees and the employer concerned. Any attempt to force a definite plan upon either would be foredoomed to failure. Some machinery should, however,

be established to take the initiative and bring the parties together.

99. We therefore recommend that the Government should interest itself in the development of these Councils, and that a bureau should be established under the Minister of Labour which would compile all available statistics on this subject, undertake publication of developments in this and other countries, maintain officers who would be available to give assistance and act as liaison Officer between employer and workers where desire is expressed to create such Councils, and render such other assistance as may be required.

100. In those industries where the number of employees are few, and the employer is constantly in close touch with his men, the necessity for any form of Council is not felt. In others a system of shop committees has long been in operation with satisfactory results. Where a system has grown up which is agreeable to both parties, and under which harmonious relations have been maintained, it would be unwise to endeavour to substitute any other machinery. It is only where no such machinery is in operation or where there appears to be need of a change, that the establishment of Industrial Councils is recommended.

101. We are under no illusions as to Industrial Councils constituting a universal panacea for all industrial troubles. Their usefulness will depend upon the spirit with which they are adopted. We believe, however, that nothing but good can possibly result from their establishment in all industries, where a considerable number of workpeople are employed.

102. The Coal operators of the Province of Alberta have suggested as a means of preserving harmony in their own particular industry the establishment of a permanent court consisting of one representative nominated by the workers, one by the association, and a Chairman selected by these two, or appointed by the Government, to which



all questions of dispute could be referred for speedy settlement. The operators were prompted to make the suggestion by their experience of the Fuel Controller during the past few years. There are a large number of Coal mines being operated in that Province, many of them small and unimportant. For this reason the plan suggested by these operators may be better suited to the conditions prevailing there than the establishment of Industrial Councils.

#### CLASSIFICATION OF INDUSTRIES AND ORGANIZATIONS.

103. Owing to the limited time at their disposal, your Commissioners found it impossible to fully comply with the terms of the Commission requiring them to make a survey and classification of existing Canadian industries.

104. We found that the employers had several forms of association, notably the Employers' Association, with local branches and Industrial Sections in the important urban centres; the Manufacturers' Association, similarly grouped employers; also there were many local Builders' Exchanges, and in process of formation a National Body of Builders' Supply-men and Contractors, with head office at Montreal. Employers in the Mining, Metal, Lumber and other trades also had their associations, but with few exceptions we were told they were not for the purpose of arranging or controlling hours, wages or general works conditions. They might, however, where they do not do so, be able to extend their powers to enable them to become representative of Industrial Councils.

105. The Workers' Organizations are more numerous and varied than those of the employers. Some trades had local, district and provincial councils, with affiliation to International Union, notably the Machinists, Carpenters, Shoe Workers, Bricklayers, Electrical Workers, Printers, etc. These are again federated with closely allied crafts as in the case of the Building Trades Coun-

cils, Allied Printing Trades Councils, Federated Shop Trades, Canal Trades Federation, Marine Trades Federation, Metal Trades Councils, etc. In one case, the Railway Shop Trades, they are combined into a Federation covering the entire Dominion. The Marine Trades have consolidated to the extent of having two Semi-National Federations, whilst other trades are confined to much more restricted areas.

106. Some workers are also organized into independent and non-international Unions, particularly in the Province of Quebec, one at least of which is incorporated, namely "L'Union Nationale des Ouvriers de la Rive-Sud." (National Union of Workers of the South Shore.)

#### CONFERENCE SUGGESTED.

107. If it is finally decided that the enactment of any legislation necessary to give effect to our recommendations is not within the competence of the Parliament of Canada, we suggest that in order, if possible, to secure concerted action on the part of the different Provincial Legislatures, a conference should be held in the near future in the City of Ottawa. To this conference we suggest that the Premiers, or other members of the Governments of each Province, together with representative labour men and representative employers, be invited for the purpose of considering the whole question, and, if possible, arriving at a unanimous decision. We believe it is in the interest of harmony that concerted action along this line should be taken, and we know of no better means of bringing about unanimity. At such conference the question of unifying and co-ordinating the existing legislation bearing on the relations between employer and employees, now in force in the several Provinces and in the Dominion, might be carefully considered and reviewed.

#### SUMMARY.

For convenient reference we list below our conclusions:

We recommend that legislation be enacted to provide for:

- (a) Fixing of a minimum wage, specially for women, girls, and unskilled labour. (Par. 46.)
- (b) Maximum work day of 8 hours and weekly rest of not less than 24 hours. (Par. 52.)

We recommend immediate enquiry by expert boards into the following subjects, with a view to early legislation:

- (a) State insurance against unemployment, sickness, invalidity and old age. (Par. 36.)
- (b) Proportional representation. (Par. 68.)

We recommend that suitable action be taken by the Government to:

- (a) Regulate public works to relieve unemployment. (Par. 31.)
- (b) Help the building of workers' homes. (Par. 69.)
- (c) Establish a bureau for promoting Industrial Councils. (Par. 99.)
- (d) Restore fullest liberty of freedom of speech and press. (Par. 70.)

Other general recommendations are:

- (a) Right to organize. Recognition of Unions. (Par. 59.)
- (b) Payment of a living wage. (Par. 44.)
- (c) Collective bargaining. (Par. 65.)
- (d) Extension of equal opportunities in education. (Par. 72.)
- (e) Steps towards establishment of Joint Plant and Industrial Councils. (Pars. 85 and 98.)
- (f) That the findings of the Commission be put into effect in all work controlled by the Government where the principles of democratic management can be applied.

We believe that great good would result from the printing and distribution of the Evidence and our Report now submitted. The Evidence should be divided into convenient volumes, as follows:

- 1.—British Columbia
- 2.—Prairie Provinces.

3, 4.—Ontario.

5.—Maritime Provinces.

6.—Quebec.

A sufficient number of copies should be available to furnish to all organizations and interested individuals who may make application for same.

In conclusion, your Commissioners desire to say that they have had a unique opportunity of observing the manufacturing, mining and agricultural resources of this country. They were impressed by the variety, magnitude and character of many of the manufacturing and industrial plants visited, and by the enterprise displayed in their operation. What is required to make the Dominion great and prosperous and its population contented and happy is a spirit of co-operation on fair and equitable lines amongst all classes. We have suggested a means by which co-operation may be promoted; but the worker is looking forward to a changed condition of life and a new status in industry, and we must be prepared to meet the changing conditions as they arise, in the same spirit of co-operation and good will.

The nations of the world by the Peace Treaty have adopted principles which until now were but ideals. As Canada is just entering the stage of greatest development we have an opportunity unique among the nations for growth in harmony with those new principles.

We desire to express our acknowledgments to all who assisted by furnishing us with books, pamphlets and documents bearing on the subjects under inquiry; also to the mayors of the several cities and towns visited for the use of the council chambers for our meetings.

All of which, together with the evidence, is respectfully submitted this 28th day of June, A. D. 1919.

(Signed),

T. G. MATHERS, Chairman.

CARL RIORDON,

CHAS. R. HARRISON.

TOM MOORE,

JOHN W. BRUCK.

THOS. BENGOUGH,

Secretary.

## Report of Commissioners White and Pauzé

To His Excellency the Governor General  
in Council,  
Ottawa.

Sir,

Your Order-in-Council, P. C. 670, dated April 4th, 1919, referring to the formation of this Commission, makes the following request:

1. To consider and make suggestions for securing a permanent improvement in the relations between employers and employees.

2. To recommend means for ensuring that industrial conditions affecting relations between employers and employees shall be reviewed from time to time by those concerned, with a view to improving conditions in the future.

For the above purposes the Commission shall:

1. Make a survey and classification of existing Canadian industries.

2. Obtain information as to the character and extent of organization already existing among bodies of employers and employees respectively.

3. Investigate available data as to the progress made by established joint industrial councils in Canada, Great Britain and the United States.

In compliance with this request your Commission left Montreal on the evening of April 20th and, since that date, have held meetings throughout Canada, covering, practically, the whole industrial territory of the Dominion, as far as Edmonton in the north, Victoria in the west, Sarnia in the south, Sydney and Halifax in the east.

(1) In making a "Survey and Classification of existing Canadian Industries" it was found that a great variety of industries exist in Canada, but owing to the extent of the geological domain, the difference in climate and other features, these industries are carried on under quite different conditions, which would make legislation affecting labour intended to apply to the whole Dominion, difficult, if not almost impossible.

In all parts of Canada there are seasonable occupations, such as lumber-

ing, fishing, fruit and fish canning; and in some parts of the Prairie Provinces, agriculture. These industries are carried on for a few months in the year only, and it is necessary for those engaged in them to follow some other than their regular vocation for the balance of the year, if they wish to be fully occupied. This applies to building trades in many parts of Canada where our climate makes it impracticable to carry on building operations during certain seasons of the year. These conditions, necessarily, create a certain amount of unemployment; and the argument advanced where such conditions maintain, is that the rate of wages paid should be higher on account of the short season that employment is afforded, than where the same occupation is not seasonable but steady, as is the case in other districts.

The variety and extent of industries in Canada has been a matter of surprise to your Commissioners, and it is with satisfaction that we note many of these industries are of new creation during the last few years, while many others have enlarged their plants to fill the demand for their goods.

We found demobilization of the army in Canada has created very little industrial disturbance. Where returned men were willing to resume their former occupations, employers as a rule had reinstated them, giving them the advantage of any increase in wages, or advance in position they may have lost owing to their absence on service.

A number of returned soldiers have elected to take their discharge at certain centres owing to the attraction of climate or other local reasons; this has created some embarrassment, as there is a larger number of discharged men at, for example, Victoria and Vancouver than would properly belong to these cities.

A number of Imperial soldiers who did not serve with the Canadian corps have, we understand, recently come to these cities, but generally speaking they were all being satisfactorily taken care of. Although there are numbers of

unemployed soldiers in all centres this was not considered by the citizens to be a matter of alarm as owing to the changed conditions under which these men have lived during the war, they were not expected to immediately resume their former occupations or new occupations. This condition appeared to be fully appreciated by local communities generally and no adverse criticism was made upon it, the opinion being that all such cases would gradually get back to satisfactory occupations within a short time.

We are pleased to report that the behaviour of the returned soldier, individually or as a class, has not been a cause of complaint before this Commission.

(2) With regard to the "character and extent of organization now existing among employers and employees": there does not appear to be organization of employers on the same lines as the organization of employees. A number of organizations exist among employers but generally these organizations are for the purpose of selling or the interchange of views with regard to general matters affecting the welfare of their plants. From evidence given before this Commission, and as far as we could learn from enquiry, employers had no organizations for the purpose of enforcing uniform scales of wages or other conditions in their plants to offset the organizations of employees. If it is the intention of the Government to encourage organization of Trades Unions, organization of employers should also be encouraged that both parties may meet with, at least comparatively speaking, equal comprehensiveness. The organization of employees include different schemes and are not uniform. In many large industrial centres throughout Canada, especially in the West, it was found that organized labour associations are at variance one with the other, fighting for control. The largest trade organization is that known as "The Trades and Labour Council" which is affiliated with International Trades Unions, with headquarters in the United States. The Canadian

local unions are organized under authority of these central bodies and appear to be the most completely organized unions in Canada. Organized labour has made an active campaign for membership during the last two years, and owing to war conditions this campaign, insofar as increasing their membership is concerned, was successful and has resulted in creating a cleavage in their ranks. This cleavage has come through the organization known as the "One Big Union." Apparently the older and better established unions aimed at increasing membership and perfecting their organizations that they might acquire strength to approach the government and obtain by constitutional means what they consider will be to their advantage.

With the successful growth of membership, many of the new and more radical element became restive and hoping to secure their ends by more rapid means created the new organization, with the policy of substituting force in the last resort, for constitutional means.

In the Province of Alberta this "One Big Union" was in part recruited by Austrians and other aliens who, owing to the scarcity of labour in the local mines and other industries throughout this province, had been fully employed during the war. These aliens, for their own protection, are 100 per cent organized; and any organization willing to include them in its membership found it easy to do so. War conditions created such demand for production that when highly organized bodies of this character made demands upon the operators they were obliged to grant them rather than have curtailment in production. The ambition and programme of this organization can be found in a review of what has happened in the City of Winnipeg during the last five weeks. Although there are a number of fairly well organized unions in the province of Alberta and British Columbia and elsewhere, they do not in our opinion represent the majority of the labour population. A great many concerns although not objecting to their employees belonging to

unions or other organizations, refuse to deal with or to recognize officially associations of organized labour as such.

Another class of labour organization is found in the district of Quebec where "L'Union Nationale des Ouvriers" incorporated at Ottawa on the 20th March, 1918, exists, and, apparently, operates to the satisfaction of both employers and employees. This organization claims a membership at present of from 25,000 and 30,000 workmen. One principle of this organization is compulsory arbitration; strikes or stoppages of work pending adjustment of differences between employers and employees become a violation of the rules, and machinery is provided for the adjustment of disputes. From the evidence given to this Commission we have reason to believe this organization is at present equally satisfactory to both the employer and employees. This organization is, in principle, local, in the sense of being Canadian, as against International Unions, which they do not recognize or deal with.

In several centres, notably in Sarnia and Halifax, Workmen's Councils have been established by the Imperial Oil Company. Briefly these councils are organized as follows:—

Officers of the company gave the employees a general outline of the proposed scheme, which it is proposed to involve by experience, by announcing in the plant at Sarnia, where 1,200 men are employed, their desire that the men elect from groups of 200 a representative to the Council. No nominations were made, the choice of their representatives being left entirely in the hands of the workmen who voted for their candidate by ballot. Six representatives of the men were thus elected, the Company appointing six of their office staff to represent the management and the general superintendent or general manager being chairman. In the composition of this council, neither foreman nor superintendent, nor those whose duty it is to engage or discharge men, are eligible for membership, as one of the questions which may be dealt with by

the council is the wrongful discharge or laying off of men.

In order to secure freedom of debate a member of such council cannot be discharged during his term of office without the consent of the council itself, and the meetings of this joint council are held in the company's time or during working hours when the members draw the regular pay of their respective positions. The council deals with all questions affecting the general welfare of the men, such as sanitation and other conditions, hours of labour, wages or changes in the system of operation; and the intention of the company in having its representatives on the council to meet the men, is that where recommendations are made involving the expenditure of money, the former are in a position to explain to the men why such representations cannot in some cases be fully carried out but the company practically binds itself that when a unanimous recommendation comes from the council it will be acted upon. This scheme is an honest attempt to bring the employer and employees closer together, and in our opinion should make for harmony and increased efficiency.

Unfortunately the Trades and Labour Council and International Unions appear to regard this scheme as unfriendly towards their organizations.

The evidence given by employers throughout our investigation urged that greater production both in agriculture and manufacture is necessary for the future prosperity and welfare of Canada, and although recognizing that the workpeople are entitled to a larger remuneration for their labour, owing to the increased cost of living and other conditions they did not concur in the view that curtailment of the hours of labour would bring about this condition. Representatives of organized labour urged that an eight-hour day be granted them by legislation; they also admitted that a six-hour day would be their ambition in the near future.

As the practice throughout Canada is to make wage agreements on a rate per hour rather than by day or week, it is difficult to appreciate when employees

are content and willing to work a longer day to earn an increased wage, why objection to their so doing should be so strenuously made. In many industries where the work exacts great physical effort on the part of the worker, there is no doubt the eight-hour, or even a shorter day might be not only fair but necessary, but in other industries where the condition of labour is not so exacting there did not appear to be any great desire for a shorter day unless a corresponding increased wage was granted.

The Trade Unions object to the system in force and practice in many industries, namely, that of piece-work.

In some industries it would appear this system is not only accepted by, and satisfactory to the work people but has been so long the custom that it has become almost necessary to the proper operation of the factory. In boot and shoe factories in Quebec city, one of its largest industries, although the factories work nominally nine hours, owing to the piece-work operations being consecutive, that is one piece-worker furnishing the work to the next in series the piece-worker actually works eight hours or less, as the full staff are not all working at the same time. Certain groups begin the work which is passed on to others, but must dry before handling, and in this way although the factory works nine hours, the workers are really only occupied for eight hours or less. When piece-work and time-work are employed in the same factory, usually the piece-worker will earn higher wages than those on time and the higher wage makes this system popular.

If the piece-work was done away with, and the view as expressed by organized labour accepted, it would decrease the output of these factories. Another objection urged by organized labour is to the practice prevailing in certain centres of giving work to people who do not actually perform the work in the factory—that is, homework. A notable example of this is found in Kitchener, Ontario, and other towns. We are advised that little objection until recently, has been taken to this practice,

which we are advised has been a great assistance to many people living in these centres. Employers maintain their action is not for the purpose of obtaining work at a cheaper rate, but as many of their former women employees leave their factory occupation to take up house-keeping, they are very glad to supplement their income by taking work to their own homes, which they are thoroughly competent to execute, and the price paid is the same as that paid in the factory. This also is an assistance to a class of people whose circumstances do not allow them to work in the factory, but who are very willing to do such work under the conditions which have prevailed in many places for years. This work related to the whitewear,—shirts, collars, slippers—and other industries where expert sewing is required.

Care should be taken that where this system is practised, rigid inspection of the homes where such work is performed, should be made, and the employer should be held responsible for the sanitary and other health conditions.

Speaking broadly, there does not appear to be any serious unemployment in Canada, although there is a considerable number of unemployed,—a condition largely due to an unequal distribution of labour.

There is universally throughout Canada a demand for farm labour, but many men who are unemployed at centres where this demand was greatest were either unwilling or physically unfit to follow this vocation. In several centres there was an actual shortage of labour, more especially skilled labour. This condition may possibly be remedied by the return of the men from overseas, and it is hoped that the educational training schools established by the Department of Soldiers' Civil Re-establishment will help to remedy the situation.

We understand the Government proposes to deal with, and is obtaining information with reference to the cost of living through another Commission.

(3) Besides the industrial councils outlined as established by the Imperial Oil Company, the International Harvester Company, Proctor & Gamble of

Hamilton, the Steel Company of Canada, and many other large concerns are endeavouring to create organizations to encourage employees to bring before the management grievances or suggestions as to the improvement and general welfare of the plant. There is a desire on the part of employers for collective bargaining through such committees or joint councils.

Considering the several classes of labour organizations in Canada, and the unsettled condition this brings about at present, the Whitley plan as established in Great Britain would not, in our opinion, be suited to our conditions. In Great Britain, both employers and employees have had organizations for a number of years, and their industries are in groups of comparatively small geographical area. The British workmen are usually of one nationality, whereas in some plants in Canada employees who appeared before this Commission gave evidence that 21 different nationalities were employed in the same plant. It would appear, therefore, without any adverse criticism to the Whitley plan as proposed in Great Britain, that conditions in Canada both with regard to the organizations of the employers and employees, and the varied nationalities and conditions to be dealt with, makes its practicability doubtful in Canada, although in certain districts and possibly with certain plants this scheme might be successfully applied.

The Colorado plan or a plan similar to that now under experiment by the Imperial Oil Company and others would in our opinion be more workable.

The figures given by the LABOUR GAZETTE on the cost of living were quoted to this Commission on many occasions by witnesses who used these figures to justify the claim that their wages were not adequate to cover the bare cost of living. In our opinion, it is almost impossible to give figures that accurately portray the varied conditions found in different centres throughout Canada, and we would suggest that this class of information be carefully revised or discontinued, as it is misleading and frequently has a

disturbing influence on the working men. We would point out that in centres such as Kitchener, Sudbury, Cobalt, Sarnia, Moncton, Grand'Mere, Shawinigan, where organized labour has not been encouraged, but where the wage scale and other conditions have been fairly satisfactory to the worker, as employers do not appear to have difficulty in obtaining an adequate supply of labour, an excellent object lesson is supplied.

The original intention, as understood, of labour organizations, was to promote the welfare and better the conditions of labour generally, and if these purposes are adhered to there would be no room for criticism, but when the aims of the officers of these organizations become more political than industrial, encouraging unrest and fermenting dissatisfaction, an undesirable situation is created.

While we did not find serious unemployment, the cessation of war industries, the period of readjustment, as well as the return of soldiers has undoubtedly created a condition that should be seriously considered. Canadian industries cannot be enlarged or further developed without capital, and if labour disturbances frighten capital from new investment a serious state will inevitably follow.

Some large industries visited by your Commission did not look hopefully upon the immediate future, considering that a period of readjustment must be undergone before they can consider further extension of their operations. This may mean in the near future the closing of several large plants and the possible unemployment of a number of men. It would not appear, therefore, to be an opportune time for labour to make demands for wage increases.

Employers throughout Canada are, as a class, willing to meet and come to understandings with their men, but the exaggerated profits disclosed by certain manufacturers has had the effect of making the workman feel that he is not getting his fair share of the present prosperity. This, as well as many matters conducive of industrial peace

might be improved by a propaganda of education, applicable to the employer as well as to the employee.

The petition from the coal operators of the province of Alberta asks that an industrial court to consist of a representative of the men, a representative of the management and a chairman to be either a judge appointed by the Government or to be selected by the first two appointees, be established and that this court or courts be located conveniently close to the mines; that disputes or differences of opinion that may arise between the operators and their men could be submitted to such court and disposed of rapidly, thus removing causes of irritation and in many cases financial loss to both sides owing to the absence of machinery to deal with such questions promptly. The operators, it is understood, are willing to be bound by the decisions of such courts, provided such decisions are also made binding on the employees. Similar courts might, with advantage, be established in other parts of the Dominion.

Many conditions complained of do not come, in my opinion, within the scope of Dominion legislation, but are largely provincial, civic or local in character, and as the provinces already have considerable legislation on their statutes, such as Workmen's Compensation, Factory Acts and others dealing with the welfare of workpeople, if these laws are properly enforced by competent officers, there should be little ground for complaint from operatives in respect to general conditions.

Suggestions were urged by a number of witnesses that the Government consider the desirability of legislation looking to the establishment of old age pensions as well as unemployment insurance. We consider the Government will be well advised to seriously consider the effect of such legislation upon the effort of the individual worker, before reaching a decision upon these matters.

The Commission did not have presented to it any evidence as to the practical working of either of these state schemes

as now established in Great Britain, but from information that cannot be considered official we are given to understand that these state schemes in their operation and results have been subjected to some adverse criticism by those whom they were supposed to benefit. Further, it must be remembered that in the administration of unemployment insurance, the Government of Great Britain is assisted by highly organized labour organizations, and it is our opinion that in Canada we have not such at present to give proper effect to such a scheme. When the system of joint councils is generally established, these might be a proper medium for the administration of such a scheme and might then justify the recommendation of such legislation.

I did not find, during our tour, although this did not come directly within the scope of our inquiry, any real poverty throughout Canada that was not being properly taken care of by local institutions, and if a system of old age pension or unemployment insurance were established it might seriously affect the ambition of the worker when he had the full enjoyment of his physical and mental capacity. The opportunities afforded to the industrial worker in Canada who has sufficient education to take advantage of them are abundant. In some of the most prosperous manufacturing towns visited it was found that 96 per cent of the employers had at one time been workmen, rising by industry and thrift to the ownership of an industry. Many witnesses representing labour advanced the idea that our present system of constitutional government is unfair and unpopular. They claimed there should be proportional representation, which as explained by the witnesses appearing before this Commission meant that our parliament should be elected in three parts: one-third representing labour, one-third representing agriculture, one-third arts, science, professional and other elements which they group together.

It was pointed out to these witnesses



that the present system of election under our constitution does not limit the representation to any one class and that if organized labour is sufficiently strong it might elect a House of Commons representing 100 per cent of its own views. In our opinion this idea has not been developed on proper lines and is not worthy of serious consideration, as the present constitution gives every part of the community an equal voice in the selection of representatives.

As the evidence obtained by your Commission reflects opinions of employers and employees throughout practically all the principal towns in Canada, we recommend that the Government have the full evidence printed as quickly as possible, that it may be available for the information of not only the Senate and the Members of the House of Commons, but also employers and employees, and others throughout Canada who may be interested.

The evidence is of considerable volume and we would further suggest the desirability of printing it as taken in each town separately, that the information may be available to those interested in a special locality in convenient form. This would be a matter

of economy as well as convenience, and supplementary copies of certain portions of the evidence could be printed later if required.

In conclusion, we would suggest, as a means of permanent improvement in relations between employers and employees, that the petition of the mine operators of Alberta, for the establishment of a local court where disputes might be referred without loss of time, be considered, and for the purposes of enforcing the judgments that might be rendered by such court, that the miners' union be urged to adopt some form of incorporation.

We would also suggest the encouragement of industrial joint councils as established in some large manufacturing concerns in Canada; also that where industrial councils are established that employers and employees be urged to institute forms of co-operative insurance or other provision for pensions to long term employees, sick or invalided.

Respectfully submitted,

(Signed) SMEATON WHITE.  
FRANK PAUZÉ.

Ottawa, Canada,  
June 25th, 1919.

## Supplementary Report of Commissioner Riordon

In signing the Report, I stated that I did so subject to comments which I would add, and the other signers were willing that I should do this. I give these comments below.

By the terms of our Commission we were required to consider and make suggestions for securing a permanent improvement in the relations between employers and employees.

I think that the great trouble with these relations is that the worker is not satisfied with the living he gets from his work.

The evidence throughout shows that merely raising wages does not give the worker a better living, but that this can only be got by dealing with wages and the cost of living together. Increased wages and increased charges add to the burden of industry and check it.

The main problem has to do with sharing the national wealth, which is the product of work, capital and resources.

The share of the worker can be increased only: (1) by increasing the wealth to be shared by decreasing waste; (2) by decreasing the share of the other parties to the production of wealth, and (3) by reducing to a minimum the share of those who are not parties to the production of wealth.

We should minimize such wastes as (a) parallel railway lines; too many retail stores, etc.; (b) plants standing idle part of the twenty-four hours; (c) sickness and under-nourishment; (d) poor quality in products; (e) bad use of by-

products and raw materials—we need more research; (f) unemployment.

We need more capital, but the price at which it is offered depends on the risks. The following remarks show what I mean by risks and their remedies:

- (A) *The variation in the actual consumption of goods as between good times and dull times.*—Consumption depends on the buying power of the people. If employment were complete and continuous, and if all the people were assured of income in case of misfortune, the buying power would be maintained about even at all times.
- (B) *Bad construction and bad management.*—There would be fewer failures if charters to incorporate enterprises were granted only when it was shown that (1) they would be carried out by men who could show by their past record that they were fit to carry them out; (2) that the plants would be properly located, the process and construction the best, and the market sufficient.
- (C) *Disturbances.*—Co-operation and the square deal would do away with labour disputes. Justice and a fairer distribution of wealth would lessen the chance of political disturbances.

After paying all charges, including adequate wages and adequate interest or fixed dividends on capital, and after providing sufficient reserve, all profits

should be divided between the parties to production.

The community and the parties to production should be protected by publicity with regard to assets, liabilities, earnings, costs, prices, etc., based on authorized standard systems of accounting.

It seems clear that the share of wealth produced that goes to those who come between the producer and the consumer is altogether too great, and that this can be remedied by co-operative trading as practiced in Great Britain, and that this should be encouraged and wisely directed by Government.

In the case of grants by the Government for any of the purposes mentioned

in the Report, I think it should be clearly understood that the Government has no real wealth to give but is merely an intermediary that takes wealth from one party and gives it to another. For instance, a grant by Government to any form of social insurance should be a contribution by those who have much to those who have little and are unfortunate, and so should be by way of income tax, on the principle that luck plays a part in the distribution of wealth.

All of which is respectfully submitted.

(Sgd.) CARL RIORDON,  
Commissioner.

Montreal, June 29th, 1919.