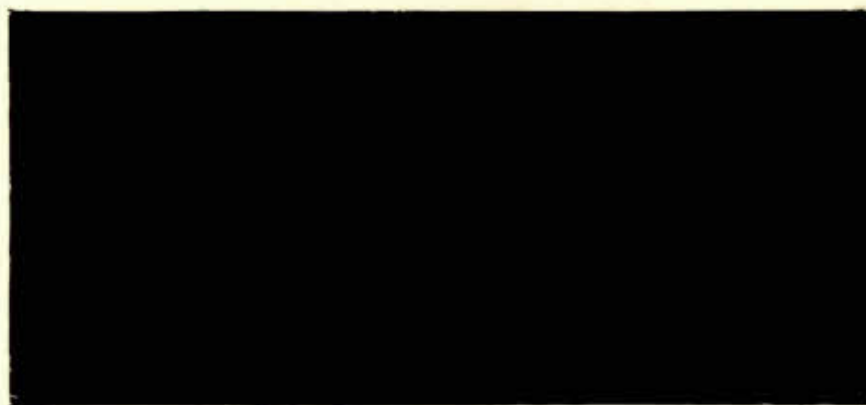
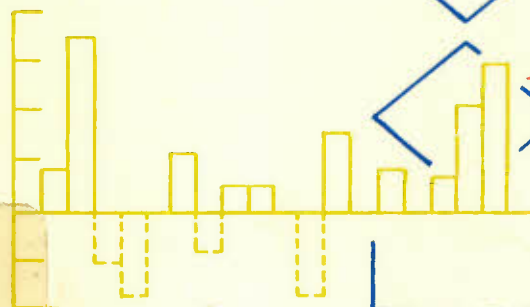


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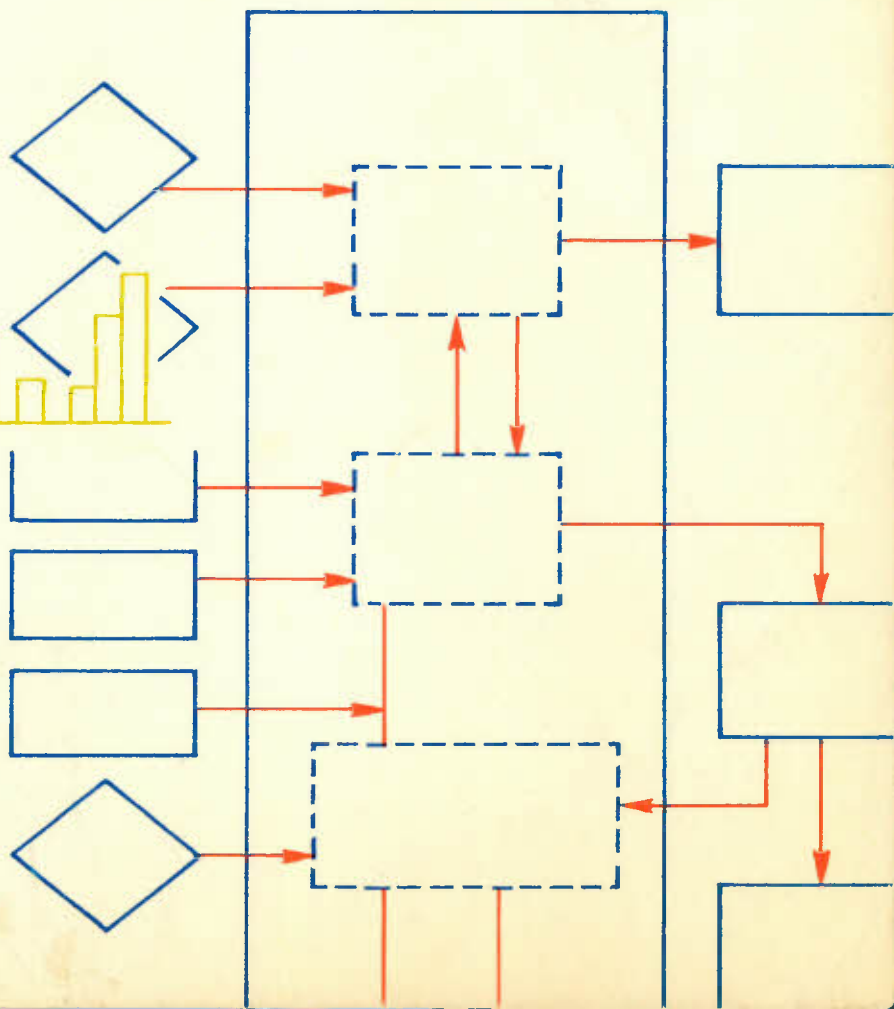


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DISCUSSION PAPER NO. 142

Industrial Conflict
in Canada 1966-75
by S. M. Jamieson*
prepared for

The Centre for the Study of
Inflation and Productivity

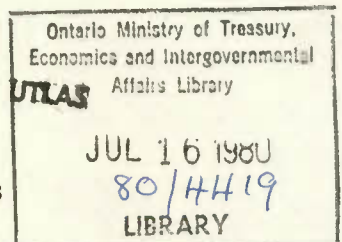
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Vancouver, B.C.

RÉSUMÉ

Au cours des deux dernières décennies, et notamment entre les années 1966 et 1975, l'incidence des grèves, telle que mesurée par le nombre de jours-hommes de travail perdus pour 1 000 travailleurs, a été plus élevée au Canada que dans tout autre pays sauf l'Italie, dont la situation sous ce rapport était assez semblable à la nôtre. Ce phénomène semble être attribuable à deux caractéristiques de l'économie du Canada et de son système de relations industrielles, à savoir :

1. La manifestation d'un genre d'instabilité économique propre au Canada, qui découle de la concentration de son commerce d'exportation dans les industries d'exploitation des richesses naturelles; ces industries, qui se caractérisent par une grande instabilité cyclique et par un recours intensif au capital, ont exercé un "effet multiplicateur" prononcé sur d'autres secteurs de l'économie, contribuant ainsi à les déstabiliser; l'industrie de la construction et l'industrie lourde en sont deux exemples;
2. La présence d'un mouvement syndical très décentralisé, qui se caractérise par sa faiblesse politique et par son incapacité d'exercer une influence significative sur les politiques économiques des entreprises et des gouvernements.

Plusieurs facteurs expliquent pourquoi l'instabilité économique engendre de nombreux conflits de travail : la croissance des bénéfices des entreprises, plus rapide que celle des salaires des travailleurs durant les périodes de forte conjoncture; le sentiment d'insécurité créé par les pénuries périodiques de main-d'oeuvre et le développement des surcapacités industrielles, suivis de nombreuses mises à pied et d'un accroissement du chômage; et surtout, peut-être, les écarts considérables entre diverses industries du point de vue des hausses salariales et des éléments de sécurité sociale dont jouissent les travailleurs. Si ces écarts sont peut-être justifiables du point de vue de la stricte orthodoxie économique, ils violent souvent les normes de justice et d'équité qui forment depuis longtemps la trame de l'idéologie syndicaliste.

Ces liens entre l'instabilité économique et les conflits de travail sont mis en évidence par l'incidence très élevée des grèves dans quelques industries qui sont au nombre de celles qui sont les plus exposées aux fluctuations cycliques, soit la construction, les mines et la métallurgie, le matériel de transport (surtout l'automobile), la sidérurgie, le bois d'oeuvre et les pâtes et papiers. Bien que ces six secteurs emploient moins de 15 % des travailleurs canadiens, ils ont enregistré

plus de la moitié de tous les jours-hommes de travail perdus à cause des grèves de 1966 à 1975. Si l'on y ajoute le vaste secteur des transports, des communications et des services d'utilité publique, on constate alors que le tiers de tous les travailleurs ont compté pour plus des deux tiers des journées perdues à cause des arrêts de travail.

On constate également une incidence régionale des grèves. A elles seules, les provinces de l'Ontario, du Québec et de la Colombie-Britannique ont enregistré plus de 90 % des journées de grève durant cette période, y compris les débrayages qui se sont produits dans les secteurs relevant du gouvernement fédéral. Il y avait toutefois entre ces trois provinces d'importantes différences quant au moment, aux circonstances et à l'ampleur des grèves déclenchées en réaction aux mêmes grands phénomènes économiques, comme l'inflation, le chômage ou la croissance du revenu national. Ces différences s'expliquent principalement par les écarts entre les industries quant à leur importance relative en matière d'emploi et de production, ainsi que quant au rôle joué par l'industrie qui sert de baromètre dans le domaine des négociations salariales. Ainsi, l'industrie de la construction a été beaucoup plus touchée par les grèves en Colombie-Britannique que dans les autres provinces et les résultats des négociations qui se sont déroulées dans ce secteur se sont répercutés sur d'autres industries, comme celles du bois d'oeuvre et des pâtes et papiers. Or, celles-ci ont à leur tour influé sur la fabrication légère et sur le secteur tertiaire dans cette province. En Ontario, par contre, c'est l'industrie lourde qui a eu tendance à prendre la tête du peloton, surtout dans le matériel de transport (l'automobile, notamment). Au Québec, ce sont la construction (comme en Colombie-Britannique) et le vaste secteur public qui ont dominé la scène. La grève massive exécutée par le front commun des 210 000 fonctionnaires, enseignants et travailleurs hospitaliers en 1972 a été de loin le plus important débrayage de l'histoire canadienne.

On attribue souvent cette forte incidence des conflits de travail à la structure décentralisée des négociations collectives, dont un grand nombre se déroulent au niveau local. Si cette interprétation est juste, la formation d'unités de négociation s'étendant à toute une industrie aurait donc pour effet de réduire la fréquence des arrêts de travail. Les études qui ont été effectuées sur cette question -- y compris celles qui touchent le secteur de la construction dans diverses provinces -- ont cependant été incapables de démontrer qu'il y avait effectivement un lien entre la taille de l'unité de négociation et l'incidence des grèves.

On suppose généralement que ce nombre élevé des arrêts de travail a causé de graves préjudices à l'économie canadienne. Il faut pourtant souligner qu'ici encore, les résultats des recherches sur cette question ne semblent guère appuyer une telle conclusion. De façon globale, les grèves ont représenté moins de 0,5 % des journées-hommes d'emploi chaque année (sauf deux)

au cours des deux dernières décennies. Dans la mesure où les grèves qui ont englobé le plus grand nombre de travailleurs et qui ont duré le plus longtemps se sont déroulées dans quelques secteurs de biens durables et au cours de périodes de grande activité économique, les pertes qui leur sont imputables dans ces secteurs ont été largement compensée par des substitutions et par l'expansion de l'emploi dans d'autres industries. On peut d'ailleurs ajouter que les grèves ont joué un rôle positif dans la mesure où elles ont incité les syndicats et les employeurs à négocier de façon plus efficace et à maintenir un certain équilibre entre leurs intérêts divergents.

SUMMARY

Over the past two decades, particularly the period 1966-1975, Canada has experienced the highest incidence of strikes (as measured by man-days lost per thousand workers) of any nation except Italy, with which she has been at virtual parity. This high level of conflict seems to have been generated by two more-or-less unique features of Canada's political economy and industrial relations system, namely:

1. the unique pattern of economic instability in Canada, arising from the high degree of specialization of her export trade in highly unstable and capital-intensive resource industries. These have exerted a strong and destabilizing "multiplier effect" on other sectors of the economy, particularly the construction and "heavy" capital goods industries; and
2. the highly decentralized trade union movement, and its political weakness and inability to exert any significant influence over the economic policies of business and governments.

Economic instability generates high levels of industrial conflict for several reasons: the rapid increase in profits as compared to wages during boom periods; the widespread feelings of insecurity created by periodic labour shortages and over-expansion, followed by mass layoffs and unemployment; and, most important perhaps, the widely unequal gains in wages and fringe benefits to workers in different industries. These, while perhaps justified in terms of orthodox theory, often violate long-established trade union norms of fairness and equity.

These links between economic instability and industrial conflict are indicated in the high degree of concentration of strike activity in a few industries that are among the most sensitive to the so-called business cycle, namely, construction, mining and smelting, transportation equipment (mainly automobiles), iron and steel, lumber and pulp and paper. These six industries, employing less than 15% of Canada's labour force, accounted for more than one-half of all man-days lost in strikes during 1966-75. The addition of the broad sector of transportation, communications and public utilities would raise the proportions to one-third and more than two-thirds, respectively.

There has likewise been a high degree of regional concentration in strike activity. Ontario, Quebec and British Columbia alone accounted for more than 90% of man-days lost in strikes during 1966-75 (including their share of industries under federal jurisdiction). There were however, wide variations in timing, pattern and magnitude of strikes among the three provinces in response to the same broad economic variables, such as inflation, unemployment and rising national income. These were due mainly to differences in the relative importance of various industries.

as regards share of employment and output, as well as in the role of wage leader or "pattern-setter," in each main province. Thus the construction industry experienced a far higher incidence of strikes in British Columbia than in other provinces, and tended to be the main pattern-setter for major resource industries such as lumber and pulp and paper, which in turn established the main wage targets for light manufacturing and tertiary industries in the province. In Ontario, on the other hand, the main pattern-setters tended to be the "heavy" capital goods industries rather than construction, particularly transportation equipment (mainly automobiles). In Quebec, the two industries that dominated the industrial relations scene were construction, as in B.C., and, far more than in other provinces, the broad public service sector. The strike by the "common front" of some 210,000 civil servants, teachers and hospital workers in 1972 was by far the largest walkout in Canadian history.

It has been widely alleged that the high level of industrial conflict in Canada has been due mainly to the prevalence of decentralized "unit" bargaining between individual union locals and firms. Adoption of more centralized industry-wide bargaining, therefore, would presumably reduce the incidence of strikes. Various studies of individual industries that have adopted larger scale, more centralized bargaining, however, including the construction industry in a few provinces, have failed to provide conclusive evidence in this regard.

It is widely assumed also that the high level of strikes in Canada has done serious damage to the economy. Here, again, the evidence is far from conclusive. Strikes in the aggregate have accounted for less than one-half of one percent of man-days of employment in all but two years over the past two decades. And insofar as the largest and most protracted strikes have been heavily concentrated in a few durable goods industries, and have occurred mostly in boom periods, strike losses in a few sectors have been compensated in large part by substitution and expansion elsewhere in the economy. As against these limited costs, it can be argued that strikes have played a positive role in inducing unions and employers to bargain more effectively, and in keeping their contending interests in some sort of balance.

INTRODUCTION

A strike is not an isolated event, a solitary episode. It occurs within a given social context, a surrounding economic and political environment. The major variations in the incidence of such conflict relate, not to the efficacy of the direct ministration to the conflict, such as tactical mediation, but to the total milieu within which it arises.

Clark Kerr, "Industrial Conflict and Its Mediation,"
(Vol. 60, No. 3, Nov. 1954), American
Journal of Sociology

A great deal of concern has been generated in Canada in recent years by the unusually high and rapidly rising level of industrial conflict throughout the 1960's and into the later 1970's. A mounting wave of strikes accompanied by rising violence and illegality during the early and mid 1960's culminated in a new record in man-days lost in 1966. At the time, the federal government viewed this as an industrial relations "crisis" and appointed a Task Force on Labour Relations to carry out a number of major studies and make recommendations for remedial action.

However, the magnitude of industrial conflict continued to increase, in a fluctuating pattern, to new peaks in the mid-1970's (see Table I below). In 1972 the number of workers involved in strikes was more than 58% above the 1966 level, while the number of strikes in 1974, and of man-days lost in 1975 and 1976, were about double the earlier record. All told during 1970-75, in comparison with 1961-65, the annual average of work stoppages more than doubled, the number of workers involved increased by more than four times and man-days lost by almost five times, while the percentage of time lost in relation to time worked grew by nearly four times.¹

Furthermore, from the mid-1960's on, illegal "wildcat" strikes were generally estimated to have accounted for roughly 30% of all strikes, but until the mid-1970's they usually caused only minor time loss. However, the time loss from "wildcats" increased from about 4% in the early 1960's to 20% in 1974 and nearly 17% in 1975.²

From an international perspective likewise, Canada has had a relatively high incidence of strikes. A few countries, notably Australia, have had a higher relative frequency of strikes (that is, numbers relative to size of the labour force) and some other countries, such as France, Italy, and Japan, have experienced far larger strikes, and a higher percentage of workers involved. Strikes in Canada have been relatively large and frequent and, in comparison with most other countries, of unusually long average duration. The result has been that, since the mid-1960's, this country has experienced the heaviest

time loss from strikes, in man-days per thousand workers, of any nation in the world except Italy, with which she's had virtual parity. (See Table II below).

TABLE I
STRIKES IN CANADA, 1961 to 1977:
PEAKS AND TROUGHS

<u>Year</u>	<u>Number of Strikes</u>	<u>Number of Workers</u>	<u>Average Size</u>	<u>Total Man-Days</u>	<u>Average Duration Days</u>	<u>% Man-Days Employ- ment</u>
1961	287	97,959	341	1,335,080	13.6	0.11
1966	617	411,459	667	5,178,170	12.6	0.34
1969	595	306,799	516	7,751,880	25.3	0.46
1971	569	239,631	421	2,866,590	11.9	0.16
1972	556	706,474	1271	7,753,530	10.9	0.43
1974	1173	580,912	487	9,221,890	15.9	0.46
1975	1103	506,443	454	10,908,810	21.5	0.53
1976	921 ¹	1,570,940 ¹	805 ²	11,609,890	14.5 ²	0.55 ¹
1977	739	217,557	294	3,307,880	15.2	0.15

¹These figures include the "Day of Protest" across Canada, of and estimated 830,000 workers who left their jobs on Oct. 26, 1976.

²This figure excludes the 830,000 workers and man-days represented in the "Day of Protest".

A burgeoning wave of inflation to double-digit levels, among other factors, generated a rapidly rising wave of strikes in virtually all industrial nations, including Canada, during the early and mid-1970's. However, as Garfield Clack found in a survey in 1976, the percentage increase in man-days lost in strikes in Canada during 1970-75 over 1960-69, at 112%, was about average for the eighteen countries surveyed. (See Table III). Ten other nations, while having a lower level of man-days per thousand workers, experienced a more rapid rate of increase - six of them at well over double that of Canada.

It is widely assumed that the relatively high and rising incidence of strikes in Canada has done serious damage to the economy. Some observers have even attributed the inferior economic performance of this country in recent years to union "irresponsibility" and the heavy loss of man-days from strikes. They are blamed for such complex economic problems as high

rates of inflation and unemployment, low rates of productivity growth (compared to Japan, West Germany and most other industrial countries) and, more recently, adverse balance of payments and depreciation of the Canadian dollar. Because of such widespread beliefs federal and provincial governments have devoted a great deal of time and effort to reduce the incidence of labour - management conflict.

Despite public concern about the high incidence of strikes, there has been remarkably little research about the nature, causes and significance of industrial conflict in Canada and, in particular, its impact upon and interaction with the economic and political life of the nation. Just how serious a problem is the comparatively large number of man-days lost per worker in strikes in Canada? In what respects has the greater incidence of strikes generally during the latter 1960's and early 1970's created problems that were absent in earlier periods? More specifically, what evidence, if any, is there to indicate that the escalating level of strikes during the early and middle 1970's contributed to "stagflation", to double digit rates of inflation coupled with high levels of unemployment and other major economic maladjustments?

This paper attempts to analyze the nature and significance of strikes in Canada, in terms of their overall impact on the national economy. Most of the analysis will deal with the 1966-75 era which comprised the most intensive decade of industrial conflict in Canada's history. The following three years (for which reliable strike statistics existed only for 1976 and 1977 at the time of writing) are dealt with only briefly. They are unusual, because of the emergency controls program which was adopted in October 1975 and phased out in late 1978. It resulted in, and apparently contributed to, a new record in strike activity as measured by man-days lost during 1976, including a national "Day of Protest" on October 26 which involved an estimated 830,000 workers. During 1977 and 1978, however, the level of industrial conflict declined sharply to less than one-third of the man-days lost during 1975 and 1976. Much of this decline was attributed to the controls program, for unions were loath to strike for settlements in excess of the program's wage guidelines, only to have them "rolled back" later.

The high incidence of strikes in Canada is an old and familiar story. In the later 1950's A.M. Ross and P. Hartman in their study, Changing Patterns of Industrial Conflict³ carried out a comparative survey of strike activity in fifteen countries over a period of more than five decades. One of their main findings was that Canada ranked second only to the United States

TABLE II

DAYS LOST PER 1,000 PEOPLE EMPLOYED

	1965	1966	1967	1968	1969	1970	1971	1972	1973	1974	Average for 5 years 1965-69	5 years 1970-74	10 Years 1965-74
Australia	410	360	320	460	860	1040	1300	840	1030	2510	482	1344	913
Belgium	40	320	90	230	100	830	720	180	500	330	156	512	334
Canada	790	1570	1200	1670	2550	2190	800	1420	1650	2600	1556	1732	1644
Denmark	400	30	20	20	80	170	30	40	4020	300	110	912	511
Finland	20	150	410	250	200	270	3300	530	2500	470	206	1414	810
France	100	240	430	-	200	180	440	300	330	250	242	300	274
Federal Republic of Germany	-	-	30	-	20	10	340	-	40	60	10	90	50
India	470	890	1270	1150	1270	1440	1100	1300	1330	-	1010	1292	1136
Ireland	1720	1420	520	910	2170	490	670	600	420	1260	1348	688	1018
Italy	540	1710	580	930	4160	1730	1060	1670	2470	1800	1584	1746	1665
Japan	360	170	100	160	200	200	310	270	210	450	198	288	243
Netherlands	30	10	-	10	10	140	50	70	330	-	12	118	65
New Zealand	50	230	320	310	300	470	350	300	530	360	242	402	322
Norway	-	-	10	10	-	70	10	-	10	490	4	116	60
Sweden	-	110	-	-	30	40	240	10	-	30	28	64	46
Switzerland	-	-	-	-	-	-	10	-	-	-	-	2	1
United Kingdom	220	170	220	370	520	740	1190	2160	570	1270	300	1186	743
United States	860	880	1430	1590	1390	2210	1600	860	750	1480	1230	1380	1305

Source: Department of Employment Gazette
London, U.K., December 1975, p. 276

TABLE III
WORK STOPPAGES IN SELECTED COUNTRIES
ANNUAL AVERAGES AND PERCENTAGE CHANGE

<u>COUNTRY</u>	<u>MAN-DAYS LOSS 1960-69 (000)</u>	<u>MAN-DAYS LOSS 1970-74 (000)</u>	<u>PERCENTAGE CHANGE</u>
Australia	862	3,280	280
Belgium	270	896	232
Canada	3,033	6,438	112
Denmark	278	845	204
Finland	251	1,270	406
France	2,666	3,436	29
West Germany	315	1,251	297
India	30,228	21,984	115
Ireland	420	449	7
Italy	13,998	19,614	40
Japan	3,911	5,871	50
Netherlands	69	217	214
New Zealand	82	206	152
Norway	79	80	1
Sweden	55	215	288
Switzerland	8	3	-64
United Kingdom	3,555	14,077	296
United States	27,567	43,412	58

Source: ILO Yearbook of Labour Statistics

in the overall incidence of strikes, measured by man-days lost as a percentage of employment. Since then the United States has fallen to third place, behind Italy and Canada.

Ross and Hartman in their survey explained the high incidence of strikes in Canada by a few political or institutional variables that this country has (or had, up to the later 1950's) in common with the United States. These were summarized as follows:⁴

1. "Mass unionization is fairly recent, and mature labour-management relations are still in the course of development in a number of major industries."
2. "Organizational and leadership rivalries ... in the labour movements ... have been prosecuted in exuberant fashion."
3. "The structure of collective bargaining is very decentralized."
4. "Neither country has a strong or dominant labour party."
5. "Both countries generally permit collective bargaining controversies to be settled by trials of economic strength, although in Canada compulsory mediation procedures must be utilized first."

As a set of explanatory variables these seem somewhat dated today, and far too limited for adequate analysis. They would seem more appropriate for helping explain the widely varying incidence of strikes among the main industrial provinces, rather than the relatively high incidence over Canada as a whole.

Strikes, and industrial conflicts generally, arise from a wide variety of factors - political and institutional, socio-cultural and psychological, as well as economic. The largest and most protracted strikes, that each year account for by far the major part of the total time-loss in Canada, arise mainly over union demands for wage increases or equivalent benefits. It seems reasonable to presume, therefore, that certain major economic conditions have been the main occasion for, if not the basic cause of, the relatively high incidence of strikes in Canada in recent decades. As brought out in the pages that follow, however, there have been wide differences in the incidence of strikes among major industries and among the major regions or provinces. Such differences in the impact

of strikes, even where they arise over purely economic issues, are often accounted for mainly by political, socio-cultural or other non-economic variables.⁵

The main factors that are offered by way of explanation in this paper are as follows:

1. The decentralized, fragmented structure of the trade union movement in Canada and, as one important consequence, its political weakness and lack of influence in formulating major policies affecting labour. This seems to explain much of the violence and illegality as well as the magnitude of strikes in Canada.⁶

The labour movement in this country is one of the most decentralized and fragmented of any industrial nation, and the Canadian Labour Congress probably exerts less control over its affiliated organizations than any comparable national federation. As a result organized labour does not significantly influence the major political parties in power in Ottawa, or in central Canada, and hence exerts little or no influence over government policy except in two or three western provinces. Major economic policies affecting most workers, union and non-union alike, are largely carried out by business firms and governments, unilaterally or jointly in partnership, with little or no consultation with organized labour.

In order to have any influence on economic policy, unions have had to rely mainly on economic and political action outside of organized politics and governmental frameworks. Such action is exerted through the temporary and limited veto power of strikes, mass demonstrations, and occasionally, where these fail, through violence and illegality, driving the public to demand governmental intervention.

2. The pattern of economic instability of the Canadian economy, specialized as it is in the export of a few types of raw materials and semi-finished goods, the development and production of which require capital - intensive operations and large investment projects that have unstable "multiplier effects" on the economy as a whole.

It will be seen below however, that the nature and impact of such causal factors, and the pattern and magnitude of industrial conflict, vary widely in different years (or different stages of the so-called "business cycle") and among different industries and regions.

I

ECONOMIC STABILITY AND INDUSTRIAL CONFLICT

Since at least the turn of the century, strikes have generally occurred in distinct cycles of growth and decline, frequency and size. It seems evident that a systematic relationship exists between cycles of industrial conflict, as manifested in strikes, and recurring patterns of economic instability as manifested in so-called "business cycles". Research studies have attempted to identify and measure the relationship of one or more indices of strike activity with those indices of economic change that are subject to wide cyclical fluctuations --e.g. rate of inflation, rate of unemployment, and deviation of real G.N.P. from its long-term trend.

A study of Albert Rees in 1952 is generally acknowledged to be the first serious attempt at a systematic analysis along such lines. In an analysis of monthly data for the period 1919-1950 in the U.S., Rees found that the strike cycle, as measured by frequency or number of strikes, led general business activity at the peak and lagged at the trough, by approximately six months.⁷ However, Rees did not attempt to isolate significant variables thought to influence strike activity.

A later article by Ashenfelter and Johnson⁸ in 1969 was one of the first published attempts at a quantitative analysis of strike activity. They related number of strikes on a quarterly basis from 1952-1967 to unemployment rates, wage changes, and changes in the consumer price level. These authors found a positive correlation between the number of strikes and the level of economic activity, as measured by these variables.

There is one obvious criticism of both the Rees and the Ashenfelter and Johnson studies; namely, the use of number of strikes, or of relative frequency, as the main index of strike activity. Generally, in bargaining theory, strikes are important negotiating tools because of their actual or anticipated cost to each party, and the main determinant of this cost is the actual or expected size and/or duration of a strike. The main index, then, should not be a measure of frequency, but rather of man-days lost.

A study by John Vanderkamp in 1968⁹ was the first to examine systematically the relationship between strikes and economic activity in Canada. He used man-days lost as the main index of strikes, and constant dollar G.N.P. as a percentage of trend, along with rates of unemployment and of wage changes, as major variables affecting the level of strike activity. Vanderkamp concluded that there had not been a strong relationship between strikes and economic activity, and that the results for 1946-66 indicated that economic forces, in Canada at least, were "not the dominating influence suggested by some earlier studies."

A later study of economic activity, inflation and strike activity in Canada for the period 1967 to 1974 inclusive, by Cousineau and Lacroix, incorporated more determining variables and more indices of strike activity. For the latter, the authors devised two equations determining the number and duration of strikes, and two equations for the average size of strikes and the number of man-days lost. The explanatory factors used in the strike equations were: deviations of the G.N.P. (in constant dollars) from long term trend, inflation, lagged nominal wage variations, and number of negotiations in each quarter. Their statistical results were summarized as follows:

"A negative relationship was found between economic activity and strike activity (as measured by number) which contradicted the findings of previous research ... On the other hand we found a positive relationship between the economic cycle and the length of strikes. Since this variable has a considerably greater effect on man-days lost, we finally found a positive relationship between economic activity and strike activity."¹⁰

Several critical comments or reservations may be made about the studies quoted above and others which attempt to establish and measure some systematic, predictable relationship between strike activity and cyclical changes in economic activity.

Studies which measure the correlation between one uniform, representative index of strike activity, such as relative frequency or time loss, with percentage changes in two or three major cyclical variables such as inflation, unemployment or variations in G.N.P. at constant prices, often seem to hide more than they disclose.

1. For one thing, they obscure the widely varying nature or pattern of strike activity at different stages of the business cycle in terms of number, size or duration, in response to different combinations of such major cyclical variables.
2. They overlook the high degree of concentration of strikes by industry, and the wide variations in pattern among industries, in response to the same broad economic phenomena -- e.g. changing rates of inflation, unemployment, and growth of G.N.P.
3. Models based on national strike statistics, in a geographically huge and differentiated country like Canada, hide important regional variations in behaviour patterns that tell a great deal about the nature and causes of strikes.

4. The relationship of strike activity to the level of economic activity in Canada is likely to be loose and uncertain at best, as noted earlier, because strikes occur for other than purely economic issues; even when they do concern the latter, their size or duration are often strongly influenced by political and/or socio-cultural factors.
5. Wide differences in strike activity from year to year have often been due largely to variations in the bargaining "calendar" rather than to particular economic variables. During the later 1960's and early 1970's most of the major industries and unions under collective bargaining were bound by agreements of two or three years' duration. A high incidence of strikes in particular years was often due in large part to the fact that a number of major agreements terminated at roughly the same time. An unusually low level of strike activity in another year, by contrast, might have occurred mainly because most major unions were still bound by two- or three-year agreements negotiated previously. (This was notably the case in 1973 when, despite double-digit inflation and record profits, total man-days lost in strikes in Canada, fell to the lowest level since the early 1960's except for the recession year of 1971).

Despite the apparent lack of any very systematic or predictable relationship between strikes and economic activity, the fact remains that, in Canada, the patterns of strikes have varied widely from year to year, while their overall incidence in man-days has been heavily concentrated in certain years, in a broadly cyclical pattern.

This point is illustrated in Table I. (p.2). Figures for the years 1966, 1969, 1972, 1974, 1975 and 1976 show progressively higher levels of man-days lost in strikes. But in the middle of this decade there was one year, 1971, that had the lowest level of man-days lost. Thus, there appear to have been two "waves" or "cycles" of industrial conflict during this period: a long complete cycle from 1961 to 1971 (with the peak in 1969), and a new cycle from 1971 to 1975-76 - perhaps unnaturally ended by the introduction of the emergency controls program of October 1975.

During the decade from 1966 to 1975 there were wide variations in total man-days lost in strikes per annum, ranging from a low of 2.87 million in 1971 to a high of almost 11 million in

1975, a ratio of almost 4 to 1. Or again, the two peak years, 1974 and 1975, accounted for almost one-third of all man-days lost during the decade, and for more than one quarter of the total during the 16-year period 1960-1975 inclusive.

Accompanying these large fluctuations in man-days lost were wide variations in other measures of strike activity: average duration, for instance, ranged from 10.9 days in 1972 to 25.3 in 1969, a ratio of 2.3 to 1; average size (that is, total workers involved divided by number of strikes) from 421 in 1971 to 1271 in 1972, a ratio of 3 to 1; and number of strikes from 569 in 1972 to 1216 in 1974, or 2.2 to 1.

In terms of orthodox bargaining theory a reasonable explanation can be offered for these changes in pattern and magnitude. It lies in the fact of uncertainty and rapid economic changes, which cause changes in attitudes and expectations of workers, union executives and employers, in their relative bargaining power, and thus in anticipated costs and benefits of strike action, in response to the main variables associated with the business cycle. This aspect will be examined again at greater length in the concluding section of this paper.

II CONCENTRATION OF STRIKES AND VARIABILITY OF PATTERNS BY INDUSTRY: 1966 - 75

A number of generalizations expressed so far concerning the long average duration and the relatively large number of man-days lost per worker, together with the changing patterns from year to year over the nation as a whole, need to be put in proper perspective. It would be misleading to say that these characteristics could be applied generally to the Canadian economy or its workers. For the fact is that every year a handful of unusually large and/or prolonged strikes have accounted for a disproportionate share of all man-days lost. For instance, of the hundreds of strikes that occurred each year during the 1950's and 1970's, an average of less than three per annum were "major" strikes, each accounting for 300,000 or more man-days lost. (See Table IV). However, this small minority numbering only a fraction of one percent of all strikes, generally accounted for 20-50% of all man-days lost in strikes each year.

Paralleling this pattern has been a similar concentration of strikes within a handful of industries that account for only a fraction of the total labour force. Specifically, only six industries, employing less than 15% of all workers, accounted for 50.9% or more than one-half of all man-days lost in strikes during 1966-75. The six were: construction; mining and smelting; and (in the broad category of manufacturing) transportation equipment (mainly automobiles); primary metals (mainly iron and steel); pulp and paper; and wood products (including the small number employed in forestry). If the other broad category of transportation, communication and public utilities were added, the proportions would rise to 31% and 67.3% respectively.¹¹

This high degree of concentration is reflected in an even wider range of difference in man-days lost per worker in various industries over the 1966-75 period. In Canada as a whole these ranged from 57.6 days for construction and 45.7 days for transportation equipment, down to 2.3 days in public administration and less than 1 day in trade.

This small group of six or seven industries also accounted for most of the unusually large or protracted strikes noted above. The first six industries accounted for 27, or almost two-thirds of the 43 "major" strikes of 300,000 or more man-days each during 1950-75, and 16 out of 29 such strikes during 1966-75. If transportation, etc., were added, the seven would account for 32 or three-quarters of the 43 "major" strikes during 1950-75. Similarly, the six goods-producing industries contributed 68 or more than one-half of the 128 "large" strikes, each involving 5,000 or more workers and/or 100,000 or more man-days lost during 1966-75. And again, if transportation, etc., were added the figures would rise to 86 or more than two-thirds of

the 128 "large" strikes.

A pronounced change in the pattern of concentration of strike activity among industries occurred during the decade 1966-75. As noted earlier, the period really encompassed two distinct cycles of economic and strike activity. During the first cycle, from 1961-71, the major proportion of strike losses occurred in the latter half of the decade, from 1966 to 1970 inclusive, particularly in the peak year of 1969. It was a decade of almost continuous, uninterrupted expansion, in which the rate of unemployment in 1966 was brought below 4% for the first time since the mid-1950's while the rate of inflation remained below 5%, and in 1971 was reduced to less than three percent.

The cycle from 1971 to 1975, by comparison, was a particularly intense one in which the rate of inflation rose from less than 3% in 1971 to double-digit levels during 1973-75, while the rate of unemployment reached above 7% in 1971, fell to 5.4% in 1974, then again rose to more than 7% in 1975.

During 1966-70 the six goods-producing industries referred to earlier had accounted for 53.5% of man-days lost, and the addition of transportation, communication and public utilities raised the total to 73.4%. Of these, pulp and paper accounted for only 3% of total man-days lost in strikes, and, in the "tertiary" sector, public administration and public service combined accounted for only 5.8%.

A lower concentration of man-days lost occurred during 1971-75. Strikes as noted earlier, almost doubled in number during 1974 as compared to 1966, and involved a far wider range of industries and occupations. The six goods-producing industries accounted for 48.4% of the total in this period, compared to 53.5% in 1966-70, while the addition of transportation, etc., raised the percentage to 61.8%, compared to 73.4% in 1966-70.

The most notable changes in the distribution of strike activity among industries, during 1971-75 compared to 1966-70, were as follows:

1. The decline in the percentage of total man-days accounted for by the four leading industries, namely, construction, mining and smelting, transportation equipment and primary metals, from 47.7% to 34.4% of the total, and for transportation, communication and utilities, from 19.9% to 13.4%
2. The sharp increase in pulp and paper, from only 3%

STRIKES BY INDUSTRY, CANADA, VARIOUS INDICES 1966-75

INDUSTRY	"Major" Strikes: 300,000 man-days lost 1950-1975 1966-1975 1976-1977					"Large" Strikes: 5,000 strikers and/or 100,000 man-days 1966-1975 1976-1977			"Significant" Strikes: 100 Strikers in Selected Years 1966-1975*		Man-Days Lost Per Employee 1966-1975		Total Rank (1)+(4)+(6)+(7)
	(1)		(2)		(3)	(4)		(5)	(6)		(7)		
	No.	Rank	No.	Rank	No.	No.	Rank	No.	No.	Rank	No.	Rank	Total Rank
Construction	8	1	6	1	3	16	2	5	325	1	57.6	1	5
Mining and Smelting	3	4.5	1	7.5	1	10	3.5	1	189	2	43.6	3	13
Manufacturing	-												
Transport Equipment	7	2	4	2		17	1	3	178	3.5	45.7	2	8.5
Pulp and Paper	2	7.5	1	7.5		10	3.5		178	3.5	42.7	4	18.5
Primary Metals	3	4.5	2	3.5		5	9.5	3	111	11	27.2	5	30.0
Logging & Sawmilling	4	3	2	3.5		10	3.5		166	7	20.75	6	18.5
Electrical	1	11	1	7.5		4	11		178	3.5	21.6	7	32.5
Textiles, Rubber, Leather & Clothing	2	7.5	1	7.5		6	18.5	1	130	10			
Printing and News- Paper Pub.	1	-	1	7.5		1	-		25				
Metal Fabrication									137	9			
Non-Metallic Min									68				
Machinery									77				
Chemicals									49				
Furniture									22				
Petroleum & Coal						1			14				
Food & Beverages						3	12.5		175	6			
Misc. Manufacturing									27				
Trade						2							
Transport, Storage & Public Utilities											13.9	8	
Railways, Air, Shipping and Auto Transport	3 1	4.5	2 1	3.5) 7.5)		6	8.5)		149	8			
Longshoring & Grain Handling						3							
Hydro Power	1		1	7.5		9	6.5	1	9				
Telephone Communication					1								
Public Service													
Education	1		1	7.5		8	7	4	108	12			
Health & Welfare	1		1	7.5	2	3	14.5	1	57				
Gov. Employment													
Liquor Store Employees	2	7.5	1	7.5					2				
Postal	2	7.5	2	3.5		5	9.5		17				
General	1		1	7.5	2	9	6.5	2	100	13			
TOTAL	43		29			128			2491				

in 1966-70 to 11% in 1971-75. This largely resulted from a series of protracted strike-lockouts that in effect created an industry-wide shutdown across the nation during the fall and winter of 1975 and well into 1976.

3. More significant than 2. in many ways was the sharp increase in strikes in public service (mainly education and health) and public administration. Together these accounted for only 5.8% of man-days lost in 1966-70, and rose to 12.3% in 1971-75. It is also notable, as may be seen from Table IV, that these public quasi-public sectors accounted for 6 out of 29, or 20.7% of the "major" strikes of 300,000 or more man-days, and 20 out of 128, or 15.5% of the "large" strikes of 5,000 or more workers and/or 100,000 or more man-days.

These findings verify to some extent, the findings of Cousineau and Lacroix's recent study on collective agreements.¹² According to these authors, wages in the private sector tend to be responsive to market forces of demand and supply, particularly to tightness in the labour market (as in 1966, when the unemployment rate fell below 4% for the first time in almost a decade). As brought out more fully later, the upward flexibility of wages in the private sector in response to market forces tended to generate an unusually high level of strikes, particularly in certain goods-producing and transportation industries.

In the public sector, by contrast, workers tend to be insulated to some degree from the vagaries of "market forces of demand and supply", but as Cousineau and Lacroix assert, they "do react strongly to anticipated inflation", as manifested, for instance, in the unprecedented magnitude of strikes in the public sector in Quebec and Ontario during the double-digit inflationary wave of 1972-75.

This interpretation could be challenged by the argument that the higher incidence of walkouts among workers in the public sector during the 1970's was due primarily to new federal and provincial legislation that provided for union certification and strikes. The virtual absence of strikes by provincial employees in British Columbia, for instance, is generally attributed to the fact that such enabling legislation was not enacted in that province until late 1973.

The following points can be raised against that argument, however:

1. In Quebec, legislation allowing strikes among employees in the provincial sector was passed in 1964, but the main incidence of strikes in that province did not occur until the early 1970's;
2. Much the same was true of unions of public service workers at the local or municipal level in most provinces, which had been granted certification and the right to strike during the 1950's or earlier;
3. In any case, the absence of enabling legislation, or the outright prohibition of strikes in the public sector for that matter, had not always been effective by any means. This became clear in the illegal strikes of letter carriers and postal workers in 1965, school teachers in Ontario in the early 1970's, and various other groups of public service employees at one time or another. It was recognition of this fact, and its wider implications, that largely accounted for the passage of new and more permissive legislation by the federal and most provincial governments in the later 1960's.

The "Inter-Industry Propensity to Strike"

Using several different criteria it becomes apparent that construction has been the most strike-prone industry in Canada. Employing only some 6.5% of the labour force it accounted for 17.5% of all man-days lost in strikes and 57.6 days per worker by far the highest of any industry during 1966-75. Furthermore, it experienced eight "major" strikes of 300,000 or more man-days, the most of any industry; 16 strikes of 5,000 or more workers and/or 100,000 or more man-days (second only to transportation equipment with 17); and 325, the largest number of "significant" strikes, involving more than 100 workers. All told construction had by far the highest total ranking in terms of five different measures of militancy.

Transportation equipment came next to construction during 1966-70, with 25.4 strike days per employee, as compared to 28.3 for the latter industry. It was followed by mining and smelting, with 23.9 days, a result of one large and unusually long strike in 1969 against International Nickel in Sudbury lasting for several months. This one shutdown alone accounted for almost one and a half million man-days lost. Transportation equipment also ranked highest in the number of "large"

strikes (of 5,000 or more workers and/or 100,000 or more man-days), and second only to construction in number of "major" strikes during the decade 1966-75, and in "Total Rank" as shown in Table IV.

When the number of "significant" strikes is measured in relation to size of the work force to obtain a measure of "relative frequency" as an index of strikes per 1,000 workers, pulp and paper ranked first with 2.8, followed by wood products with 2.0, construction with 1.6, then mining and smelting. The overall significance of this index seems limited, however, since it depends largely on the structure of collective bargaining, which is often arbitrarily determined by provincial legislation or ruling.¹³

As another measure of concentration, and an illustration of the variation in strike patterns from year to year, and more specifically, the relatively new and unusually large scale of conflict in the public sector, a new record in man-days lost was reached in 1972 exceeding that of 1969. The high loss in man-days in 1969, as noted earlier, had been due to a number of unusually protracted strikes, mainly in the mining and smelting, primary iron and steel, and construction industries. The new record in 1972, by contrast, as may be seen in Table I (p.2) was due to the unusually large average size of strikes, namely 1,271 participants, or almost double the average for any year before or since, while average duration was relatively short. The unprecedented, province-wide strike in Quebec of more than 210,000 provincial government employees, teachers, and hospital workers in unions brought together in the "Common Front", greatly boosted the average. It was by far the largest strike in Canadian history up to that time, or indeed, relative to size of population in any one jurisdiction, the largest in the entire history of organized labour on the North American continent.

There have been various attempts to explain the widely varying incidence of strikes among industries. The best known study is that of Kerr's and Siegel's¹⁴ in the early 1950's, in which the authors carried out a comparative survey of eleven countries, covering a period of several decades. By a process of elimination, the authors arrived at only one single sociable variable, or cause, to explain the high incidence of strikes in some industries and the low incidence in others, namely, "geographic or social isolation of work force".

Strikes, however, as stressed earlier, arise over a variety of issues: some social or psychological, some political,

some economic. It seems more than likely, therefore, that the high strike proneness of some industries and the low incidence in others are caused by several factors, not just one. More specifically, the major proportion of man-days lost in strikes year by year arises out of labour-employer disagreement over mainly economic issues, such as wage increases, job security and fringe benefits. And, as described earlier, strikes over such issues occur in widely varying patterns and magnitudes over the course of business cycles.

In brief, economic instability tends to generate industrial conflict, and most of the relatively small group of industries that have accounted for a disproportionate share of all strike activity in Canada during the 1960's and 1970's are highly vulnerable in varying degrees to cyclical economic instability.

III REVISED ANALYSIS OF ECONOMIC INSTABILITY AND INDUSTRIAL CONFLICT IN CANADA

The main cyclical theories of strikes do not explain why Canada has had a generally higher incidence of strikes than other comparably industrialized countries. Nor do they explain the concentration of strike activity in certain regions or provinces, and in certain industries, nor their wide diversity in pattern and magnitude. An expanded framework that takes these variables into account is necessary for an adequate analysis of strike activity in Canada and its relation to cyclical economic instability.

The unusually high incidence of industrial conflict in Canada, as suggested earlier, results from the peculiar industrial structure and pattern of recurring economic instability, of "boom-and-bust" cycles unique among the "developed" industrial nations.

Unlike these others, Canada's export trade (almost three quarters of which goes to the United States) is specialized in raw materials and semi-finished goods which are highly capital-intensive in the facilities they require for production and distribution. Most important among these are: pulp and paper, hydro electric power, iron ore, other base metals, natural gas, crude and refined petroleum, and primary iron and steel.¹⁵ Finished goods manufacturing industries in Canada produce primarily, and in many cases entirely, for the limited domestic market. Demand for their output is strongly affected by the unstable "multiplier effect" on the rest of the economy of expansion in the capital-intensive export industries.

A high degree of instability in fixed capital investment in Canada has been the response to fluctuations in demand in the United States for the output of Canadian resource industries. Such instability has a greater impact in Canada because investment in fixed capital plays a proportionately larger role in this country than in the United States. According to a study by the Economic Council of Canada, non-residential construction expenditures in Canada in terms of percent of GNP were more than double those in the United States during the 1950's and early 1960's, while machinery and equipment expenditures as a percentage of G.N.P. were 40-50% greater during this period.¹⁶

The course of a typical business cycle in Canada is roughly as follows: beginning from a period of recession and unemployment, recovery and economic expansion in the United States (in view of the huge size of its economy) generates a relatively large increase in demand for Canadian resources and raw

or semi-finished goods. After a protracted recession and stagnation in business investment this demand often surpasses existing capacity. Increased capacity in Canada's major resource industries generally cannot be provided economically in small increments; pronounced economies of scale in Canada's highly capital-intensive resource industries require that expansion of capacity be carried out in large blocs or in major development projects. There is a pronounced "lumpiness" in the pattern of fixed capital investment, and added capacity is more than current or immediate future demand requires. Major projects also generally require large accompanying public investments in "infra-structure" - roads, railroads, power lines, residential communities with educational, health and other facilities, and the like- particularly where such projects are launched in remote, thinly-populated areas.

In traditional Keynesian theory, government fiscal policy is supposed to follow a counter-cyclical pattern to help stabilize the economy. Governments are called upon, in principle, to cut back on public spending and investment during boom periods, and to concentrate such expenditures during periods of slowdown and recession. In practice, however, for reasons outlined above, government fiscal policy in Canada has tended to be pro cyclical as higher public investments and expenditures generally precede or accompany the rising level of private investments and consumption during boom periods, and thus aggravate shortages of capital and skilled labour, bottlenecks and inflationary wage and price increases in some sectors.

Again, the pronounced "lumpiness" in investment might, in theory, be ironed out and stabilized by careful planning and centralized decision-making, so that major development projects could be "staggered" evenly year by year. Such centralized control, however, seems impossible in a highly decentralized federal structure such as Canada's. Consistent and effective fiscal and monetary policies have likewise become more difficult since the early 1960's, as the provinces have come to assume a major and growing share of total public revenues and expenditures.

Intense competition among the provinces to attract outside investment in projects that will provide additional jobs and revenues thus tends to lead, during the recovery and expansion phases of the so-called business cycle, to a flurry of (in the the aggregate sense) unplanned and uncoordinated large "thrusts" of capital investment. These in turn have a large "multiplier effect" on incomes and employment that, directly or indirectly, affect every major sector of the economy.

The first major impact of increased demand in the capital-intensive resource industries is on the construction industry and the industries supplying construction goods. Characteristically, the most severe labour shortages and usually the biggest wage increases during recovery and in the early stages of a boom are those of certain skilled building trades; and the biggest price increases are for such products as lumber and base metals. From these, increased demand, price increases and expansion of capacity occur in such "heavy" capital goods industries as steel, chemicals, petroleum products, industrial machinery and transportation equipment. A study by the Economic Council of Canada, for instance, estimates that every expenditure increase of \$100 million in construction has a multiplier effect of adding \$163 million to the Canadian economy.¹⁷

Initially, expansion in these sectors - resource industries, construction and capital goods industries - has a further multiplier effect on employment and incomes in other main sectors e.g. light consumer goods manufacturing, public utilities, financial, retailing and service industries, again accompanied by increased public investment to provide additional facilities.

The various maladjustments generated by the kind of boom outlined above create conditions that contribute to an ensuing period of recession and unemployment. The completion of major construction projects leads to layoffs and cutbacks in demand for capital goods. These in turn can have a downward multiplier effect on the rest of the economy. This may be neutralized for a while (a) if the rest of the economy is still enjoying secondary expansion generated during the early phases of the boom; and/or (b) public expenditures are increased to counteract the effect of slowdowns in the private sector.

More serious perhaps are the effect on the cost and price structure of the economy: (a) the important and highly visible role that the construction and resource industries play in the Canadian economy, coupled with their multiplier effect tend to create an upward pressure on wages and other cost items in some industries, particularly in manufacturing, transportation, and public utilities and, ultimately, government and public service industries; and (b) the increased export demand that originally set off the boom, coupled with the resultant inflow of foreign capital to help finance public and private investment requirements, tends to drive up the exchange value of the Canadian dollar relative to American and other currencies. On top of higher costs from (a), this tends to react adversely on Canadian exports, and to render Canadian manufacturers more vulnerable to foreign competition

in the domestic market. Sooner or later rising imports and adverse balances in Canada's current accounts, particularly when accompanied by rising unemployment and higher prices, lead to depreciation of the Canadian dollar in foreign exchange markets.

Canada went through two such cycles during the 1950's and 1960's -- one from roughly 1952 to 1961, the second from 1961 to 1971. The third one, from 1971 to the present, was more intensive during the expansionary phase, due to a number of economic changes originating outside of Canada that contributed to double-digit inflation coupled with the highest rate of unemployment since the depression Thirties.

Two or three main developments during major business cycles in Canada were largely responsible for generating a high level of industrial conflict:

1. The rapid shift to profits during periods of recovery and expansion, as wage increases tend to lag behind increasing productivity and dollar value of output. During 1961-65, 1967-68, and again during 1972-74, annual rates of increase in profits reached double-digit percentages, more than double the rates of increase of average hourly earnings in most industries.

Such shifts in income shares between labour and capital tend to have two further effects, both of which provoke conflict:

- (a) they encourage over-investment and over-expansion in various industries, and the necessity for sharp cutbacks in employment and resistance to wage increases during ensuing periods of slack; and
 - (b) they generate growing pressure among rank and file union members for bigger percentage wage increases in an effort to rectify perceived inequities in income distribution. When the momentum of rising wage expectations and demands comes up against growing caution and resistance from employers at the beginning of a recession, the stage is set for large losses in man-days of employment from prolonged strikes and lockouts, as in 1969 and 1975.
2. The numerous spectacular new projects for long-term development that have been a particularly noticeable

feature of several postwar booms in Canada tend to create special problems in industrial relations. They have involved thousands of workers recruited from heavily populated centres to work in remote and thinly populated areas. The very magnitude of such operations has unsettling effects on industrial relations over entire regions. Large corporations that undertake such development, and the construction companies they employ to carry them out, often set standards of wages and fringe benefits upon which unions base their demands. Local employers are frequently unable or unwilling to meet such standards, and consequently resist union pressure. The result has been a number of bitter and long-drawn-out disputes.

3. Wage disparities appear to be an especially provocative source of industrial conflict in Canada and merit examination at some length.

Wage Disparities and Industrial Conflict

By far the majority of the larger and/or more prolonged strikes in Canada that account for the lion's share of man-days lost year by year, arises over the negotiation of wage increases and/or equivalent gains in fringe benefits. What is there about Canada's wage structure, patterns of wage increases, or wage behaviour generally, that generates so much industrial conflict as compared to other industrial nations?

A number of studies on wage determination and wage behaviour in Canada, by a variety of authors including A. Porter, G. Saunders, J. Vanderkamp and G. Rosenbluth,¹⁸ all seem to agree on at least one main point. The wage structure in Canada is characterized by a high degree of "upward flexibility", and relatively wide "dispersion" in wage levels and rates of wage increase among different occupations, industries and labour market areas. Moreover, in contrast to the U.S. and most other countries, there was a substantial increase in inter-industry dispersion during the 1950's and particularly the 1960's.¹⁹

In most countries in Western Europe, by contrast, there is greater compression within the wage structure, and a far greater degree of uniformity in wage increases year by year. And in the United States Eckstein and Wilson²⁰ portrayed a highly structured system of "pattern setting" on a national scale by a group of some eight "key" industries, predominately

in the oligopolistic and highly unionized "heavy" capital goods manufacturing category. The studies in Canada noted above, as well as one by Reuber using Eckstein's and Wilson's methodology, failed to find any such centralized pattern setting in Canada.²¹ In the more decentralized structure of union organization and collective bargaining in this country, pattern-setting tends to be on a regional rather than national basis, though inter-regional comparisons play an import role. And in each major region the construction industry, and to a lesser extent resource industries such as mining and smelting, (and, in British Columbia, lumber) tend to be the main pattern-setters.²²

A number of these features of wage behaviour in Canada have been interpreted by numerous economists (such as Vanderkamp, Porter, and Rosenbluth) as indications that labour markets are operating efficiently within the country in accordance with orthodox economic principles. Canadian workers on the whole have been highly mobile, and the high degree of wage flexibility appears to have been effective in allocating labour in response to shifts in demand. This seems verified in the textbook on Labour Economics in Canada,²³ by S. Ostry and M. Zaidi. In testing of different variables that are generally assumed to affect the rate of wage increase among industries - including productivity increase, capital per worker, concentration in the product market, percentage of workers unionized, and percentage increase in employment as a proxy for increased demand for labour - only the latter showed any significant degree of correlation.

A survey by a group of economists for the OECD²⁴ explained the "higher degree of wage-oriented employment flexibility" in Canada, as compared to Europe, by the higher unemployment in conjunction with certain aspects of the Canadian labour market, including its "big land surface, geographical compartmentalization and decentralized wage determination".

One important reason for the wide inter-industry differentials in wage rates is the highly decentralized, or indeed fragmented, structure of the trade union movement and collective bargaining in Canada, even more than in the United States. This leads to quicker price inflation or greater upward wage pressure in response to increased demand in both the union and non-union sectors. It is one factor that helps explain the more rapid upward rise of wages in Canada as compared to the United States during the mid-1970's, even where there appears to have been no greater inflation from monetary or fiscal expansion, or when the unemployment rate was equal to, or even higher than, in the U.S.

This responsiveness of wages to demand conditions in each industry, however, appears to apply primarily to the skilled workers rather than to the unskilled and semi-skilled. A detailed statistical study of 23 Canadian manufacturing industries by Pradeep Kumar²⁵ in 1966 found that there was a far wider inter-industry dispersion of wage rates for the unskilled (namely, an 81% spread between the highest and lowest wage industries) than for the skilled workers (with a spread of 46%). The average differential between skilled and unskilled workers in the 23 industries was only 25%.

These results seem contrary to those that would be predicted in orthodox labour market theory. The rate of unemployment among the unskilled in Canada ranged from 11.8% to 21.7% during 1957-1969, or nearly three times the overall national unemployment rate. The elasticity of supply, therefore, was much greater for unskilled than for skilled labour. Technically, moreover, unskilled labour is a more homogeneous factor. Under these conditions, therefore, the inter-industry differentials among unskilled workers should have been less than among skilled workers. Instead the reverse was the case, indeed, wages for unskilled labour in unionized and/or "concentrated" business firms seemed to be largely independent of demand and supply conditions in the markets.

Kumar's explanation, after careful statistical testing of several "market" and "institutional" variables, was as follows:

"The wage rates of maintenance mechanics (a skilled occupation) explain 72% of the interindustry variations in unskilled labour rates ... The correlation matrix of these independent variables indicates that the market and institutional variables influence the wage rate of unskilled labour through the skilled labour wage rate. These results suggest that trade unions are able to raise the wage rates of unskilled labour (despite their excess supply) by exploiting the short-run inelasticity of labour supply of skilled labour through their insistence on the maintenance of intra-plant equities. The union policy of equitable internal wage spread appears to be more successful (that is, the percentage differentials between skilled and unskilled are less) in capital-intensive, skill-rich, increasing-product-demand industries."²⁶ (underlining mine, S.M.J)

This upward flexibility and wide inter-industry dispersion of wage rates, as noted, are usually interpreted as conducive to efficiency in the operation of the Canadian labour market,

or markets. But, it may equally well be argued, these features may also be the single most important cause of the unusually high incidence of strikes in Canada. In brief, they appear to be one of several key links between economic instability and industrial conflict in Canada. This argument may be outlined as follows:

The unstable pattern of economic growth described earlier, centering on construction, certain major resource industries and heavy capital goods manufacturing during the expansionary phase of the business cycle, gives rise to widely varying rates of wage increase among different industries, occupations, regions and labour market areas across the country. These varying rates of increase, while appropriate in terms of market norms, may go counter to trade union norms, and to rank-and-file notions of "fair" or "equitable" wage relationships. The problem was described in a 1973 publication as follows:

"Rapid industrial expansion of the kind that Canada has undergone periodically over the past decade or more tends to magnify the problem of wage disparities as another source of friction. ("Disparities" is used in this context to refer to differentials in wages or other benefits between occupational groups which, even if they may be justified in terms of orthodox economic analysis do generate dissatisfaction and conflict.) Trade unions, as Ross²⁷ and others have shown, are governed by political rather than economic considerations in formulating their wage or other demands. In a highly decentralized and fragmented trade union movement like Canada's, such pressures tend to generate intense competition and widespread conflict. The concrete gains that union officials are able to win for their members establish the effectiveness of their leadership and the status of their organizations in the complex hierarchy of organized labour. Competition for leadership or dominance drives the larger and more powerful unions in major industries to seek substantial wage increases or other benefits for their members each year or two, particularly in periods of inflation or general economic expansion. Other organizations within the "orbit of coercive comparison", to borrow Ross's phrase, are driven, in turn, to seek equivalent gains for their members in order to preserve, as far as possible, their relative incomes and their occupational and trade union positions. When a union is unable to keep up with the gains won by other comparable organizations, the careers of its leaders and the survival of the union itself may be jeopardized.

"Economic conditions, however, particularly during periods of rapid expansion, often run counter to these union objectives and thus give rise to conflict. This has been the case particularly, perhaps, in Canada, and it presents special problems for conciliation officers and boards under present legislation. Expansion has occurred at markedly unequal rates across the country among different regions, industries and trades. Similar wage or other demands by unions run up against highly unequal abilities to pay by employers. Wide inequalities in effectiveness of organization and in bargaining power have also developed among unions. The result has been wide and troublesome disparities in wages and other benefits among different occupational groups".²⁸

An obvious question arises at this point. If, as suggested strongly in the analysis above, the high incidence of strikes in Canada arises from the peculiar pattern of economic instability and the wage disparities that it gives rise to, why was the incidence so much higher in the 1960's than in the 1950's insofar as some of the main features of the two cycles were markedly similar?

The answer seems to lie in a number of broad structural and socio-psychological factors. These will be discussed in more detail later, but are outlined briefly at this point.

1. Differences in composition of the working population in the two periods. The labour force was relatively old in the 1950's because of low birthrates during the depression 1930's and World War II. A strong carry-over of cautious attitudes towards work from the depression years prevailed. The main growth in the labour force during the 1950's came from immigration, mostly of people who had previously suffered more or less serious deprivation. During the 1960's, by contrast, there was a rapid increase in the number and percentage of younger workers in their teens and twenties, as a result of high birth-rates after the war. A widespread attitude of rebellion in the 1960's appears to have carried over into labour relations.
2. Labour organizations generally were better organized and able to carry out longer and more sustained strikes for their objectives in the 1960's. This was particularly true of the building trades, as a result of the huge volume of investment in large-scale projects during the 1950's.

3. There were vastly improved information and communication facilities during the 1960's. Unions were more aware of their position and of potentialities for gain. For instance, the lag of wages behind dollar value of output, and the consequent large shifts to profits - phenomena that were characteristic of the recovery and boom periods of the early and middle Fifties and Sixties were much more publicized in union circles in the latter decade. Thus more aggressive union pressure was generated, as were strikes for wage increases.
4. The growing intervention of government in settling major disputes in the private sector, and the implied responsibility for improving wages and fringe benefits for workers in that sector, had the unintended effect, during the 1960's and 1970's, of generating more pressure among workers in the public sector to organize and strike for comparable gains. This trend was accentuated by the rapidly mounting levels of public expenditures and the corresponding rapid expansion of employment in the public sector.
5. While somewhat nebulous and difficult to prove, it is conceivable that a greater gap existed between earnings and consumer aspirations, and therefore more widespread dissatisfaction and unrest, in the 1960's and 1970's than in the 1950's. This would arise partly from the basic change in composition of the labour force, as outlined in 1. above, and also from the impact of mass advertising and vastly improved communication facilities, particularly television, in generating new and expensive wants and more intense dissatisfactions.
6. The problem of disparities in wage settlements, as discussed earlier, appears to have generated more widespread and intense industrial conflict in the 1960's and 1970's than the 1950's and earlier, again partly because of better communication and knowledge. It is almost an article of faith among many in industrial relations that strikes are caused by ignorance, misinformation or miscalculation by one or other of the parties to collective bargaining, under conditions of uncertainty. The amassing and collation of more detailed statistical and other data, and their greater availability and wider dissemination to the contending parties should, therefore,

serve to reduce the incidence of strikes.

In many cases, however, the opposite result occurs. The wider knowledge of each union and its members about wage settlements in other sectors of the economy tends to underscore apparent inequities and disparities, thus generating more unrest and conflict. With the facilities of modern communication, particularly T.V. and the computer, much of collective bargaining today, even when involving purely local labour markets, is carried on in a context of what some observers have called a "national goldfish bowl". Settlements achieved primarily on the basis of local economic forces may conflict with the institutional demands of unions that are determined by considerations of "fairness" and "equity" over much wider areas. For example, the pay scales and fringe benefits of police in Montreal are geared essentially to parity with their counterparts in far distant but comparable metropolitan centres, namely Toronto and Vancouver. Or again, the large, protracted and costly strike-lockout that shut down the construction industry in B.C. for several weeks in 1972, was sparked by the demands of electricians in the Vancouver area for parity with their counterparts in Toronto.

Such examples could be multiplied many times over, and they help account for the unusually high frequency and incidence (in man-days lost) of strikes in Canada.

7. Finally, as compared to the 1950's, there has been the overriding factor of more serious and prolonged inflation during the latter 1960's and the early 1970's. Previous peak years of inflation in Canada, such as 1948, 1951 and the relatively mild 1956-57, were not accompanied by widespread industrial conflict. Indeed, during those years the incidence of strikes was relatively small. Inflation during the later 1940's and throughout the 1950's was relatively small. Inflation during the late 1940's and throughout the 1950's was relatively mild, brief and episodic in character, and was widely viewed as a merely temporary aberration. A rising rate of inflation during the latter 1960's and throughout most of the 1970's, however, became a long-term trend. It created growing feelings of uncertainty and relatively extreme wage and price expectations that greatly complicated collective bargaining negotiations and provoked mounting industrial conflict on a world scale.

Labour Militancy and Comparative Wage Gains

The highest absolute and percentage gains in wages during the 1960's were generally won in the most cyclically sensitive industries which first experienced a sharp increase and concentrated demand for their output during periods of expansion, namely construction, mining and smelting, and in British Columbia, lumber and pulp and paper. Subsequently, through a "multiplier effect" there were sharp increases in demand and wage gains in the "heavy" industries, mainly in Ontario, such as primary iron and steel, nickel, automotive vehicles, and other machinery and equipment. These carried over to transportation, communication and public utilities and light manufacturing industries and then, particularly in the later 1960's and early 1970's, to sectors of the public service that had experienced particularly large increases in demand and employment, and consequently in expenditures of public funds, notably education and public health.

In brief, the half-dozen or so goods-producing industries which accounted for more than one half of all man-days lost in strikes during 1966-75 were also among the most cyclically sensitive²⁹, and enjoyed among the largest wage increases during the 1960's. These, in turn, appeared to have a pattern-setting role, stimulating workers in other major sectors such as transportation, public utility and public sectors generally to demand and strike for large gains in the 1970's.

All this is not to say that the high incidence of strikes has been the main cause of large wage increases. Rather, it would seem, some characteristics of these industries that lead to relatively high wage rates, and rapid wage increases in periods of expansion, also tend to generate a high incidence of strikes. Among these are the following:

- (a) In lumber, mining and smelting, pulp and paper in some cases, and in some types of major projects in construction, the "social isolation" factor noted by Kerr and Siegel.
- (b) Job insecurity and periods of protracted unemployment arising from sensitivity to cyclical fluctuations in demand.
- (c) Related to (b), industries that are subject to "boom and bust" cycles tend to inculcate, in their work forces, attitudes that favour "going for broke" and "getting it now while the getting is good". Such attitudes are conducive to aggressive wage bargaining

and a high propensity to strike.

- (d) The "ratchet effect" of rapid upward wage and price flexibility in cyclically sensitive industries during boom periods, and downward rigidity in wages in periods of recession and unemployment. This feature seems particularly characteristic of the construction, logging and lumber, and mining and smelting industries.
- (e) With the exception of construction, larger than average increases in productivity and, in heavy "capital goods" manufacturing industries, oligopolistic product markets. Both conditions enable employers to cover wage increases more easily.

Workers and unions in construction have enjoyed a number of additional advantages, in labour markets as well as in bargaining-power vis-a-vis employers, which have enabled them to engage more frequently and successfully in strike action and to enjoy significantly larger wage gains than workers in most other industries. Among these advantages are the following:

1. protection from outside competition because of highly localized product markets.
2. short-run wage and price inelasticity of demand.
3. huge capital outlays tied up in construction projects, together with cost-plus pricing in some cases, put unions in construction in a specially favourable bargaining position with employers.
4. trade-wide bargaining of unions with highly competitive employers which, together with closed shop and hiring hall clauses in some agreements, have given some unions, in effect, monopoly control of specialized labour markets.
5. "leap-frogging" patterns of bargaining and wage increases among the more than twenty trades in the industry.

As brought out in the previous sections of this paper, the construction industry has played a key role in cycles of industrial conflict, as well as in economic instability in Canada during the past two and half decades. Because of

favourable market and institutional advantages in bargaining, unions in the industry have had a highly disruptive impact as "wage leaders" or "pattern-setters" during boom periods, establishing targets in wage increases and other benefits that unions in other industries find difficult or impossible to attain without protracted strikes. In the United States, for instance, studies by Foster³⁰, Lester³¹ and others, found that the construction industry during the 1960's and early 1970's experienced wage increases well above those for manufacturing and other main categories despite a generally higher level of unemployment. The widening percentage differentials between trade wages, and those of skilled maintenance workers in the same occupations in manufacturing, put strong pressure on union leaders to adopt a more militant role.

To quote Lester:

"That widening has been a significant element in the insistent union demand in Autos, Rubber, Electrical Equipment, Railroads, Steel and other hard goods lines in 1967 and 1968 for a large extra increase for skilled workers.³²"

These observations also seem to apply to Canada during the 1960's and early 1970's. The construction industry in each major region, and over the nation as a whole, has experienced far bigger wage increases year by year than have other major industries. For instance, over the period 1961-77 inclusive average hourly earnings in construction over Canada as a whole increased by 369%, as compared to 246% in manufacturing. The construction industry has also as noted had the highest incidence of strikes, as measured by virtually any index, whether frequency of strikes, workers involved, or man-days lost, relative to size of the labour force. Foster also found in his study that the building trades directly involved in strikes in the U.S. enjoyed bigger gains than those within the industry that were not so involved, and this likewise seems to apply to the Canadian scene.

A high incidence of strikes in an industry in some periods, then, arises where a union and its members are able to exploit a favourable market situation to win new concessions and become the "pattern setter" in a region. As stated, unions in the construction industry have been particularly successful in this regard. In a number of other industries, however, a high incidence of strikes may arise from unfavourable market factors where workers lose out relative

to the "pattern setters" and the more successful "pattern followers". This appears to have been the case, at times, with lumber in British Columbia, steel in Ontario and textiles in Quebec. Or again, a high incidence of strikes, in terms of man-days lost, may indicate unusually strong and prolonged employer resistance, particularly at the end of a boom or the beginning of a recession. Such was generally the case, as noted earlier, in the unusually high losses in man-days in strikes in such industries as primary steel, automobiles, and nickel mining and smelting in Ontario in 1969, construction in British Columbia in 1970, aircraft manufacturing in Quebec during 1974 and 1975, and pulp and paper across the nation in late 1975 and early 1976.

IV CONCENTRATION BY REGION: REGIONAL VARIATION IN LEVELS AND PATTERNS OF STRIKE ACTIVITY

Generalizations about the relationship of strike activity to business cycles, as well as their variable impact on different industries, have to be severely qualified when applied to Canada because of the high degree of concentration of strike activity in a few provinces. More than three quarters of all man-days lost in strikes during 1966-75 were concentrated in the three main industrial provinces --- Ontario, Quebec, and British Columbia. If the man-days lost in strikes under federal jurisdiction were estimated for each province in proportion to its share of workers in the industries or occupations involved, these three provinces would account for more than 90% of all man-days lost.

This high degree of concentration by province is largely a result of the location of the industries that accounted for a lion's share of strike losses over the nation as a whole during 1966-75. Thus, more than 80% of all man-days lost in strikes in the lumber industry occurred in British Columbia; more than 63% in transportation equipment and primary metals occurred in Ontario; almost 74% in mining and smelting in Ontario and Quebec (51% in Ontario, 22.7% in Quebec); and more than 95% in pulp and paper in the three provinces. Even in construction, an industry common to all regions, more than 90% of all man-days lost in strikes occurred in the three main industrial provinces.

Among these three provinces, however, and among the other seven, there were widely varying levels, patterns and timing of strike activity during the 1960's and 1970's. This was to be expected, of course, because of the wide differences in resource endowments, industrial structures and patterns of specialization, collective bargaining structures and institutions, political ideologies and policies, and cultures. In brief during 1960-75 there were widely differing provincial responses to the same broad economic forces such as changing rates of inflation, unemployment and growth in G.N.P., that occurred over the nation as a whole in the course of major business cycles. National statistics are often mere summations of regional changes that are moving in opposite directions in any given period. They may thus have the effect of seeming to cancel out these changes, thus hiding important developments that are crucial to understanding the phenomena being studied.

For instance, (see Table V), man-days lost in strikes in Ontario rose sharply to new peaks in 1965 and continued to

TABLE V
STRIKE PATTERN VARIATIONS BY PROVINCES 1965-77*

		<u>No. of Strikes</u>	<u>No. of Workers</u>	<u>Man-Days</u>	<u>(Days per Strikes) Average Duration</u>
1965	Ontario	255	92,838	1,340,720	14.4
	Quebec	95	38,826	606,820	15.6
	B.C.	46	5,708	92,290	16.2
	Canada	478	171,870	2,349,870	13.7
1966	Ontario	280	121,119	1,356,130	11.2
	Quebec	129	90,984	1,926,890	21.2
	B.C.	30	21,183	240,230	11.3
	Canada	582	411,459	5,178,170	12.6
1967	Ontario	217	65,563	1,542,550	23.5
	Quebec	136	145,226	1,760,950	12.1
	B.C.	41	12,030	350,730	29.1
	Canada	498	252,018	3,974,760	15.8
1968	Ontario	277	136,407	2,922,090	21.4
	Quebec	121	26,552	1,005,440	37.8
	B.C.	53	16,523	486,400	29.4
	Canada	559	223,562	5,082,732	22.7
1969	Ontario	225	130,899	5,318,770	40.6
	Quebec	135	103,235	1,259,030	12.2
	B.C.	66	18,177	323,730	17.8
	Canada	566	306,799	7,751,880	25.3
1970	Ontario	202	81,592	2,547,210	31.2
	Quebec	116	73,189	1,417,560	19.4
	B.C.	56	33,372	1,775,280	53.2
	Federal			341,600	
	Canada	503	261,703	6,539,560	25.0
1971	Ontario	193	80,517	1,366,750	17.0
	Quebec	133	48,747	603,130	12.4
	B.C.	73	52,186	267,620	5.1
	Federal			152,030	
	Canada	569	239,631	2,866,590	12.0
1972	Ontario	170	68,590	2,072,870	30.2
	Quebec	139	481,130	2,829,310	5.9
	B.C.	76	100,530	2,003,800	19.9
	Federal			330,390	
	Canada	550	699,992	7,290,690	10.4

TABLE V (cont'd)

		<u>No. of Strikes</u>	<u>No. of Workers</u>	<u>Man-Days</u>	<u>(Days per Strikes) Average Duration</u>
1973	Ontario	191	108,469	1,694,210	15.6
	Quebec	187	74,372	1,604,790	21.6
	B.C.	124	50,995	620,160	12.2
	Federal			1,029,480	
	Canada	677	348,470	5,776,080	16.6
1974	Ontario	340	117,434	2,619,590	22.2
	Quebec	390	190,277	2,670,950	13.3
	B.C.	141	111,343	2,680,460	24.1
	Federal	61	49,579	296,010	6.0
	Canada	2,216	581,147	9,221,890	15.6
1975	Ontario	359	124,773	3,175,270	25.4
	Quebec	363	185,765	3,254,930	17.5
	B.C.	144	56,186	1,790,350	31.9
	Federal	54	62,843	1,158,260	18.4
	Canada		472,243	10,908,810	23.1
1976	Ontario	239	109,504	1,671,090	15.3
	Quebec	314	448,542	6,465,650	14.4
	B.C.	81	83,149	1,490,680	17.9
	Federal	72	29,632	229,560	7.7
	Canada	921	1,570,940	11,609,890	14.5*
1977	Ontario	221	84,208	1,111,270	13.2
	Quebec	234	54,424	1,274,980	23.4
	B.C.	56	21,539	144,730	6.7
	Federal	61	24,359	501,130	20.6
	Canada	739	217,557	3,307,880	15.2

* This figure is arrived at after deducting the 830,000 workers, and man-days, involved in the "Day of Protest" in October, 1976

Source: "Strikes and Lockouts in Canada," Annual Report, 1965 to 1977 inclusive, Department of Labour, Ottawa.

rise to an alltime peak of more than 5.3 million man-days in 1969. Then, contrary to the trend in the rest of Canada - and to a worldwide trend - strikes in Ontario declined and throughout the 1970's remained at a considerably lower level than in 1969.

While having a much smaller time-loss in 1965, Quebec's smaller labour force (less than 27% of the nation's total, as compared to Ontario's 37%), experienced an even greater time-loss than did Ontario in 1966. Then, in contrast to Ontario, Quebec experienced a decline in the level of strike activity during the late 1960's and through 1970 to a low point in 1971. From there on, strikes in Quebec escalated in magnitude, exceeding Ontario's in 1972, and 1974-1977 inclusive. In 1976 Quebec alone accounted for almost 6.5 million man-days lost, or more than one half the record 11.6 million in all of Canada, and in 1977 it experienced more than one-third of the national total.

British Columbia experienced a different pattern again. That province had a disproportionately large share of strike losses in Canada during the 1950's and, perhaps because of this, a disproportionately small share of total man-days lost in Canada during the 1960's (see Table V). During the 1970's, however, it again experienced a disproportionately large share. With a labour force little more than one-quarter the size of Ontario's, or one-third that of Quebec, it experienced more man-days lost than the latter in 1970, an almost equal number to Ontario in 1972 and 1976, and more than either Ontario or Quebec in 1974.

Magnitude and timing of peak years of strikes were not the only differences among the three main industrial provinces -- patterns as regards average size and duration also varied considerably. For instance, during 1966-75, while Ontario, with its larger labour force, had the largest number of strikes and the largest total man-days lost, Quebec had the largest number of strike participants. The average size of strikes in Quebec, at 743 participants was almost double Ontario's 422. On the other hand, the average duration of strikes in Ontario, at 23.77 days, was almost double Quebec's 12.9. Over the period as a whole British Columbia's pattern was more like that of Ontario than of Quebec's on both counts. During 1970-75, however, when it accounted for a disproportionate share of total man-days, B.C.'s average duration of strikes, at 22.6 days, was close to Ontario's while its average size, at 743 participants, was close to Quebec's.

TABLE VI

AVERAGE SIZE AND DURATION OF STRIKES IN THREE PROVINCES, 1966-1975

<u>PROVINCE</u>	<u>NUMBER OF STRIKES</u>	<u>NUMBER OF STRIKERS</u>	<u>AVERAGE SIZE</u>	<u>NUMBER OF MAN-DAYS</u>	<u>AVG. DURATION(Days)</u>
Ontario	2,454	1,035,363	422	24,615,440	23.77
Quebec	1,849	1,419,477	768	18,332,980	12.90
B.C.	804	472,525	588	9,497,752	20.10
(B.C.1970-75)	(544)	(404,612)	(743)	(9,137,670)	(22.60)

Such variations in magnitude, pattern and timing, of course, were largely due to major provincial differences in industrial structure or industry "mix" as well as to the differences in relative importance that certain industries played in the strike experience of each province. Thus, for instance, in British Columbia the construction industry alone, accounting for 7% of all employment in the province, contributed more than 31% of all man-days lost in strikes in the province during 1966-75. Construction, together with lumber and pulp and paper, accounted for 69.2% or well over two-thirds of all time-loss in strikes in British Columbia during this period. In Ontario, by contrast, the most strike-prone industry was transportation equipment (mainly automobiles), accounting for 18% of total time loss, while the construction industry accounted for 15%, mining and smelting 11.2%, primary metals 8.3% and electrical products and pulp and paper each 6.5%. This group of industries together thus accounted for almost two-thirds of the provincial total.

There was a different distribution again, in Quebec where the "tertiary" industries played a much larger role. Public service industries accounted for a significant 16.2% of the total man-days lost, while public administration accounted for 5.2%, transportation and utilities 6.0%, and trade 4.4%, for a total of 31.8% or almost one-third of the provincial total. Construction accounted for 13.2% (slightly less than Ontario's 15%)³³ and transportation equipment and pulp and paper together accounted for another 20%.

In man-days lost per worker employed during 1965-75, certain industries common to all three provinces showed wide variations. Construction, for instance, experienced a huge 146.5 days lost per worker in British Columbia, as compared to 47.2 in Quebec and 43.2 in Ontario. Similarly, lumber and

wood products experienced 57 days per worker in British Columbia and negligible losses in Ontario and Quebec. Mining and smelting, on the other hand, showed 83.2 days per worker in Ontario as compared to 49.6 in Quebec and 36.4 in British Columbia. Quebec, in turn, lost 30.1 days per employee in public service, as compared to only a little over three days in Ontario and British Columbia.

In summary, then, there have been wide differences among the major provinces or regions in magnitude, pattern and timing of strike activity; in the incidence of strikes in specific industries (particularly those accounting for a disproportionate share of total man-days lost over the nation as a whole); and in the relative importance of various industries in the total strike picture in each region or province, particularly as regards pattern-setting roles. In other words, each region has a more-or-less unique mix of specialized industries and markets, each of which has a different degree of sensitivity to cyclical changes in the general level of economic activity, and a different "propensity to strike" on the part of its work force.

Beyond the various market and technological factors there are important institutional differences that initially affect, to varying degrees, the magnitude and pattern of industrial conflict within each region. These include important differences in the structure and composition of trade union movements, in collective bargaining structure and relationships, and in legislative provisions and practices governing the conduct of collective bargaining. Of growing importance in this connection has been the rapidly increasing but widely differing degree of direct government intervention in the settlement of industrial disputes. For instance, one of the main reasons for the much shorter average duration of strikes in Quebec than in Ontario, as brought out earlier (see Table VI), is that the Quebec National Assembly during the 1960's and 1970's enacted a far larger number of emergency statutes or orders-in-council than did other provinces, to prevent or terminate strikes that were officially viewed as damaging to the public interest.

And finally, among the major provinces there have been widely differing fiscal policies and industrial or resource-use programs to shape and direct the course of economic growth and, in some cases, cultural change. These have generally had the effect of encouraging rapid economic expansion at the expense of economic stability, and thus contributed to high but varying levels of industrial conflict.

British Columbia

British Columbia in some respects represents an extreme example of some of the generalizations discussed earlier, regarding economic instability and industrial conflict. Because of its relatively small percentage of the total labour force, however, and its great distance from central Canada, it has had relatively little impact upon industrial relations in the rest of the nation. It is the most economically unstable of the three main industrial provinces because of its extreme specialization in a few capital-intensive resource industries, particularly lumber, pulp and paper, mining and smelting, and hydro-electric power, that depend heavily directly or indirectly, upon exports to foreign markets.

From the turn of the century until the later 1930's, B.C. accounted for a disproportionate share of total man-days lost and, even more, of illegality and violence in strikes in Canada. During and since World War II, however, there has been a notable absence of violence regardless of a widely varying magnitude of strikes.

The main explanation for this relative absence of violence and illegality in labour disputes in B.C. in recent decades seems to lie in the fact that unions generally have been far more effectively organized than in the other main industrial provinces. Some 40% or more of all non-agricultural paid labour has been unionized since the mid-1950's. Furthermore, industry-wide multi-employer bargaining on a district-wide, regional or provincial scale has been far more prevalent in recent decades. Another distinctive feature of industrial relations in B.C. is the degree to which the provincial federation of labour rallies behind union affiliates in major strikes. Employers, therefore, very seldom attempt to keep their plants operating or to recruit strikebreakers during industrial disputes, as has occurred frequently in Ontario and Quebec. Hence there has been very little of the mass picketing and plant seizures that lead to violent confrontations with police.

Over a period of more than two decades, from 1951 to 1972 inclusive, British Columbia was under the administration of the Social Credit government led by Premier W.A.C. Bennett. This regime followed a consistent policy of encouraging maximum economic growth, focussing particularly on resource industries producing largely for export. Under the double stimulus of generally buoyant export markets, coupled with large public investments in facilities and services designed to encourage maximum resource development, the province

experienced the most rapid but unstable expansion in the nation as measured particularly by the amplitude of fluctuations from year to year in volume of capital investment, and in employment in the construction industry.

The impact upon industrial conflict, however, was quite different in the two decades. During the 1950's, as in most previous decades, B.C. accounted for a disproportionate share of strike losses in Canada. With less than 10% of the labour force, it experienced more than 15% of all man-days lost for Canada as a whole. In some years indeed, as in 1952 and 1959, that province alone accounted for more than one-half the national total. These strikes were extremely concentrated in two major industries -- namely, lumber and construction -- that are characteristically the most unstable and vulnerable to recurrent booms and over-expansion, excess capacity and unemployment. These two industries alone accounted for more than two-thirds of all man-days lost in strikes in the province over the entire decade, and the addition of a prolonged industry-wide shutdown in pulp and paper in 1957-58 raised the total to more than three quarters.³⁴

During the following decade, in contrast to Ontario and Quebec, the level of strike activity in B.C. was well below that of the 1950's and accounted for a disproportionately small share of the national total. Apparently the massive and costly confrontations of the 1950's generated a mood of greater accommodation and compromise between organized labour and employers over the ensuing decade, in a period of unprecedented economic growth and gains in wage-rates and per capita real incomes. This general climate facilitated the negotiations of new agreements in most industries without large and prolonged strikes on any such scale as in the 1950's. In brief, the whole sweeping upsurge of industrial conflict, social protest, mass demonstrations and mob violence of the turbulent Sixties seemed to pass B.C. by.

A new series of large, prolonged and costly strike-lockouts occurred in B.C. during the 1970's, centered particularly in the construction industry, and that province again accounted for a disproportionate share of total man-days lost in industrial disputes over Canada as whole. While the construction industry alone accounted for more than one-half of all man-days lost in strikes in B.C. during the early 1970's, there were other long and costly disputes in such industries as pulp and paper, mining and smelting, longshoring and grain terminal operations, as well as provincial railway and water transportation. As compared to Ontario and Quebec, however, for a number of reasons peculiar to the province, there was very little participation in strikes by public service or government employees. Most important, perhaps, was the fact that official recognition of unions and certified collective bargaining in the provincial civil service were not established until the New Democratic Party came to power, briefly, in 1972.

The main immediate issues that seemed to account for the new upsurge of conflict in the early 1970's were primarily institutional in character, as follows: 1) enactment of the highly provocative Mediation Commission Act of 1968, which virtually all unions in B.C. voted to boycott because of its provisions for compulsory arbitration; and 2) the formation by employers in 1970, of the Construction Labour Relations Association, to bring about more centralized, industry-wide bargaining in the construction industry of the province. (This development is discussed in greater detail in the section that follows). These two developments had been preceded, in the mid-1960's, by the establishment of an "umbrella" organization, the Employer's Council of British Columbia, enrolling major firms from a wide range of industries in the province in order to present a more united front and restrict what was alleged to be excessive wage increases and other gains by organized labour.

While the immediate issues generating conflict thus seemed to be mainly institutional in character, the underlying problem lay in the inability or unwillingness of the provincial government to accept the conventional wisdom of Keynesian economics and follow a "compensatory" policy of public investment in the interests of greater economic stability. More specifically, in the area of industrial relations, the main problem appeared to lie in the central role of construction as the main "pattern-setter" in collective bargaining. Rapid but highly unstable expansion of private and public investment generated a correspondingly large but unstable boom in the construction industry, leading to labour shortages, escalating wages, inflated expectations and, ultimately, long-drawn-out and costly strikes. A series of huge construction projects were undertaken by provincial government agencies at the very time that the private sector was undergoing unprecedented expansion. These, coupled with aggressive union bargaining in an industry characterized by divided and highly competitive employers (prior to formation of the CLRA in 1970) drove wages in construction to the highest levels in Canada. They become the main benchmark for unions in other major sectors of the B.C. economy, generating conflict in numerous other industries and creating special difficulties for major resource industries producing for highly competitive and uncertain foreign markets.

Ontario

Industrial conflict followed a quite different pattern in Ontario during the 1960's and 1970's, as that province has a much larger and more diversified economy and contains a major share of the nation's manufacturing capacity, particularly in "heavy" capital goods and durable consumer goods manufacturing. The construction and resource-based industries played no such leading roles as they had in British Columbia.

The main "patterns" in collective bargaining agreements in Ontario, as in the industrial heartland of the American mid-west as analyzed by

Eckstein and Wilson,³⁵ appear to be determined essentially by a few major unions and employers in a group of oligopolistic "heavy" industries, particularly the USW in nickel mining and smelting and in iron and steel, the UAW in automobile, farm machinery and aircraft manufacturing, and occasionally, as in 1965-66, the teamsters in automotive transportation. Strikes involving a relatively small number of firms and/or union locals in such industries accounted for a disproportionate share of man-days lost in Ontario during the middle and later 1960's.

One major source of labour unrest and conflict in Ontario throughout the 1950's and 1960's appeared to be the particularly strong overall influence or "demonstration effect" of numerous ties and relationships with the United States. The head offices and major plants of numerous Canadian subsidiaries of many American corporations are located in major manufacturing centers in Southern Ontario. Many of them have the same or similar company and brand names, and produce similar lines or models of output on both sides of the border. The head offices, district and local organizations and memberships of the Canadian branches of major U.S.-based international unions are likewise concentrated in Southern Ontario. It is a reasonable hypothesis, therefore, that union leaders and rank-and-file members in Ontario were more strongly influenced than in other provinces by the higher wages and fringe benefits achieved by their counterparts in the United States. Demands for Canada-U.S. "parity" in wages, fringe benefits and working conditions became an issue of growing importance in collective bargaining negotiations in Ontario during the 1960's, particularly after the signing of the joint Canada-U.S. trade agreement for the automobile industry in 1965.

Ontario experienced a particularly sharp upsurge of strikes in 1965, almost equalling the new 1966 peak. They were concentrated in the major heavy industries as well as in building construction and automotive transportation. That province also experienced a disproportionate share of illegality and violence accompanying industrial disputes during those years, for reasons that are not entirely clear. One partial explanation may have been the allegedly excessive rigidity and delay involved in disputes settlement procedures required by provincial legislation at that time. Another factor, in many instances, may have been the rising impatience of the rapidly growing younger rank-and-file union members with their leaders. This seems indicated in the events surrounding a series of wildcat strikes that broke out in a number of major firms and industries, notably in Inco, Stelco and in automotive transportation.³⁶

As noted earlier, during 1961-66 there had been rapid expansion in employment, output, and sales, particularly in the cyclically sensitive heavy industries of Ontario, while there was a pronounced and continuous lag of wage increases behind rapidly growing productivity, dollar value of output, and profits. This combination of circumstances

generated mounting demands for substantial wage increases that finally led to a new record wave of strikes (though, it should also be added, many record wage increases were granted voluntarily by employers, as in the pattern-setting St. Lawrence Seaway agreement of 1966, in order to avoid strikes). These strikes were characteristically large but generally of short duration and, in line with orthodox bargaining theory, they appeared to yield gains to the strikers far exceeding the cost involved.

An interesting similarity in strategies occurred in several of the larger strikes in 1966, among workers in Inco and Stelco as well as automotive transportation and several other sectors. The sequence of events was roughly as follows: A wildcat strike would develop before conciliation board proceedings had been completed and a report with recommendations for settlement submitted for a vote. After a few days or weeks of renewed negotiations, a new tentative agreement would be reached between union and employer representatives, providing for record wage increases and other concessions. This would be rejected by the rank-and-file, sometimes loudly and violently, and the strike would continue until further negotiations brought additional concessions that were finally accepted by majority vote.³⁷

There was another and greater upsurge in the magnitude of strikes in Ontario during 1968 and particularly 1969, as described earlier. These represented to a large extent another and larger "bite at the apple" so to speak. A number of the largest and most protracted strikes, as in nickel mining and smelting, primary steel, and the St. Lawrence Seaway, came in the second round of negotiations from two- and three-year agreements negotiated during 1966-67. In the general economic climate of greater uncertainty in 1968-69, however, unions in these and other industries met much stronger employer resistance this time round, and the strikes were of far longer average duration than before. Indeed, total man-days lost in strikes in Ontario alone in 1969 exceeded the total lost over the entire nation in the previous record year of 1966. The level of violence and illegality, by contrast, fell off considerably from the 1966 peak. There was subsequently a sharp decline in the magnitude of strikes through 1970 to the low point in 1971.

In the new national record wave of strikes that followed, as noted earlier, total man-days lost in Ontario during the five-year period 1971-75 inclusive, in contrast to all other provinces, and to a world-wide trend for that matter, was some 20% below the previous five-year period 1966-70. This apparently declining militancy of organized labour in Ontario was to be explained by a combination of factors. First, the series of unusually large, protracted, and costly strikes in the major pattern-setting industries of nickel, primary iron and steel, automotive manufacturing, and other fields during 1969-70 appeared to have generated attitudes of greater caution and willingness to compromise in later years. Furthermore, the issue of Canada-U.S. parity in wages and fringe benefits in comparable indus-

tries, occupations, and unions became a less pressing issue, or indeed a non-issue to unions, as wage levels in Ontario generally rose more rapidly than in the U.S. and by 1974 were exceeding them. And finally, there was growing concern and caution as large numbers of Canadian as well as U.S.-owned plants closed down or reduced operations in the face of rapidly rising costs and lagging sales and prices during the recession and growing unemployment of 1974-75.

Thus, in the new upsurge of industrial conflict during 1973-75, the largest and most prolonged strikes that accounted for a major share of time loss in Ontario occurred largely among newer, purely Canadian unions that had been formed among such groups as teachers, hospital workers, Ontario Hydro and local government employees, rather than among long-established international unions in the manufacturing sector. The new militancy among public service workers in Ontario appears to have been inspired, in part, by similar developments that had occurred earlier and to a much greater extent in Quebec.

Quebec

Quebec in turn has experienced uniquely different and complex patterns of industrial conflict over the past two decades that defy adequate analysis in any brief purview such as this. Several developments in Quebec, however, have had a growing impact on other provinces, particularly Ontario, and on the Federal scene.

Among the various conditions more or less special to Quebec are the following:

- (a) long-established divisions in wealth, status, and power that have largely coincided with differences in language, religion, and culture generally, thus exacerbating class tensions and conflicts. Members of the English-speaking minority have long dominated positions of ownership and control in major financial, business, and industrial enterprises, as well as a number of the more lucrative professions in the province, while Francophones have comprised the vast majority of the labour force. Industrial or class conflict in Quebec, therefore, has been interwoven at various points with language and cultural tensions and conflicts that have underlaid the growth of the separatist movement.
- (b) persistent union rivalry, and occasionally close co-operation, between the two central union bodies, the CLC-Quebec Federation of Labour and the independent francophone Confederation of National Trade Unions.
- (c) in comparison with other provinces, a much more active and dominant role of provincial governments in the economy, not only in industrial relations but in helping shape the rate and direction of economic and social change in Quebec.

- (d) the consequently greater politicization of labour relations in Quebec. Far more than in other provinces, union ideologies and objectives have been committed to fundamental economic and social change beyond the immediate "bread and butter" issues that have been the main pre-occupation of orthodox "business unionism" in other provinces. Quebec unions have acted as an independent and aggressive political force on the left, outside of and apart from the established party structure. Governments in Quebec have likewise become directly involved in labour relations on a greater scale than in other provinces, as major employers of organized labour, as well as in the exercise of final authority in settling disputes in the private sector. Thus in Quebec numerous labour disputes have escalated into major political power struggles between organized labour and government.

Quebec experienced a number of the most spectacular and violent labour disputes in the nation during the later 1940's and 1950's, particularly in mining and smelting, and, to a lesser extent, in the textile industry. During the 1960's and 1970's, however, the main areas of conflict were the construction industry and public sector employment. In the general upsurge of the mid-1960's Quebec experienced the largest increase in magnitude of strikes of any province. Despite its smaller labour force, that province experienced even more man-days lost in strikes than did Ontario during the record year of 1966. In comparison to the latter, however, it experienced considerably less illegality or violence during the early sixties. This was to be explained perhaps largely by major political changes, namely, the death of Premier Maurice Duplessis in 1959 and the subsequent defeat of his conservative Union Nationale regime, whose hostile and repressive policies towards organized labour had earlier provoked numerous violent confrontations. Under the new, more liberal and permissive Lesage regime, an ambitious program of reform and modernization was undertaken in what came to be known as the "Quiet Revolution", launched under the slogan of "Maîtres chez nous".

While the magnitude of strikes in Quebec in terms of total man-days lost fell substantially during the later 1960's from the peak of 1966, the level of violence and illegality rose sharply. This coincided with the defeat of the Lesage regime and the re-election of the Union Nationale to power, though it would be difficult to demonstrate any direct relationship with these two sets of events. Illegality and violence continued on a large scale during the 1970's under the new Liberal regime of Robert Bourassa, accompanying new record levels in man-days lost in strikes. Most spectacular were the events leading up to, and following the massive general strike of more than 200,000 teachers, hospital employees and provincial civil servants in the spring of 1972.

A leading "pattern-setting" industry that was a major center of conflict during the later 1960's and 1970's in Quebec, as in British Columbia, was that of construction. The other was the broad area of public service employment. The struggles in these two sectors represented, in a sense, a broad bifurcation of union ideologies and policies that cut across both the QFL and the CNTU. The construction industry, on the one hand, experienced violent inter-union jurisdictional struggles between groups of relatively conservative union affiliates of the two rival labour federations, as well as a series of industry-wide strikes that were ended only by special emergency statutes. In the broad public sector, on the other hand, there was growing co-operation between the QFL and CNTU, together with the separate Quebec Corporation of Teachers. The provincial government had been following a policy of forcing various unions in the public service into direct negotiations with it in province-wide bargaining. Various unions, in response came together in an increasingly radically-oriented "common front" that was formed in united opposition to what was felt to be, and was portrayed as, a joint business-government conspiracy to destroy the labour movement in Quebec. Such were some of the main developments that led to the massive confrontation with the provincial government in 1972, under the campaign slogan of "Brisez le système!"

The growing scope and intensity of industrial conflict in construction and in the public sector could both be traced back to the special combination of circumstances that developed during the early 1960's. By a fortuitous accident of timing, Duplessis had died in late 1959 and the new Liberal regime under Jean Lesage had come to power in 1960, the beginning of a long and unprecedented period of rapid economic growth, but also of rising social turmoil. The ambitious program for reform and modernization in the Quiet Revolution involved a relatively large increase in public expenditures, particularly of public investment in huge new construction projects. They provided a powerful additional stimulus to a provincial economy which, as in other industrial provinces, was already undergoing rapid expansion in the private sector. On top of all this were additional billions of dollars of private and public capital investment in large and expensive new buildings, highways, expressways, subways and other public works, in the metropolitan Montreal area in preparation for Expo '67. As in British Columbia, therefore, an extreme cycle of rapid growth and subsequent decline was generated in the construction industry of Quebec during the 1960's. Unions in that sector became the major pattern-setters, growing rapidly in size and bargaining power and winning unprecedented gains in wages and fringe benefits that generated escalating demands for comparable gains among unions in other industries and occupations, in the public as well as private sectors. Another intense but shorter construction boom was generated during 1972-75, with huge public investments in such projects as hydro power development in James Bay, the new Mirabel Airport north of Montreal and, again in the metropolitan Montreal area, in mammoth new undertakings in preparation for the Olympic Games in 1976.

There was a similar, or rather parallel, growth in the public sector during the 1960's. Hitherto, mainly under Church administration, most educational, health and quasi-public welfare institutions had been staffed largely by religious personnel, and rates of pay and working conditions were well below those applying in most provinces. At the same time, long-established and wide-spread nepotism and patronage in government under the Duplessis regime, and earlier, had conduced to sub-standard levels of efficiency and rates of pay in the public service. The ambitious campaign for reform, secularization, and modernization during the so-called Quiet Revolution brought unprecedented expansion of personnel and upgrading of work standards and pay scales in public employment. Meanwhile, the new Labour Code of Quebec in 1964 for the first time legitimized full collective bargaining rights, including freedom to strike, in virtually all fields of public service employment. Such developments, in the midst of a major economic boom, led to further escalation of wages and other demands. Unionization and strike action among public service employees, including professional and technical workers, occurred earlier and on a far greater scale in Quebec than in other provinces.

The provincial government in the later 1960's and 1970's, under new, more conservative administrations that were faced with rapidly rising public expenditures and mounting deficits, sought to curb the strong demands of public sector unions by setting upper limits to budgetary allotments and percentage wage increases, forcing unions to negotiate directly on a province-wide scale, and imposing new restrictions on strikes.

Such were some of the major developments underlying, and contributing to, the mounting level and scope of industrial conflict in Quebec.

Impact on Federal and Other Provincial Jurisdictions

There were numerous interlocking links in collective bargaining issues and conflicts in Ontario and Quebec during the 1960's and 1970's. Collective bargaining agreements in Ontario, as the generally higher-wage province, established the main pattern of union demands that led to strikes in numerous industries and occupations common to both provinces. Such was the case, for instance, in pulp and paper, electrical products, and automobile and aircraft manufacturing, and, in the public utility and public service sector, among such groups as hydro-electric commission employees, teachers, and metropolitan police. On the other hand, in a number of fields the main pioneering efforts in union organizing and in various strike tactics were first undertaken in Quebec and later adopted in Ontario. This was particularly the case as regards the unionization and new militancy of public service employees, and in the use of "rotating" strikes in schools and public utility operations.

Major developments in various sectors in Ontario and particularly Quebec, in turn, had important repercussions upon the Federal sector, including, indirectly, enactment of the path-breaking Public Service Staff Relations Act in 1968. During 1965-66, the surge of unionization, strikes, and substantial wage and fringe benefit gains in Quebec, particularly among such groups as long-shoremen, construction workers, and white-collar public service employees, together with similar gains among unionized employees in the construction, automotive, transportation, and "heavy" manufacturing industries in Ontario, set new and higher targets for collective bargaining and a similar timing and concentration of strikes in various fields under Federal jurisdiction. Notable among these were the first nation-wide strike of mail carriers and postal employees, in 1965, the second major shutdown of both transcontinental railways in 1966, and the first shutdown of Air Canada later that year, in a nation-wide strike of its airline mechanics. There were similar concentrations of strikes among these and other unionized workers under Federal jurisdiction in the later upsurges of 1968-69 and 1973-75.

Such developments had a delayed response among organized workers in the other provinces, in the Maritime and Prairie regions. In the aggregate these experienced a disproportionately small share of strike losses during the 1960's. Having almost 20% of all union members in Canada, they accounted for less than 6% of all man-days lost in strikes in that decade. As in the other main provinces with the exception of Ontario, however, they experienced a relatively sharp increase during 1971-75 inclusive, accounting for about 13% of the national total or more than double the level of the preceding five-year period. This was particularly noticeable among public service employees.

V. CENTRALIZED INDUSTRY-WIDE BARGAINING AND CONSOLIDATED BARGAINING STRUCTURE, AS POSSIBLE PANACEAS

One of the most widely accepted explanations for the relatively high incidence of strikes in the United States, and even more in Canada, as compared to most West European Nations, is the highly centralized and "segmented" structure of union organization and collective bargaining on this continent. Most union members in Western Europe are covered by multi-employer agreements on an industry-wide scale negotiated by the central executives of union and employers association or federations. In the U.S. and Canada, by contrast, two-thirds or more of all collective agreements are negotiated between local unions and individual firms or employers. Most multi-employer bargaining is on a local or district-wide scale.

The advantages claimed for multi-employer, industry-wide bargaining are by now a familiar part of the literature of industrial relations: time and effort are saved in collective bargaining when one-master contracts can be negotiated for the industry, instead of a separate agreement for each employer firm; the establishment of standard wages, hours and other conditions of work removes labour from competition without reducing employer incentives to achieve greater efficiency and reduce costs in other areas; greater wage stability is achieved, as wages rise less rapidly in boom periods and fall less rapidly during recessions; there is less internecine conflict within union ranks, as disparities in wages and working conditions are reduced among workers doing the same types of jobs for different employers; unions are rendered more secure against the threat of rivalry and displacement from other organizations; union and employer representatives can be more objective and far-sighted in their bargaining negotiations, and take the public interest more into account, as they are farther removed from local pressures and the immediate interests of their constituents; strikes tend to be fewer in number because of these various advantages; where strikes do occur, of course, on an industry-wide basis they tend to be larger, more prolonged and costly, but this fact in itself puts greater pressure on unions and employers to bargain rationally and reach agreement; it puts an end to "leap-frogging" and "whip-sawing" tactics in bargaining.

Both the federal and provincial governments appear to have accepted this conventional wisdom. Statutes such as the Labour Code Act of British Columbia, 1973 and amendments to existing legislation in other provinces have been designed to encourage industry-wide bargaining. In some cases (as in B.C.), the provincial Labour Relations Board has been given power to force the parties, by law, to negotiate in a context of larger bargaining structures. These sometimes involve multiunion as well as multi-employer bargaining.

It is exceedingly difficult to demonstrate clearly, much less prove that larger scale, more centralized, multi-unit and/or consolidated

bargaining does, in fact, have all the advantages claimed for it. If one examines the process of change from "unit" bargaining to multi-employer bargaining over a period of time, the difference in any one variable, (such as incidence of strikes measured by man-days lost per worker) may be the result of changes in the larger economic environment rather than in the specific institution. This limitation seems to apply also when examining the same industry having different bargaining structures in two or more provinces.

Ranking industries in Canada according to their comparative strike proneness (or loss of man-days relative to employment) likewise fails to disclose any consistent relationship to type or scale of bargaining structure. The six industries that had the highest incidence of strikes and accounted for a disproportionate share of man-days lost during 1966-75 inclusive, are evenly divided on this score. Three of them - construction, lumber and pulp and paper - are characterized by multi-employer bargaining on a district-wide or regional scale. The other three - mining and smelting, iron and steel, and transportation equipment manufacturing - are characterized by local-employer unit bargaining. While the "units" involved are in principle autonomous, in fact in most cases they adhere strongly to "pattern-setting" agreements that lead to a degree of standardization in wages and fringe benefits comparable to that achieved under centralized, industry-wide bargaining.³⁸

Some of these cases have been studied fairly intensively in Canada with regard to the strengths and weaknesses of multi-employer vs. unit bargaining in particular industrial contexts,³⁹ but the results have been rather inconclusive.

The construction industry is a unique case that merits special attention. Collective bargaining in the industry has been predominantly in the multi-employer category on a district-wide or regional scale, but on the basis of the various trades rather than through the industry as a whole. This has led to many of the problems associated with competitive unit bargaining, including widespread "whipsawing" by unions, leap-frogging patterns of wage increases, and the highest frequency of strikes and losses of man-days relative to employment of any industry in the country. There have been attempts in several provinces to bring about a more centralized and consolidated industry-wide bargaining system in the industry. An analysis of one or two of these would perhaps yield special insights into the comparative benefits and costs of different bargaining structures.

Construction: British Columbia and Ontario

The construction industry has long been viewed as a "problem child" in industrial relations, and, has been subject to more intensive study and reports than any other single industry. More than any other, it

has been "plagued by jurisdictional disputes, short illegal strikes, protracted legal stoppages and runaway settlements".⁴⁰ Many of these ills, and others, have been blamed on its exceedingly fragmented organizational and bargaining structure. In most jurisdictions, until recently, collective bargaining in the industry comprised dozens of separate negotiations by local branches of almost two dozen trades, dealing with an equal or greater number of employer counterparts including local bricklayer trade associations and "independent" contractors.

Over the past twenty years or more collective bargaining in the construction industry in British Columbia has evolved into the most centralized and consolidated system of any province. In the late 1940's and early 1950's it was highly localized and decentralized. The launching of a number of major resource development projects in the northern sections of the province, however, provided a strong incentive for individual unions to extend their organization. By coordinating local branches on a province-wide scale they hoped to achieve province-wide uniformity in wage rates and fringe benefits by trade, and broad agreement on policies and strategies among different trades through the Building Trades Council of British Columbia and the Yukon.

A high incidence of conflict was generated in the process of achieving these objectives. Protracted industry-wide shutdowns in construction in B.C. in 1952 and again in 1958-59 accounted for a disproportionate share of total man-days lost in strikes during the Fifties, in both the province and nation as a whole.

In contrast to the picture elsewhere in Canada, as noted earlier, the number and magnitude of strikes in B.C., in construction as well as other major industries, were considerably less during the 1960's than in the 1950's, and that province accounted for a disproportionately small fraction of man-days lost in the country. Clearly, the change to larger scale, province-wide bargaining appeared to have greatly reduced the incidence of strikes. On the other hand, in the unprecedented investment boom of the 1960's, wage increases in construction far outran those in other industries. They tended to have a particularly disturbing "demonstration effect" in such fields as lumber, pulp and paper, mining and smelting, and railway transportation in the province.

In response to these developments, a new "umbrella" organization, the Employer's Council of British Columbia, was formed among the forty largest employing firms in the province in order to formulate unified and consistent policies vis-a-vis organized labour. Following this, during late 1969 and early 1970, 800 or more main employing firms and trade associations in construction were brought together in a new "umbrella" organization called the Construction Labour Relations Association of B.C., or C.L.R.A. Its announced policy was to negotiate with the various trade unions, as one collective entity, "master agreements" for the industry as a whole. Efforts by the unions to negotiate

separately with individual employers or associations were blocked, and a strike against any one firm or segment of the industry would be met by an industry-wide lockout.

Sharp escalation of industrial conflict in a series of protracted industry-wide strike-lockouts in 1970, 1972, 1974, 1975 and 1976 led to an unprecedented loss of man-days. According to official strike statistics available, there was more than a ten-fold increase in man-days lost in strikes during 1970-75 over 1964-69 -- specifically, 2,599,801 man-days compared to only 241,686 for the earlier period.

A special commission of inquiry concluded that labour relations in B.C. construction had deteriorated as the result of larger-scale consolidated bargaining under the C.L.R.A.⁴¹

A comparison with the construction industry of Ontario is interesting because of its more decentralized nature. The province has been divided into six districts or sub-regions for bargaining purposes and, within each of these, agreements have been negotiated between individual unions or groups of unions and employer associations.

As a result, quite different patterns of industrial conflict emerged in the two provinces. Strikes have been relatively much more numerous in Ontario but have accounted for far fewer man-days lost than in British Columbia. Ontario, with about three times as many construction workers as B.C., had more than six times as many strikes during 1965-76, and four times as many during 1970-75. (see Table IX). On the other hand B.C., with its much smaller labour force, experienced more man-days lost during 1970-75; specifically, 2,599,801 as compared to Ontario's 2,495,849. Man-days lost per worker in the construction industry, in other words, were more than three times as high in B.C. as in Ontario during 1970-75.

Such comparisons led the Special Commission of Inquiry to conclude that:

"In terms of strikes and lockouts this Province possesses a much more unsatisfactory record of time-loss than Ontario -- A primary reason is the existence of relatively smaller accredited bargaining units in Ontario".⁴²

These conclusions need to be qualified on several grounds: In the first place, as pointed out by Joseph Rose,⁴³ among others, in a decentralized bargaining system such as Ontario's, official statistics under-estimate strike losses. A strike by one trade may shut down all unionized construction over an entire jurisdiction such as Metropolitan Toronto, but only the tradesmen directly involved are counted as strike participants.

Secondly, as brought out in an earlier study by this author⁴⁴, the high incidence of strikes in B.C. construction appears to be due primarily

TABLE VII

NUMBER OF STRIKES IN CONSTRUCTION INDUSTRIES, 3 INDUSTRIAL PROVINCES1965-75

<u>Province</u>	<u>1965</u>	<u>1966</u>	<u>1967</u>	<u>1968</u>	<u>1969</u>	<u>1970</u>	<u>1971</u>	<u>1972</u>	<u>1973</u>	<u>1974</u>	<u>1975</u>	<u>1976</u>	<u>Total</u>
Ontario	45	54	44	30	27	20	11	11	14	41		12	312
Quebec	10	9	8	8	7	4	6	4	4	7		3	70
B.C.	3	3	3	7	6	3	7	6	1	7		4	50
Canada													

Source: "Stikes and Lockouts in Canada", Annual Reports, 1965-75

to the extreme instability of the industry, operating as it does in a province that specialized in capital-intensive resource industries producing mainly for highly variable export markets. Business investment and construction expenditures in B.C., as compared to other provinces, increase far more rapidly in boom periods and decline more rapidly in recessions. The much lower level of man-days lost in strikes in Ontario, therefore, may be due primarily to the greater stability of construction in a diversified industrial economy, rather than to the particular structure of bargaining in that province.

And finally, the unusually high losses in man-days in strikes in B.C. during the early 1970's may be merely the "growing pains" of unions and employers in the industry, adjusting to the new and more comprehensive scale of bargaining that is evolving. It is possible that the industry may experience another long period of relative quiescence, as it did in the 1960's after the wrenching adjustments of the 1950's. A research bulletin of the B.C. Department of Labour in July 1979 expressed the following hopeful note:

"In 1978 ... all 17 construction unions voluntarily established a special council of unions for collective bargaining purposes. It is hoped that these developments (a newly adopted Jurisdictional Assignment Plan as well as the new central council) will act to reduce work stoppages in the industry."⁴⁵

General

The example of construction in British Columbia, and some other cases that have been studied seem to indicate that the level of conflict in an industry depends essentially on its own working conditions, and the general economic environment in which it operates, rather than the particular organizational structure in which its collective bargaining negotiations are carried on. More specifically, the six most strike-prone industries described as "heavy" capital-intensive, capital goods industries among the most sensitive to the business cycle, are basically unstable in their operations, whether in investment policy, (as with pulp and paper) or in output and employment as well. Attempting to reduce strikes merely by changing bargaining structures, or by passing new and more restrictive laws, without tackling the basic problems of instability, seems analogous to attempting to control inflation by enacting wage and price controls while carrying on uncontrolled and expansionary fiscal and monetary policies.

The main advantages offered by changing to larger scale, more centralized bargaining appear to be something other than that of reducing the incidence of strikes.

1. While it is too soon to be clearly demonstrated as yet, larger scale, more consolidated bargaining in the construction industry

may serve to reduce the chaotic leap-frog patterns of wage increases that have characterized the industry hitherto, generating further conflict in other industries. A survey by the Centre for the Study of Inflation and Productivity early in 1979, for instance, found that wage settlements in the construction industry in Canada have been "moderate" since the wage controls established under the emergency program of October 1975 had been lifted.⁴⁶ Such moderation, however, may have been induced primarily by very high rates of unemployment in the industry, rather than by the development of larger scale, more centralized bargaining.

2. In other industries as well as construction, one of the main advantages to be derived from establishing more centralized industry-wide bargaining appears to lie in reducing the level of illegality and violence in labour disputes, rather than in reducing the number of strikes or of man-days lost. Centralized large-scale bargaining has become much more prevalent generally in B.C. than in other provinces in recent decades. As suggested earlier, this appears to be the major explanation for the fact that the province, which accounted for a disproportionate share of illegality and violence in labour disputes in the four decades preceding World War II, has experienced far less than Ontario or Quebec since then. In particular, as noted elsewhere, employers in B.C. are far less inclined to continue operating and to employ strikebreakers during strikes -- practices which have generated most of the labour violence occurring in other provinces.

VI

CONCLUSION: THE PROS AND CONS OF STRIKES

The impact of strikes on the economy has elicited a sharp difference of views from economists on the one hand, and public opinion and most government policy on the other. In Canada particularly, both business and the public alike (to judge from public opinion polls) tend to view strikes as a chronic problem that seriously damage the economy through (a) causing needless losses in employment, output and income, and (b) generating wage-push inflation, raising unit labour costs, damaging the nation's competitive position and thus contributing to growing trade deficits and depreciation of the Canadian dollar.

Government policies at both the federal and provincial levels have, until recently at least, reflected these views. Most legislation governing industrial disputes has placed a major emphasis on preventing or settling strikes. It has stressed the following: (a) elaborate provisions for conciliating or mediating "interest" disputes that arise in the negotiation of new agreements; (b) outright prohibition, enforced by more or less severe legal sanctions, of illegal "wildcat" strikes while agreements are in force; and (c) emergency legislation to prevent, or end, strikes that are viewed as particularly damaging to the economy.

In orthodox industrial relations theory, on the other hand, most strikes are viewed as having a useful, positive role (except in a few categories of "essential" public services, in which the main costs or hardships from strikes are borne by members of the general public rather than the parties directly involved). "Wildcat" strikes are viewed as having a "therapeutic" function, of enabling workers to "let off steam" in situations of physical hardship or deprivation, or of psychological or social tension and unrest. And in the negotiation of new agreements, strikes or the threat of strikes, with all the costs and hardships they impose on the parties involved, are deemed necessary in most cases to induce or force a coming to terms with each other.

Despite the wide public concern about strikes in Canada, and the main thrust of government policy in this country which, as noted, has generally gone counter to the conclusions of most bargaining theory, there has been remarkably little research and analysis by economists into the impact of strikes on the economy. At the micro level a few studies such as Swidinsky's,⁴⁷ have attempted to measure the impact of union militancy (as measured by man-days lost per worker) on relative wage gains among workers in different industries. Another study by Curtis Eaton analyzed a sample of strikes in attempting to estimate and measure their "profitability" to the unions that were involved.⁴⁸ Attempts to analyze the role and impact of strikes at the macro level, however, have been virtually nil. Computerized models of the Canadian economy, for instance, rarely, if ever take

into account the impact of collective bargaining and strikes on the aggregate wage level, and the possible repercussions of this on the general level of prices, output, employment and unemployment. There are formidable, perhaps impossible difficulties to be faced in attempting any comprehensive and rigorous analysis along these lines, of course, but a few tentative hypotheses and conclusions on the subject seem possible.

The positive role that strikes are conceived as playing, in bargaining theory at the micro level, can to some extent be extended to the economy as a whole. One can present a case that the benefits from strikes, in the aggregate, more than justify the limited costs they impose on the economy.

While the incidence of strikes in Canada, in terms of national averages year by year during 1965-75, was among the highest of any nation, their overall cost to the national economy was less than is generally assumed, for several reasons:

- (a) In the first place the overall impact in terms of time-loss was relatively small. In only two years, 1975 and 1976 did total man-days in strikes exceed .50% of total man-days of employment. The average for the entire period 1966-75 was less than .40%, that is less than $\frac{1}{2}$ of one percent. The impact on total output and income could be presumed to be only slightly, if any, higher. It represented only a small fraction of the losses from unemployment, which ranged from 3.8% in 1966 to more than 7% in 1971 and again in 1975, and almost 8% by 1978-9. Similarly, the losses in employment, output and income from such problems as absenteeism or alcoholism are generally acknowledged to be far higher than from strikes.
- (b) Furthermore, as brought out earlier, strikes largely occurred within a few years; in a handful of industries accounting for only a small fraction of total employment, income, and output; and in only three provinces.
- (c) The impact on the economy as a whole also tends to be cushioned by the fact that the main strike losses, in man-days, generally occur at or near the peak years of booms, in times of expanding incomes and relatively low unemployment (though this was not true of 1975). The cost of strikes to the economy as a whole thus tends to be less than to the industries and workers directly involved because their losses in employment, income and output may be partially or wholly compensated by expansion in other sectors of the economy. On the other hand, of course, it's possible that major strikes in one or more "key" industries could, through a "reverse multiplier effect", cause a premature downturn in the level of economic activity.

- (d) The industries which accounted for more than one-half of all man-days lost during 1966-75 (as well as a disproportionate share of the largest and/or most prolonged and costly strikes) tend to be subject to compensating developments that greatly reduce the ultimate costs or losses to the economy as a whole.

Specifically only six industries employing less than 15% of the total labour force - namely construction, mining and smelting, transportation equipment (mainly automobiles), primary metals (mainly iron and steel), lumber and pulp and paper - accounted for more than one-half of all man-days lost in strikes during 1966-75 inclusive. The main compensating factors that apply to strikes in these industries are as follows:

- (i) In durable goods industries such as these, employers in some cases may be able to build up stockpiles before strikes begin, and/or work their plant facilities and workers overtime in order to catch up on back orders when strikes end. Such overtime work, of course, does involve additional costs.
 - (ii) Again, the six industries listed above are among the most sensitive to business cycle fluctuations. Characteristically, every few years, following a period of expansion they experience periods of recession and low demand, reduced output and unused capacity, while the workers experience layoffs and protracted periods of "cyclical" unemployment. A protracted strike at or near the peak of a boom, therefore, may in some cases merely defer the period of recession, reduced demand and increased unemployment.
 - (iii) In some of these industries, such as automobile manufacturing, and to some extent primary iron and steel, collective bargaining and strikes are generally confined to one firm at a time, rather than to the entire industry. The losses incurred by one employing firm and its workers may be compensated by a transfer of orders and of output, income and employment to other firms in the industry.
- (e) Such compensating developments do not entirely apply to a number of other industries that account for a high proportion of total strike losses. This is notably the case with the broad sector of transportation, communication and public utilities, which accounted for about 15% of total employment and 16% of man-days lost in strikes during 1966-75.
- (i) This group of industries produces services rather than durable goods. They can't be stockpiled beforehand, nor a catch-up in output be produced at the end of a strike. Presumably then, the losses in employment, output and income during a strike are for the most part permanent and irrecoverable.
 - (ii) Furthermore, this group of industries, together with a number in the public sector, produce what are deemed to be vital or

"essential" public services that are required by a wide diversity of producers as well as consumers. It can be argued, therefore, that a strike in this sector would have a "multiplier effect", involving losses and hardships to other industries and groups that may go far beyond those incurred by the industries and workers directly involved. Largely for this reason, special legislative restrictions frequently have been imposed on strikes in such "essential" industries in most jurisdictions.⁴⁹

(iii) On the other hand, there tend to be certain compensations in these industries as well, that serve to reduce the cost of strikes:

- (a) in various types of publicly financed or subsidized services, strikes may save taxpayers substantial expenditures;
- (b) deferral of some services (e.g. shipping of durable goods, through stockpiling during a strike in transportation);
- (c) a "substitution effect" in some cases.

While a strike may result in irrecoverable losses to the parties directly involved, these may be compensated by gains to producers of close substitutes that are not on strike. Hence the losses to society may be minor. In the case of transportation, for instance, a strike in one type (e.g. rail) may be compensated to a considerable degree by greater utilization of alternatives (e.g. truck, water or air freight). Similarly, in the broad field of communications, radio, television and newspapers are partial substitutes for one another.

In general, strikes even in "essential" industries impose costs on the nation far below what is generally assumed, and only very rarely do such strikes generate real emergencies. This conclusion seems to be in line with a study of "national emergency" strikes in the United States by Irving Bernstein more than 20 years ago.⁵⁰

On the whole, these limited costs seem to be outweighed by the benefits which strikes can bring to the economy. As pointed out earlier, in bargaining theory at the micro level, strikes play a central role in modifying the attitudes and policies of both employers and unions. Each group has ambitions, goals, and interests which, if pursued to the full, would reduce the benefits accruing to, or damage the interests of, the other party. Collective bargaining, supported where necessary by strike action, thus may play an important stabilizing role in an industry, in situations in which market forces alone are unable to assure an equitable distribution of gains and losses to the parties, or to prevent exploitation of one party by the other.

In a general way it can be argued that collective bargaining and strikes

play a similar stabilizing or compensating role over the economy as a whole. Monopolistic restrictions and other "imperfections" in labour and product markets, and various lags and maladjustments in wage, productivity, cost and price relationships in response to sudden changes in demand, generate numerous imbalances and inequities, particularly during periods of inflationary expansion. As noted earlier, strikes tend to be concentrated in these periods because of such maladjustments as:

- (a) disparities arising from widely unequal gains in wages and fringe benefits among different industries and occupations; and
- (b) a rapid growth in profits, and a declining labour share of total income.

The biggest losses in man-days from strikes thus arise from two different sets of circumstances that develop during, or at the close of, the expansionary phase of a business cycle;

- (a) first, a rising number of strikes that are relatively large, but of short duration, for higher wages in response to rapidly rising profits and other incomes and/or prices. Strikes under these circumstances would tend to slow down or arrest the growing imbalance in income distribution, although at the same time, where carried out by "wage leaders" enjoying favourable positions in the market, they may create numerous disparities.
- (b) strikes of unusually long average duration, at or beyond the peak of a boom, as rising expectations of organized workers for further gains, or attempts to "catch-up", run head on into growing employer resistance arising from a slowing down of demand, cost-price squeezes, and sharply declining profits. Employer resistance to union demands that results in prolonged strikes and heavy losses in man-days of employment thus may be viewed as a means of slowing down potentially permanent and damaging inflationary increases in wages and unit labour costs.

Role of Strikes in Economic Adjustments in Canada, 1960-1975

These varying relationships can be demonstrated in wage and profit statistics in relation to the changing magnitude and pattern of strikes during the 1960's and 1970's, (see Table I). The new postwar record in man-days lost in strikes occurred in 1966, a peak year that had been preceded by several years of moderate wage increases, rapid increases in productivity, and record profits. Specifically, annual percentage increases in average negotiated base rates for all industries with the exception of construction, during 1961 to 1965 inclusive, ranged from

3.3% to 5.4%, and total labour income, in a period of rapidly growing employment, from 4.3% to 10.9%. Annual percentage increases in corporation profits, by comparison, were 4.2%, 13.0%, 10.7%, 19.0% and 8.8% for these years.⁵¹ Thus by 1966, after several years in which wages continually lagged behind profits, organized labour had a strong incentive to demand, and if necessary strike for, large wage increases or equivalent gains. Employers' willingness to resist was limited, in the face of expanding markets and favourable prospects for further profits. Strikes in that year, therefore, while sufficiently large in number and size to constitute a new record in man-days lost, were relatively brief. Hence, strikes had a short average duration, 12.6 days, and a relatively small .34% of total man-days lost. Research into most of these strikes would probably reveal that unions for the most part "profitted" from them in the sense that the wage increases or other gains they achieved more than compensated for the few days' lost in employment and income. On the face of it, this sharp escalation of union demands and strike activity appeared to have some impact on wage rates and income distribution. Specifically, during 1966 and 1967 average negotiated base rates increased by 7.9% and 8.3% respectively, and labour income by 13.0% and 10.8%, while corporate profits increased by only 5.1% and 1.7% respectively.

Subsequently, following a brief "mini-recession" in 1967, another brief spurt of expansion occurred during 1968 and 1969. There was a more rapid rate of inflation than before, coupled with a sharp jump in profits, from a mere 1.7% increase in 1967 to 13.5% in 1968, while average negotiated base rates increased by 7.9% slightly below the previous year's 8.3%. These conditions created new pressures for large wage increases, supported where necessary by strike action, particularly among unions that had been in the forefront of the 1966-67 round of bargaining. On the other hand, there were also rising rates of unemployment (from 4.0% in 1967 to 4.8% in 1968), growing concern about the likelihood of more restrictive monetary and fiscal policies by the federal government, and some indications of a major recession in the near future. All these conditions tended to stiffen employer resistance to union demands and to deter numerous unions from pushing their demands to the point of an open break. Thus in 1969, while the number of strikes and workers involved were considerably smaller than in 1966, and were more concentrated in a few major industries, those that did occur met much stronger resistance from employers and, in consequence, were much more prolonged and costly. Thus the average duration of strikes was 25.3 days in 1969, or more than double that of 1966, while total man-days lost exceeded the previous record by more than 50%.

In this case, a fully researched study of strikes in 1969 would probably disclose that the major ones which accounted for most of the man-days lost, were "unprofitable" to the unions and workers involved.⁵²

Here, it could be argued, employer resistance to union demands exerted a corrective or regulative function, in attempting to keep increase in wages and unit labour costs in line with prices and profits, and to change organized labour's expectations concerning future wage increases. During 1969 average negotiated base rates increased by 7.7% and total labour income by 12.2%, while corporation profits rose by 7.1%.

The peak of the strike cycle, and of general business expansion, during the 1960's, which occurred in 1969, was followed by a sharp decline during the next two years. The unemployment rate reached its highest level in more than a decade during 1971: more than 7%, generating a widespread reluctance of unions to strike. Due partly to pressure from the newly established Prices and Incomes Commission, moreover, the price level rose only 3.4% in 1970 and 2.9% in 1971. Total corporation profits fell by 7.2% in 1970, while average negotiated base rates rose by 8.5%. Thus unions generally had far less motivation or justification for going on strike in 1971. By contrast, employer resistance and relative bargaining power could be expected to be at a maximum, due to sharply decreased profits and the current high level of unemployment. Strikes in 1971, consequently, were far fewer in number and in workers involved, while average duration as well as total man-days lost were the lowest of any year since the relatively depressed early 1960's.

A new and more extreme cycle followed during 1972-75. Prices escalated to a double-digit level of inflation during 1973-75, bringing an unusually rapid growth in windfall gains to capital. Corporation profits increased by 24.4% in 1973, 42.8% in 1973 and 28.5% in 1974. Average negotiated base rates, by comparison, increased by 7.9% to 14.3%, and total labour income by 11% to 16.7% during this period. Unions, in particular recently organized groups in such fields as government and public service, had the strongest incentive to demand and go on strike for unprecedented wage increases: they wanted to make up for previous lags and keep ahead of mounting double-digit inflation. Employers on the whole, enjoying double-digit percentage increases in profits year by year during 1972-74, had a generally limited will to resist. Thus in 1972 and 1974, as in 1966, there were new record numbers of strikes and of workers involved, and of total man-days lost, but a low average duration of only 10.9 and 15.6 days, respectively. (Most organized workers had been locked into two- and three-year agreements in 1971 and 1972; hence, the relatively low level of strikes during 1973 despite double-digit inflation and record profits).

Here again, as in 1965 - 66, the sharp escalation of strikes served a corrective function, even if largely ineffective, in organized labour's attempts to keep wages in line with the rapidly increasing dollar value of output.

Double-digit rates of inflation continued during 1975 and there was a correspondingly high motivation among workers to strike as in 1974.

Employers, however, were faced with rapidly mounting costs relative to prices, declining rates of profit, and falling sales in export markets as well as in domestic markets which were increasingly vulnerable to import competition. The consumer price index rose by more than 12% and average negotiated base rates by a record 17.1% during 1975, while total corporation profits declined by 1.8%. Again, as in 1969, there was growing concern about the likelihood of new government restrictions, and prospects of another serious recession. Unemployment rose above the 7% level for the first time since 1971. All these conditions again stiffened employers' resistance to union demands. Thus in 1975, as in 1969, there were fewer strikes and fewer workers involved than in the previous peak (1974 in this case) but a longer average duration of 23.1 days (almost equal to the 1969 peak) and a new record in total man-days lost of almost 11 million, or more than double the 1966 level and more than 40% above the 1969 total.

In brief, conditions of "stagflation" in the mid-seventies brought out the worst of both worlds, provoking widespread and bitter conflict. Strikes in Canada in 1974 and 1975 reached new records in virtually all dimensions - frequency, size or number of participants, number and variety of industries and occupations affected, average duration, and total man-days lost. By later 1975 it seemed evident that the supposedly self-correcting or regulating functions of collective bargaining and strikes, as well as of the so-called "market forces", had broken down and proven ineffective under the strain of mounting double-digit wage and price inflation. It was largely on these grounds that the federal government justified its imposition of the emergency controls program in October, 1975.

The program did appear to have a significant impact in reducing the incidence of strikes as well as the rates of wage and price inflation during its three year life, although there was little apparent impact during 1976, the first year of its operations. The rate of increase in wage settlements fell to 10.2% from 17.1% in 1975, while prices rose at a rate of almost 10% as compared to more than 12% in 1975. Man-days lost in strikes, on the other hand, rose to 11,609,890 in 1976. Some of these strikes tested the Anti-Inflation Board policy by inducing wage settlements in excess of the guidelines. Most of such settlements subsequently were "rolled back". Others, such as strikes at Alcan in Kitimat, B.C., and at Cypress Anvil Mines in the Northwest Territories were in defiance of AIB guidelines. During 1977, however, total man-days lost dropped sharply, to 3,743,000 or barely one-third of the 1975 total, while wage settlements increased by 7.8% and prices by 7.7%. Enforcement of general adherence to AIB guidelines during 1976 greatly reduced the incentive for unions to strike during 1977. Organized labour feared that strike induced wage settlements that exceeded the guidelines would simply be "rolled back".

Such conditions did not last during 1978-79. AIB controls were lifted during the spring of 1978. Organized labour immediately began to attempt to recoup what it perceived as wage gains it had foregone due to the AIB. Moreover, prices have been increasing more rapidly than negotiated wage settlements. Relatively high unemployment rates, however, (7-8%) presumably have restrained strike activity. Nonetheless, an upswing in strike activity occurred during 1978-79 vis-a-vis 1976-77.

Concluding Remarks

In general, it seems evident that the high level of strikes in Canada during the late 1960's and early 1970's did not impose a heavy economic burden on the country and that (except in periods of severe inflation arising mainly from various exogenous forces emanating from abroad as well as from expansionary fiscal and monetary policies at home) strikes may indeed play a regulatory or balancing role.

The main cause for concern about the large number of strikes and high losses in man-days would seem to be social, political and legal rather than economic in character. H. Carl Goldenberg once described collective bargaining as "the most disorderly economic process known to man". He seems to have had Canada in mind. Recently, even more than in the United States strikes in this country, particularly in Quebec and to a lesser extent in Ontario, have been accompanied by a relatively high degree of illegality and violence. Both federal and provincial governments have increasingly resorted to emergency legislation prohibiting or ending strikes that are deemed to constitute a threat to public health or welfare. In a growing number of cases, strikers and their unions have defied such legislation and thereby incurred more or less drastic sanctions.

The high incidence of strikes in Canada, therefore, appears to involve serious social and political costs to the country by undermining respect for the law and the authority of our parliamentary institutions.⁵³ It may be argued further that large protracted, costly and bitter strikes particularly if accompanied by violence and illegality, tend to sharpen class antagonisms and/or, in Quebec, ethnic tension and conflict between Anglophones and Francophones, thus contributing to national disunity.

Apart from questions of economic gain or loss, then, there seems to be strong grounds for seeking to reduce the high incidence of strikes in Canada. Any serious effort in this direction, however, would itself involve high costs, in all probability. The high incidence of strikes in this country, as pointed out earlier, appears to be due primarily to the cyclical instability of the Canadian economy, coupled with the highly decentralized system of government, trade union organization, and collective bargaining. The relatively high incidence of illegality and violence seems to arise from the lack of political power or influence by organized labour, and lack of any significant role for it in

the formulation of major economic policies by business and government. To reduce the level and intensity of strikes to any significant extent, therefore, would presumably involve the following steps, among others:

1. More comprehensive and detailed economic planning and regulation, particularly of capital investment, to achieve a higher degree of economic stability (even if at the cost of a slower rate of growth);
2. A more coordinated system of bargaining (though not necessarily larger scale or more centralized) so as to achieve greater consistency in settlements and avoid disparities in wage and benefit gains that generate conflict; and
3. Greater involvement of organized labour in
 - (a) decision-making at the level of the individual plant, firm or industry; and
 - (b) formulation of broad economic policies by business firms and governments at the provincial and federal levels.

In view of the prevailing ideologies of organized labour and employers, as well as of the main political parties, however, such measures would likely be interpreted as involving too high a level of "costs", in the broad sense, relative to the apparently limited benefits to be derived from reducing the incidence of strikes.

FOOTNOTES

- ¹See Paul Malles, "Canadian Industrial Conflict in International Perspective", Informetrica, Ottawa, Canada, May 12, 1977, p.2.
- ²Ibid
- ³New York, Wiley & Sons, 1960
- ⁴Ibid, pp. 161-71.
- ⁵Among the political or governmental variables, for instance, have been the different propensities of provincial governments to enact emergency legislation to prevent or end strikes in "Key" industries. Or again, the unusually high incidence of industrial conflict in Quebec in recent decades is to be explained in part by a major socio-cultural factor, namely, the growing sentiment in favour of separatism, which has tended to generate greater tension and conflict between unions of francophone workers employed in companies dominated by anglo-phone capital and managements.
- ⁶See Stuart Jamieson, "Militancy and Violence in Canadian Labour Relations: 1900-1975" Discussion Paper No. 79-17, April, 1979, unpublished, Department of Economics, University of British Columbia
- ⁷A. Rees, "Industrial Conflict and Business Cycles," in A. Kornhauser, R. Dubin and A.M. Ross, eds., Industrial Conflict, (New York, 1954)
- ⁸O. Ashenfelter and G. Johnson, "Trade Unions, Bargaining Theory and Industrial Strike Activity, " American Economic Review Vol. 59, No. 1, May 1969, pp. 35-49
- ⁹John Vanderkamp, "The Time Pattern of Industrial Conflict in Canada," Discussion Paper No. 7, Department of Economics, University of British Columbia, August 1968. (Later published under the title "Economic Activity and Strikes in Canada", Industrial Relations, February, 1970).
- ¹⁰J.M. Cousineau and R. Lacroix, "Activité économique, inflation, et activité de grève," Relations Industrielles, Québec, vol. 31, no. 3, 1976, pp. 341-57
- ¹¹These percentages were arrived at by:
 - (1) dividing the total man-days lost in strikes for the industry, or industrial category, into the total man-days for the nation as a whole; then
 - (2) taking average number of workers employed in the industry or industrial category, and dividing this into total employment. The percentages of total employment listed above are probably over-estimates, however, for the employment statistics are taken from Statistics Canada's Annual Report on "Employment and Earnings". This survey encompasses only those workers employed in plants of

Footnotes (cont'd)

15 or more employees. Furthermore, the estimates excluded the large category of Finance, etc., because union membership and strikes in that sector were negligible for the period.

The strike statistics were taken from the Department of Labour's Annual Report on "Strikes and Lockouts in Canada" for 1966 to 1977 inclusive.

¹² J.M. Cousineau and R. Lacroix, Wage Determination in Major Collective Agreements in the Private and Public Sectors (Economic Council of Canada, Ottawa, 1977)

¹³ See Section V

¹⁴ C. Kerr and A. Siegel, "The Inter-Industry Propensity to Strike", in A. Kornhouser, R. Dubin, and A. Ross, eds., Industrial Conflict (New York, 1954).

¹⁵ Derek White, Business Cycles in Canada, Economic Council of Canada, Staff Study No. 17, Ottawa, 1967, p.7.

¹⁶ Ibid., p. 14

¹⁷ Economic Council of Canada, Toward More Stable Growth in Construction (Ottawa 1974) pp. 123-25.

¹⁸ Allan Porter, "Inflation, Wage Behaviour and Labour Mobility", Industrial Relations, Vol. 4, No. 3, 1969

J. Vanderkamp, "Wage and Price Determination - an Empirical Model for Canada", Economica, May, 1966

Geo. Saunders, "Wage Determination in Canada", Dept. of Labour, Occasional Paper No. 3, 1965, Ottawa, p. 37.

Gideon Rosenbluth, "Wage Rates and the Allocation of Labour", Canadian Journal of Economics, August, 1968.

¹⁹ Porter, op. cit., pp. 508-09

²⁰ O. Eckstein and T. Wilson, "Wage Determination in American Manufacturing", Industrial and Labor Relations Review, November, 1962

²¹ Grant Reuber, "Wage Adjustment in Canadian Industry, 1953-66", Industrial Relations, Feb. 1970.

²² See Section V.

²³ Macmillan of Canada, Toronto, 1972.

²⁴ Wages and Labour Mobility (Organization for Economic Cooperation and Development, Paris, 1966, p. 10).

Footnotes (cont'd)

- ²⁵ Pradeep Kumar, "Differentials in Wage Rates of Unskilled Labour in Canadian Manufacturing Industries", Industrial and Labour Relations Review Vol. 26, No. 1, October, 1972, pp. 631-45
- ²⁶ Ibid, p. 644
- ²⁷ Arthur M. Ross, Trade Union Wage Policy (Berkeley: University of California Press, 1948).
- ²⁸ S. Jamieson: Industrial Relations in Canada (Toronto, 1973, pp 105-06
- ²⁹ Pulp and paper is not usually considered a "cyclically sensitive" industry in the same sense as lumber and other "heavy" industries. That is, its output is not a durable capital or consumer good, the demand for which fluctuates in cycles. However, capital investment in the industry in Canada has been highly unstable, and has subjected the industry to extreme waves of boom-time expansion, or over expansion, followed by long continued excess capacity and layoffs.
- ³⁰ H.G. Foster, "Wages in Construction: Examining the Arguments", Industrial Relations, Vol II, 1972, pp. 336-49.
- ³¹ R.A. Lester, "Negotiated Wage Increases, 1951-1967" Review of Economics and Statistics Vol. 1, No. 2, May 1968, p. 180
- ³² Lester, Loc. cit.
- ³³ Construction accounted for this relatively small percentage of time-loss in Quebec partly by reason of the frequency with which the National Assembly invoked emergency no-strike legislation.
- ³⁴ See S. Jamieson: "Regional Factors in Industrial Conflict: The case of British Columbia", C.J.E.P.S., August, 1962
- ³⁵ Eckstein and Wilson, op. cit.
- ³⁶ See S. Jamieson, Times of Trouble: Labour Unrest and Industrial Conflict in Canada, 1900-66 (Task Force on Labour Relations, Study No. 22) Ottawa, 1968, pp. 427-435.
- ³⁷ Ibid.
- ³⁸ cf. Brian Williams, "Collective Bargaining and Wage Equalization in Canada's Iron and Steel Industry, 1939 - 1964" Relations Industrielles: Industrial Relations Vol. 26, No. 2, April 1971
- ³⁹ cf. Ibid, also S. Jamieson, "Multi-employer Bargaining: the Case of B.C. Coast Lumber", Relations Industrielles: Industrial Relations, Vol. 26, No. 1, March 1971.

Footnotes (cont'd)

- ⁴⁰ John Crispo, "Industrial Relations in Western Europe and Canada", in A Review of Industrial Relations Research, Vol. 2 (Madison, Wis., Industrial Relations Research Association, 1971) p. 197
- ⁴¹ First Report, Special Commission of Inquiry into British Columbia Construction, James Kinnaird, Commissioner, Victoria, B.C., Dept. of Labour, 1975.
- ⁴² Ibid., p. 43
- ⁴³ Joseph Rose, "A Note on Industrial Conflict in British Columbia's Construction Industry", Relations Industrielles: Industrial Relations, Vol. 31, No. 2, 1976.
- ⁴⁴ S. Jamieson, Regional Factors in Industrial Conflict, etc., op cit.
- ⁴⁵ Labour Research Bulletin (Ministry of Labour, Victoria, B.C.) Vol. 7, No. 7, July, 1979, p. 12
- ⁴⁶ Information, Centre for the Study of Inflation and Productivity, Ottawa, Ontario, February 8, 1979, p. 4.
- ⁴⁷ R. Swidinsky, "Trade Unions and the Rate of Change of Money Wages in Canada, 1953-1970", Industrial and Labor Relations Review, April 1972.
- ⁴⁸ B. Curtis Eaton, "The Worker and the Profitability of the Strike", Industrial and Labor Relations Review, Vol. 26, No. 1, October, 1972, pp 670-79.
- ⁴⁹ Harry Arthurs, Labour Disputes in Essential Industries, (Task Force on Labour Relations, Study No. 8) Ottawa, 1968.
- ⁵⁰ Irving Bernstein, "The Economic Impact of Strikes in Key Industries", in Emergency Disputes and National Policy (Harper Bros., New York, 1955)
- ⁵¹ The statistics on wages, labour income, profits, unit labour costs, etc., are derived from Bank of Canada Annual Review 1966 to 1976 inclusive.
- ⁵² Eaton's study of a sample of 26 strikes in British Columbia in 1969 found that most were "profitable" to the unions and workers involved. However, the strikes that accounted for the lion's share of total man-days lost in 1969, particularly those in the iron and steel, nickel and construction industries in Ontario, each of which lasted for months -- were in all likelihood highly unprofitable to unions and workers involved, Eaton, op. cit.
- ⁵³ As against this view, of course, it could be argued that the high incidence of strikes in Canada indicates a laudable independence of spirit on the part of Canadian workers.

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